OFFICIAL REPORT

OF THE

DEBATES

OF THE

HOUSE OF COMMONS

OF THE

DOMINION OF CANADA

THIRD SESSION—THIRTEENTH PARLIAMENT

10 GEORGE V, 1919

IN TWO VOLUMES

Volume I; Pages 1-992 Volume II; Pages 993-2011

VOLUME CXL

COMPRISING THE PERIOD FROM THE FOURTEENTH DAY OF OCTOBER TO THE TENTH DAY OF NOVEMBER, 1919, INCLUSIVE

OTTAWA
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1920

CANADA

House of Commons Debates

OFFICIAL REPORT

Tuesday, October 14, 1919.

The House met at Three o'clock.

TREATY WITH AUSTRIA.

SIR GEORGE PERLEY AND SIR EDWARD KEMP APPOINTED PLENIPOTENTIARIES FOR CANADA.

Hon. NEWTON W. ROWELL (President of the Privy Council) laid upon the table of the House an Order in Council of the 6th September, 1919 requesting that His Majesty should appoint Hon. Sir George Halsey Perley, High Commissioner for Canada in London, and Sir Edward Kemp, Minister of Overseas Forces, as commissioners and plenipotentiaries for Canada for the purpose of executing the Austrian Treaty.

CLAIMS AGAINST GERMAN NATIONALS.

BILL TO GIVE EXCHEQUER COURT JURISDICTION TO LIQUIDATE PROPERTY.

Hon. CHARLES J. DOHERTY (Minister of Justice) moved for leave to introduce Bill No. 30, to amend the Exchequer Court Act.

He said: The purpose of the Bill is to add to those matters over which the Exchequer Court has exclusive jurisdiction, questions that may arise in connection with the liquidation under the Peace Treaty of the property of German nationals, and in that connection of such claims as they may have and of claims as may be advanced against them, which latter claims under the terms of the Treaty we are entitled to meet out of the proceeds of the liquidation. The Exchequer Court, under the Bill, is to be the court having jurisdiction to deal with these matters.

Motion agreed to, and Bill read the first time.

COMPENSATION TO POSTMASTERS.

Hon. A. K. MACLEAN moved for leave to introduce Bill No. 31 to amend the Civil Service Act, 1918, with respect to the salaries of certain postmasters and assistant postmasters.

He said: Under the statute as it at present stands, subject to some amendments by Order in Council under the War Measures Act, the salaries of certain postmasters in the country are governed by the total revenue of their respective offices. Owing to the receipts derived from the sale of special war tax stamps the total revenue of these offices was largely increased, and as it was considered to be incompatible with the spirit, intent and purpose of the special War Revenue Act to permit the diversion of any portion of this special revenue towards the payment of the salaries of postmasters, an Order in Council was passed on the 8th January, 1918, under the War Measures Act, giving the Postmaster General the power to determine what percentage of the increased revenue should be computed as a part of the salaries of postmasters and assistant postmasters. It is desired to perpetuate by legislation the effect of this Order in Council, and such is the purpose of the Bill.

Motion agreed to and Bill read the second time.

SENATE BILL—FIRST READING.

Bill No. 29 (from the Senate) for the relief of Millie Wettlaufer—Mr. Sheard.

SIR HENRY DRAYTON'S CANDIDATURE IN KINGSTON.

On the Orders of the Day:

Mr. D. D. McKENZIE (Leader of the Opposition): Mr. Speaker, I feel it my duty to bring to your notice a letter which appears over the signature of J. M. Hughes on the first page of the Daily Standard, a newspaper published in the city of Kingston. The letter is very short, and if your honour will permit me to read it, it will be the shortest way to dispose of the matter.

Mr. SPEAKER: If the letter is a matter of sufficient importance to be brought to the attention of the House on the Orders of

the Day and a question is to be directed to myself I do not anticipate an immediate answer can be given.

Mr. McKENZIE: I merely wish to base a question to the Minister of Railways on the letter after I have read it. It is addressed to the editor of the Standard and is as follows:

Sir,—I wish to announce that I have retired from the contest for the seat in the House of Commons. My reason for doing so is that it is reported that the Hon. J. D. Reid made the statement to a number of representative citizens that if Sir Henry Drayton was given the seat Kingston would be well looked after and that the Harbour Improvements would be assumed. Being a loyal and true Kingstonian and as I have always worked for the interest of the city I felt that I could not take the responsibility of going on with the contest, and in any way interfering with the material progress of the city. I sincerely hope that Sir Henry Drayton will see to it that work will be started in a very short time and Kingston will become the eastern terminal of the Great Lakes.

I thank the many citizens who assured me of their support and ask them to put their shoulder to the wheel and work for a bigger, better and more prosperous Kingston.

(Signed) J. M. Hughes.

In view of the seriousness of what is implied in that letter, Sir, I wish to ask if the Minister of Railways and Canals (Mr. Reid) undertook to make any promises to the citizens of Kingston as to what would happen if Sir Henry Drayton were not opposed.

Hon. J. D. REID (Minister of Railways and Canals): Mr. Speaker, I did not see the letter in the Kingston Standard, but I did see it in the Toronto Globe, where the item is headed, "Says it's a bribe to Kingston city. Statement attributed to the Hon. J. D. Reid matter for controversy," and the letter is quoted. The leader of the Opposition will notice that Mr. Hughes in this letter states "it is reported," but he does not give the information as a fact of his own knowledge. I think the best answer I can make to the letter is to quote the last part of the Globe article, which reads thus:

Unionist leaders here say that Hon. Mr. Reid made no promise of anything to Kingston.

And that is correct.

RESIGNATION OF MR. ERNEST LAPOINTE.

On the Orders of the Day:

Mr. E. LAPOINTE (Kamouraska): Mr. Speaker, I give notice, under section 5, chapter XI of the Revised Statutes of Canada, that I do resign my seat in this House as representing the county of Kamouraska.

[Mr. Speaker.]

CANADIAN WHEAT BOARD.

On motion of Right Hon. Sir George Foster Bill No. 21 respecting the Canadian Wheat Board was read the third time and passed.

CIVIL SERVICE ACT, 1918—AMENDMENT.

On motion of Hon. A. K. Maclean, Bill No. 18 to amend the Civil Service Act, 1918 was read the third time and passed.

TREATY OF PEACE—SENATE AMENDMENTS.

On the Order: Consideration of amendments made by the Senate to Bill No. 3, an Act for carrying into effect the Treaty of Peace between His Majesty and certain other Powers (the Prime Minister).

Hon. C. J. DOHERTY (Minster of Justice): Mr. Speaker, the effect of the amendments made by the Senate to this Bill is to extend the provisions of the Bill empowering the Government to take the necessary steps for carrying out and giving effect to the provisions of the Treaty of Peace signed with Germany, so as to make them applicable to the Treaty of Peace which has since been signed with Austria; and, further, to such other treaties with any of the other nations with whom His Majesty is or has been at war as may be signed on behalf of His Majesty acting for Canada.

After careful consideration we have decided to ask this House to concur in the amendments of the Senate in so far as they refer to the Treaty which has been signed with Austria; but not to ask the House to concur in so far as the amendments extend the powers conferred by the Bill to the carrying out of and giving effect to the provisions of such treaties with other nations as may be signed on behalf of His Majesty acting for Canada.

Hon. Mr. FIELDING (Shelburne and Queen's): Has the Austrian Treaty been submitted to this House?

Mr. DOHERTY: It has not been submitted to the House. I was going to explain the position with regard to the Austrian Treaty. On the 22nd of September, the following question was put by the hon. membe for St. James (Mr. L. A. Lapointe):

1. Is it the intention of the Government to submit to Parliament, for its consideration, the Treaty of Peace signed between the Allied and Associated Powers and Austria and which was signed on behalf of Canada by Sir Edward Kemp?
2. If so, when?
3. If not, why?

4. Will a copy of this Treaty and all documents appertaining thereto be available to the members of the House?

To which I made the following answer:

The Treaty of Peace between the Allied and Associated Powers and Austria, signed at Saint Germain on Sept. 10, 1919, follows in general the lines of the Treaty with Germany, which has already been approved of by Parliament, while in the most important features, namely, the League of Nations Covenant and the labour sections, it is identical therewith. If the authenticated copy of the Treaty with Austria arrives in time, the Government will submit the Treaty to Parliament at the present session; if not, the Government would not feel justified in summoning another special session for the purpose, but will take the responsiblity of advising the ratification of the Treaty in view of the action of Parliament above mentioned. In any case copies will be distributed to members of Parliament as soon as available.

We have not as yet received the authenticated copy of the Treaty as it was actually signed, but we have received a copy of the Treaty as prepared, and also a cable communication, from which it appears that this copy differs in no material point whatever from the document as actually signed. That document, as was stated in answer to the question which I have just read, is entirely on the lines of the German Treaty. The two parts of the Treaty dealing respectively with the Covenant of the League of Nations and the labour sections are in identical terms with similar parts of the German Treaty.

The Austrian Treaty is divided into some fourteen parts; there are fifteen parts in the German Treaty. As I have said, the first part of the Austrian Treaty, the Covenant of the League of Nations, is identical in its terms with the first part of the German Treaty.

Part II of the Treaty with Germany dealt with the boundaries of Germany; Part II of the Treaty with Austria deals with the boundaries of Austria. These parts, therefore, in the respective Treaties are necessarily different, but in each case the boundaries of the respective countries are fixed and have been accepted by the respective countries.

Part III of the Treaty has to do with political clauses affecting conditions within Europe. These clauses in the two Treaties are necessarily different in their details, because the two countries were respectively contiguous to, bounded by, different countries and out of their respective territories such part as was separated from them was allotted to different countries. So that the political clauses as applicable in Europe necessarily differ by reason of these differences of situation; but wherever it is a question concerning the same countries in both Treaties the provisions of these political clauses are identical. It will be readily understood that there are some countries which are affected in the German Treaty and unaffected in the Austrian Treaty, and vice versa, on account of the different relations existing between them and these two countries.

Part V of the Treaty, containing the Military, Naval and Air clauses, proceeds on the same principle as the similar section of the German Treaty. The reduction in number of troops to be allowed Austria, however, is more considerable, the number allowed being very much smaller. I think it is safe to say that in all other respects the principles upon which these restrictions are imposed are identical with the principles of the German Treaty.

Part VI, which has to do with Prisoners of War and Graves, is substantially the same as the corresponding section of the German Treaty. There may be a difference of words, but there is really no difference of effect.

Part VII, which deals with the question of Penalties, is similar in both Treaties, with this exception: In the German Treaty provision is made for the indictment and trial of the German Emperor; that of course does not appear in the Austrian Treaty.

Part VIII, dealing with reparations, proceeds also on the same principles as those laid down in the German Treaty. It defines the similar classes of damages which are to be taken into account in establishing reparations; provides for a similar commission to be appointed to consider the different claims that may be made and to determine the amount that Austria ought to pay and the manner in which the payment shall be made. There are one or two differences in detail. For instance, the commission is to determine what proportion of the entire damage Austria should bear, taking into account the amount determined upon as that which Germany is in a position to pay. Furthermore, there are in the German Treaty provisions for certain specific issues of bonds to be made from time to time by Germany; in the Austrian Treaty the amounts to be so paid from time to time are left to be determined by the commission.

Part IX, which contains the economic clauses, is entirely on the same lines as the corresponding section of the German Treaty. There are some modifications in detail resulting from particular conditions prevailing in Austria, particularly, perhaps,

on account of the numerous countries the territories whereof formed part of Austria, but which have become independent by the operation of the Treaty and whose relations in regard to these matters call for being specially dealt with.

The provisions for dealing with property and rights are on similar lines and substantially the same. The provisions with regard to ports, railways and rivers are, with the changes necessary by reason of the different territories concerned, similar to those of the German Treaty. The labour conditions are identical.

Taking the instrument as a whole, the principles and the lines upon which it is drawn being precisely those on which the German Treaty was drawn, while we would be quite disposed, if the Treaty arrives before this session of Parliament is terminated, to submit it to Parliament, it did not seem that it would be necessary or that we would be justified in calling a special session to deal with it, in view of the action of Parliament on the substantially similar Treaty with Germany.

Now, by the effect of the present amendment there is not expressed approval of this Treaty, but in anticipation of its being ratified the power is conferred to do such things as may be necessary to carry it out and give it effect. Of course, to its ratification will be essential the advice of His Majesty's advisers, the Government of this country. Were it not for the action that Parliament has already taken in approving the substantially similar treaty with Germany, it might, perhaps, be suggested that it would be necessary, or at all events desirable, to submit this one separately. But in view of its absolute similarity, that appears to be an unnecessary proceeding which, if it involved an additional special session, would be also a very expensive proceeding. All that the House is asked in this regard is to accept the Government's statement of the similarity existing between the two Treaties and the statement already made that it is on that basis that the Government would take the responsibility of advising the ratification of the Treaty.

With regard to the other Treaties which have not as yet been entered into or signed and concerning the effect of which the Government is, of course, not in a position to make any statement, it seems to us that in so far as the amendment adopted by the Senate confers powers for the carrying out of Treaties which have not yet been signed—treaties which may deal with matters not necessarily dealt with in the German Treaty and matters which it is difficult for us to foresee in any way at the present time—we would not be justified in asking Parliament to deal with such prospective Treaties even so far as to confer powers to be exercised under them, assuming that upon their being entered into they would be found suitable for ratification and would be ratified.

Therefore, as I have said, we purpose asking this House to accept the amendment of the Senate in so far as the Austrian Treaty is concerned, but to decline to accept it in so far as the other treaties referred to are concerned. I beg, in consequence, to move:

1. That the first five amendments made by the Senate to the said Bill be concurred in.

These five amendments are simply putting the word "treaties" in the plural instead of the word "treaty" in the singular.

2. That in the amendment to the preamble all the words after "the plenipotentiaries therein named" be struck out, and that the amendment as amended be concurred in.

3. That the amendment made by the Senate in the title of the Bill be concurred in.

This amendment consists simply in using the word "treaties" in the plural instead of the word "treaty" in the singular.

Mr. VIEN: Is the minister aware of the fact that this Bill as amended by the Senate has not been reprinted nor distributed to the members?

Mr. DOHERTY: I do not think it is customary to reprint and redistribute Bills that come back from the Senate. We are proceeding in regard to this Bill in the usual way. I asked to have some copies made of the amendments and to have them furnished to the leader of the Opposition, and I hope they have reached him.

Mr. McKENZIE: I have received them.

Mr. ANDREW ROSS McMASTER (Brome): It would appear to me that what the Government asks the House to do this afternoon creates a very unwholesome precedent. By passing the amendments made by the Senate which the Government desires us to pass, we practically, although not in so many words, approve, if we do not ratify the Treaty of Peace with Austria. I would lay it down as a principle, when we are starting, so to speak, our dealings as a nation with other nations, that if the approval or ratification of this House is to be sought on any treaty between Canada and any other power whatsoever, that Treaty should be before the House, so that every member, no matter

how humble his position, may have an ample opportunity of considering and studying it. That is a reasonable attitude to take, and as we are at the beginning of what you might call our international history as a nation, we should be careful to see that we start aright. The Minister of Justice (Mr. Doherty) has told us that this Treaty of Peace with Austria is on all lines similar to the Treaty of Peace with Germany. We accept his word; but, after all, Germany and Austria are two very different countries. There are many of us who feel that certain of the nations that went to make up the Austrian Empire were not and are not animated with feelings of hostility to Great Britain. Penal clauses which may or may not have their place, but which may have their place in a Treaty of Peace with Germany, may be quite out of keeping in a Treaty of Peace with Austria. For instance, the other day I read in a paper—I do not know whether it was a British paper or not —that the British ambassador at Vienna had been the subject of a most sympathetic and enthusiastic reception when he went to the opera house in that city the other day. I do not know whether such a thing would be possible in Berlin, but I presume it would not be. With all due respect to the Minister of Justice, I do not think it is the right thing for him to ask this House to consent —for that is what this amounts to—to making this treaty with Austria. If our approval or ratification be desirable—and in my humble judgment I believe it to be desirable—then it should be asked for only after a perfectly adequate opportunity is given to the members of this House to consider the treaty.

Mr. D. D. McKENZIE: As a general principle, I concur entirely in what has been stated by the hon. member for Brome (Mr. McMaster), that is, if the consideration of this House be at all necessary or recognized, that before we are asked to take any action upon an international document or agreement, this House should have an opportunity of seeing it. I am sure the minister will not, for a moment, say that that is not a sound principle. I do not see how we can justify any other course than to stand by the principle that, before we ratify or concur in so important a document as a Treaty of Peace between ourselves and the Empire of which we form a part and one of the enemy powers with which we have been fighting for the last five years, that document should be laid upon the table of the House, a copy of it put into the hands of every member who has to pass judgment upon it, and after he has had an opportunity of doing so, that he should give an opinion regarding it. That is the only sound principle upon which we can act. The Minister of Justice asks us to forego all that and to take his word for the contents of this document, which he says has been signed and which no doubt has been signed. That is good enough in its way, and no person in this House will, for a moment, contend that the Minister of Justice is concealing anything that is in the document. Nevertheless, that does not mend the situation. If a member of the House, or even a minister of the Crown wants to move the first reading of a Bill, the practice of this House will not permit him to do so until a copy of that Bill is handed to the Speaker. If that be regarded as a good and sound rule in the House of Commons as regards a Bill which, as the very next step, must necessarily be printed and put into the hands of every member, I think it would be regarded as more so in respect to so important a document as a treaty. For that reason, speaking for myself, and for hon. members on this side of the House who may not express their own views, I think we must express ourselves as opposed to the principle involved in the whole of the amendment made by the Senate and also as disapproving the parts of it which the Minister of Justice announces as having been accepted by the Government. It is perfectly constitutional for the Government of Canada to advise His Majesty to approve of this Treaty, without its being submitted to Parliament at all. That principle was laid down in this House when we were discussing the Treaty some weeks ago, and it was laid down from our general knowledge of the constitution of the British Empire. Our friends opposite did not think it proper to accept that doctrine, and insisted that the Treaty should be laid on the Table, and that every hon. member should have an opportunity of reading it and passing judgment upon it. That was a sound democratic idea, and we are not finding fault with it at all. It was a good beginning in a new direction, the turning over of a new leaf in the constitution of the British Empire. At the same time, it was not necessary upon sound principles of constitutional law, because the King upon the advice of his ministers, and as far as the colonies are concerned, upon the advice of his colonial ministers, would have been absolutely within the constitution in giving his assent to the Treaty wthout consulting any one else. If the King chooses, however, to extend to us the courtesy asking

the approval of the Dominion Governments, it is quite proper and constitutional for him to approve the Treaty with Austria without troubling this Parliament at all.

There was laid on the Table a week or so ago some correspondence that took place between the British Government and the Canadian Government on this question of what action was necessary by Parliament before the Treaty should be finally ratified and confirmed. One of the despatches, dated London, July 23, 1919, signed by Lord Milner, and addressed, I take it, to the Governor General of Canada, reads in part as follows:

> I have now consulted with Prime Minister and the cabinet with reference to your most secret telegram of July 9. Our view is that early ratification, especially now that Germany has ratified, is of the highest importance. In the British constitution there is nothing which makes it necessary for the King to obtain the consent of Parliament before ratifying Treaty. With perfect constitutional propriety the King can ratify on the advice of his ministers. For a treaty of this far-reaching importance, and one embracing the whole Empire, the King certainly ought only to act at the instance of all his constitutional advisers—the Dominion Ministries as well as that of the United Kingdom.

The cable is long and I shall not tax Hansard with the rest of it. There Lord Milner lays down the principle that it is not necessary for any Parliament, not even for the Parliament of Great Britain, to deal with the Treaty at all, but if there is any sentiment in the Dominions, or if it is regarded as essential by them that the Treaty should be submitted to their Parliaments, the British authorities are willing to give way; but from the constitutional standpoint it is entirely unnecessary. Lord Milner, who no doubt was advised by the law officers of the Crown of Great Britain, lays down the principle that it was not necessary to consult even the Dominion governments, but as a matter of policy and of constitutional usage it was thought better to do so. I am not pretending to tell the Government or the Minister of Justice any law, but am simply reminding them that they believe, I think, that it is absolutely within the power of the King to ratify this Treaty without consulting the Dominion Government at all, not to speak of the Dominion Parliament. In submitting the matter to Parliament the King has done more than the constitution in its original form requires. I submit, therefore, that it is perfectly consistent with constitutional rights and constitutional usage for His Majesty to ratify or concur in the Austrian Treaty without consulting this Parliament at all.

The Prime Minister, however, told us at an early sitting of this Parliament that he had committed himself—I do not know exactly to whom, possibly to the Canadian people—that the Treaty, the Treaty with Germany for that was the only one we were talking about then, would be submitted to Parliament. Very good; he was carrying out his promise in submitting it to Parliament. Now if it was not regular or constitutional to deal with the treaty with Germany except upon the advice of this Parliament, by what reasoning can we waive the submission to Parliament of a treaty with another power, which is to all intents and purposes exactly on all fours with Germany as far as we are concerned? I submit further that Bill No. 3, which the Government submitted to this Parliament, was word for word the same as the British Act implementing the treaty with Germany. We have not changed one word of it except to use the word "Canada" instead of "the United Kingdom" wherever it was necessary. The British Government has not introduced any such legislation as these amendments. They may have introduced another Bill, but I am not aware of it. I submit, to the Government and the Minister of Justice, unless a Bill has been introduced in the British Parliament going beyond the terms of the first Bill, it would not be proper for us to go further than the Mother Country has gone in legislation along that line.

I do not for a moment suppose that we are taking any grave risks in accepting the word of the Minister of Justice as to the contents of this document, but he is a very foolish man who signs a deed, for example, with his eyes closed, and without knowing the terms of the document. I do not think that the minister's business judgment would permit him, however credulous he might be, to sign blindfolded a deed which I might present to him as conveying a lot on Sparks street 40 by 100 feet, with my assurance that there were certain stores and buildings on either side. If in a small transaction, such as the signing of a deed, such uncritical action would be inadvisable, I think it will appeal to the minister himself that it is not proper to ask this House and the Canadian nation to close their eyes to the contents of a treaty with Austria and pass legislation by which we shall undertake all the financial responsibilities that are necessarily involved in the carrying out of that treaty. I do not think we should be asked to assume responsibilities for the rest of our natural lives with-

out very grave consideration, and I submit, as a principle of constitutional law, that the step which we are seeking to take is not a sound one.

Hon. W. S. FIELDING (Shelburne and Queens): I also desire to register my dissent from and protest against the very extraordinary course which the Government are now pursuing. To begin with, it is remarkable that a minister of the Crown should sign a document of the importance of a treaty, and that weeks after its signing this House is to be told: "We cannot obtain a copy of the document itself." Never before has such a thing occurred in the history of the public affairs of Canada. A minister of the Crown is despatched from England—where, I believe, Sir Edward Kemp was—to attend at Versailles, or wherever the signing was to occur, to sign a document in the name and on behalf of Canada. He does so, and we are now solemnly told that the document which he signed cannot be produced. I do not doubt my hon. friend the Minister of Justice as to the nature of that document being correct. I do not for a moment suggest that he has any object in concealing it. I take it for granted that what he has told us of the document is substantially correct, but I entirely concur in what has been said by the leader of the Opposition (Mr. McKenzie) and the hon. member for Brome (Mr. McMaster), that our being asked to give any sort of assent or approval to a document of this character upon a mere statement of a minister of the Crown is a matter that is absolutely without any precedent, not only in our Canadian affairs, but, I believe, in the public affairs of any other nation in the world. I cannot imagine such an important document being conveyed to the House in the form of a speech. We are told: "You must take our word for it that the document is all right." From my point of view—I do not care to enlarge upon it again—it is of no earthly importance whether or not these treaties are approved by the Dominion of Canada. That point has also been emphasized by the leader of the Opposition. But in the previous discussion the Minister of Justice and those who agreed with him on the subject took the view that the approval of this House was necessary. I think I state my hon. friend's position clearly, and I perceive he nods his satisfaction. Of course, unless the Government felt that approval by Parliament was necessary there would be no possible excuse for a special session at this time. Now, however, they have altered their position. The Minister of Justice on the former occasion—and he is satisfied with my restatement of his position—said that the approval of the German Treaty by this House was imperative, but in respect of the Austrian Treaty he tells us that similar approval is not necessary and that he does not propose to ask that we give our approval. He makes a distinction between the approval of the Treaty and the carrying of it out as proposed by this Bill. I therefore direct attention to the material change in the view of the Government in that relation. When we were dealing with the subject before we were assured, as a cogent reason for assembling this special session, that the approval—I use the word "approval" and not "ratification," which is the act of the King—the approval of this House of the German Treaty was necessary in order to give it effect. Now we have the Austrian Treaty, which my hon. friend tells me is the same in effect, and we are frankly informed that our approval is not necessary. That is one point. The Government seem to be strangely confused over this matter and I am not surprised, for the whole position is a most extraordinary one. My hon. friend, the Minister of Justice, says that the Government only purpose now to take authority to carry out the Treaty; he warns us that we shall not be asked to give approval, and we may save our consciences on that point; he only intends to take authority to "carry out" the Austrian Treaty. But his colleague obtained the assent of the Senate of Canada to a very wide amendment which we have before us. The minister of the Crown representing the Government in the Senate has obtained the approval of that body, not merely to what is now asked in this House in respect of the Austrian Treaty, but he has induced the Senate to accept an amendment which says that the Government of Canada is authorized to carry out not only the German Treaty and the Austrian Treaty, which we have not before us, but any other treaties that in the future may be signed on behalf of Canada. The minister, after his colleague has introduced that in the Senate and obtained their assent to it, now changes his mind and comes to the conclusion that he will leave it out. I am afraid, Sir, the Government are sadly muddled over this business and find it difficult to present it in a way satisfactory to themselves. The very idea that this Parliament is to be asked to give in any way the stamp of approval to a document of

the character of a treaty without having that document on the table of the House is a most extraordinary proceeding, and I entirely agree with the hon. member for Brome that in taking such a step we are establishing a very dangerous precedent.

Mr. SPEAKER: I am not altogether clear that the Minister of Justice is entitled to reply, but I am sure that the House would in any event concede him that courtesy. I wish, however, to direct the attention of the House to the fact that, while I know that this motion was prepared by a responsible officer, I think an error was committed in not having included in the motion the reasons for the non-concurrence in the amendment of the Senate.

Mr. GAUVREAU: They are all mixed up.

Mr. DOHERTY: Mr. Speaker, I beg to move an amendment by inserting the following reasons, namely:

That the treaties referred to in the portion of the amendment to the preamble of the Bill hereinafter proposed to be struck out have not as yet been signed, and the Government is not in a position to put before the House the provisions that the same may contain, even in substance; nor to affirm that the same will be on the lines of that with Germany already approved by the House.

It can go in the second paragraph.

Mr. SPEAKER: As this is in effect a non-concurrence in the amendment of the Senate, under our rules it is essential that the reasons for the non-concurrence ought to be included, and therefore the Minister of Justice is desirous to add these words to his motion.

Amendment agreed to and resolution as amended agreed to.

MANUFACTURE AND IMPORTATION OF OLEOMARGARINE.

On the motion of Hon. Mr. Guthrie, the House went into Committee on Bill No. 28, to permit the temporary importation, manufacture and sale of oleomargarine in Canada.

Bill considered, reported without amendment, read the third time and passed.

CRIMINAL CODE AMENDMENT (ELECTROCUTION).

On the Order: House again in Committee on Bill No. 6, to amend the Criminal Code (Electrocution).—Mr. Mowat.

Mr. MOWAT: Before the House goes into Committee again on this Bill, I desire to make a short statement. The Bill as it now is—

[Mr. Fielding.]

Mr. SPEAKER: Order. The hon. member is not entitled to make any statement upon the calling of the Order, excepting it is to discharge the Order, inasmuch as the Speaker leaves the Chair without the question being put.

Mr. MOWAT: May I be permitted—this Bill having been called from time to time and allowed to stand—to give the reason for it? It is this—

Mr. SPEAKER: Does the hon. gentleman ask that this Order stand?

Mr. MOWAT: I am giving an explanation why it should stand for the time being.

Mr. SPEAKER: The Order stands.

INTERCOLONIAL RAILWAY.

PROPOSED EXTENSION INTO NON-RAILWAY SECTIONS OF MARITIME PROVINCES.

Further consideration of the following motion of Mr. D. D. McKenzie resumed from October 6:

Whereas on the 16th of March, A.D., 1914, this Honourable House passed the following Resolution which was accepted by the Government,—

"Mr. McKenzie moved that in the opinion of this House the time has arrived for the extension of the Intercolonial Railway of Canada into the non-railway sections of the Maritime Provinces within reasonable range of the said railway." See pages 1736, 1737, 1738, 1739 and 1740 of Hansard for the said year, A.D., 1914.

Be it therefore resolved that, in the opinion of this House, the proposals of the said Resolution of the 16th of March, A.D., 1914, should be carried forward to completion at the earliest possible date.

Mr. O. TURGEON (Gloucester): Mr. Speaker, from time to time the people of the Maritime Provinces through their representatives in this House have asked the Government for better railway facilities, and it is my desire to support the resolution of the hon. leader of the Opposition for the extension of the Intercolonial railway into the sections mentioned by him, for I believe that such extension would very greatly contribute to the development of trunk line traffic. In New Brunswick and Nova Scotia we have in the Intercolonial railway our only trunk line, and, of course, it cannot be expected that capital will be attracted for the construction of short local lines, which by themselves cannot be operated at a profit. Branch lines are not built with the primary object of securing dividends on local traffic; their real purpose is to act as feeders to trunk lines. The hon. gentlemen who have already taken part in the debate on this resolution have mentioned that the districts re-

ferred to would all produce freight from which the trunk line would derive great profits on the long haul. Such railway construction would encourage the fish industry on the Atlantic coast—an encouragement that would be not merely for the benefit of the localities themselves, but would be of national advantage, as it would increase our food production and at the same time provide additional traffic for the Intercolonial portion of our national railways. The hon. member for Kent (Mr. Leger) has mentioned a proposed line between Buctouche, in Kent county, and Loggieville, in Northumberland county, which would connect two districts at present isolated for lack of railway communication. It was thought a few years ago that a company might build that line. But, as I have already stated in this House, I have been opposed to the construction of branch lines in the Maritime Provinces by private corporations and unless connected with the Intercolonial for they could not maintain themselves. This proposed line would traverse a fine country in proximity to the best fisheries and would be of great benefit to Canada at large as well as to the Maritime Provinces.

I regret that the Minister of Railways (Mr. J. D. Reid) is not in his seat, as I wish to again bring to his attention the necessity to our national railways of taking over the old branch line called the Caraquet and Gulf Shore railway on the North shore, which I drew more particularly to the attention of the former Minister of Public Works, Hon. Mr. Carvell, in 1917. At that time the Government were taking over a number of branch lines, connecting with the Intercolonial Railway between Moncton and St. John chiefly, but they left out one branch line which would be an excellent feeder for the Intercolonial on the ground that there was a dispute of a few thousand dollars regarding the value of the road. As I stated at the time, I did not make the request with the assurance that there would be an immediate additional revenue derived from its operation in conjunction with the Intercolonial, but looked more particularly to the benefit that such a line would give to the main line between Halifax and Montreal. I pointed out its freight possibilities, and stated that altogether about 1,750 cars of lumber a year would reach Gloucester Junction not for distribution in the neighbourhood, but to be sent through in Montreal, a distance of 533 miles; and in addition, every year we have a large number of carloads of fish to be transported from Bathurst to St. John, 220 miles, or to Halifax, 300 miles, due to the geographical situation. Therefore by reason of the long haul traffic the Intercolonial would receive during the year a revenue of $200,000 to $300,000 as contrasted with only about $80,000 of revenue to the branch line itself. I said at the time that the receipts of that road could be increased very considerably, and that therefore the main line revenue would also be increased two or three times. That fact has to be considered, and in drawing it to the attention of the Government I submit that the interests of our national railways are being neglected by our continued refusal to take over that line. The Government are losing thousands of dollars every year on account of their neglect to take over this line. The acquirement of these branch lines in northern New Brunswick and in Nova Scotia is a matter of great national interest and necessity. The only reason that the minister has ever given for the Government's failure to take over the Caraquet and Gulf Shore railway is that they could not come to an agreement with the owners of that line as to the amount for which it could be bought. I suggested when the matter was up on a previous occasion, and I suggest again, that arbitration should be resorted to. The owners of this line have intimated to the Minister of Railways their willingness to accept the decision of any board of arbitration appointed by the Government to look into this matter; they would have accepted in advance the decision of the former Chief Commissioner of the Board of Railway Commissioners, now the Minister of Finance (Sir Henry Drayton), I thought at the time that the Minister of Railways would accept that proposal. The owners of this line are willing to-day to accept the finding of any man who has a knowledge of railways whom the Government may select as arbitrator, whether he be a judge of the Exchequer Court or any one else.

The Government are always prepared to accept the principle of arbitration when it comes to dealing with large corporations and when large amounts are involved. They did it in the case of the Canadian Northern, and they are proposing to do it in the case of the Grand Trunk in connection with the proposals which they now place before the House. Why not apply the same principle to the acquirement of small lines? Why not do it in the case of the line which I mention and thus do justice to the section of the community

through which this line runs? It may be said that this line is not worth much in its present condition, or was not worth much in the condition that it was in last year or two years ago. I admit that the road was run down, but it is not only the actual physical value of a railroad which is to be considered; one has to take into account also the potential value of the road as a feeder of the trunk line. The districts through which these branch lines run may be so productive as to make the branch lines of considerable value as feeders of the trunk line. If the Intercolonial railway had been owned by a private company, the Caraquet and Gulf Shore line would long ago have been taken over; the owners of the trunk line would have recognized the value of the territory through which this branch line runs and its value as a feeder of the trunk line. I hope that the Minister of Railways and those members of the Government who hear me to-day will take this matter into very serious consideration and that they will decide to take over the Caraquet and Gulf Shore railway and to construct those new lines which have been referred to by hon. members who have preceded me in this debate. To do so would be in the interests of the districts concerned as well as to the advantage of the Canadian National railway.

Mr. McKENZIE: Mr. Speaker,——

Mr. DEPUTY SPEAKER: It is my duty to remind hon. members that the leader of the Opposition is about to exercise his right to close the debate upon this motion and that other members will afterwards be precluded from speaking. If any hon. member, therefore, wishes to speak to this motion, he should do so now.

Mr. D. D. McKENZIE (Leader of the Opposition): Mr. Speaker, I regret that the Government takes so little interest in a resolution which was passed by the House and accepted by the Government some four years ago with regard to the building of lines of railway in parts of Quebec, New Brunswick, Nova Scotia and possibly Prince Edward Island. No member of the Government seems to think it worth while to say a word about the matter. I was hoping that the Minister of Railways (Mr. J. D. Reid) would be here at some time when this matter was being dealt with, to show that he takes some interest in the development of these very important sections of our country. But although I have postponed the discussion of this motion several times in the hope that the minister would be here, and although I asked him as a special favour on one occasion to be present when the motion was called, I find that neither he nor any other member of the Government thinks it worth while to pay the slightest attention to the interests of these very important sections of Canada.

On the 16th of March, 1914, the House adopted this resolution, moved by myself:

> That in the opinion of this House the time has arrived for the extension of the Intercolonial Railway of Canada into the non-railway section of the Maritime Provinces within reasonable range of the said railway.

That resolution was accepted by the Government at that time. During the war period I did not think it would be proper to embarrass the Government in any way by dealing with these matters. But now that the war is over and the Government appears to have lots of money—millions and hundreds of millions—to spend upon railway projects, I did think that I was only doing justice to the grand old provinces of Quebec, New Brunswick and Nova Scotia in asking that some attention be given to such portions of those provinces as have been without railway facilities. But evidently my appeal has fallen upon deaf ears; the matter has been dealt with as one of such perfunctory character that no member of the Government deigns to take the slightest interest in it. We on this side are accustomed to treatment of that kind. We shall continue, however, to advocate what is in the interests of the various parts of the country which we represent and to hope that the day will come when there will be a Government in charge of the affairs of Canada which will consider it worth while to give some attention to the provinces that I have mentioned.

I did not bring forward this resolution looking for any consideration for those provinces beyond the lines of good business. I have always submitted that the development and extension of those lines would bring splendid business to the main trunk lines of the Intercolonial railway or whatever lines of Government-owned roads may be found extending through this country. I pointed out that the lumber business, the coal business, the trade in plaster-stone and more especially the fishing industry would be developed to such an extent as to make the road a good paying proposition. It was largely for the purpose and with the hope that the line into my particular county of Victoria should be extended along the fishing ports of that county that I brought the matter up. We have in the

county of Victoria a long string of fishing ports and towns beginning with a fishing place called North River, North Gut, South Gut, Englishtown, North Shore, South Bay, Ingonish, Neil harbour, Dinwall bay, St. Lawrence, Meat Cove. All of these villages along the coast of the county of Victoria are most magnificent fishing places, but they have no railway, and consequently the fishing trade is really in its infancy and has no opportunity of development. If a railway were run through these fishing villages, there is no limit to the wealth that might be developed. On the Inverness side of the island we have several Acadian villages on a settlement called Cheticamp, with magnificent fishing possibilities. Then there is Margaree harbour and another point called Ste. Rose. Of course, there is a railroad from the Strait of Canso along the south side of the island, which railway I understand the Government intends to take over one of these days. That railway touches many of the harbours along the south side of the island; but the fishermen were never given any opportunity to take advantage of it because it is merely a coal road, that is, it is owned by a coal company; it is equipped only for the carrying of coal, and there was never anything done to connect it with the fishing towns, villages and harbours on the south side of the island of Cape Breton. But when the Government take it over, as I hope they will, there will be an opportunity for them so to equip it that it will be a means of assistance to the fishermen of that side of the island and will enable the fishermen to produce this excellent food for other parts of Canada. On the south side of the island we have a railway extending about thirty or thirty-five miles from the strait of Canso to the St. Peter's canal. That railway is well known to the leader of the Government (Sir George Foster), who has possibly travelled over it. It is a good road so far as it goes, but it should be extended along the south coast of the island of Cape Breton to Louisburg, where it would connect with the railway of the Dominion Iron and Steel.

I am glad now that after many efforts we have the Minister of Railways (Mr. J. D. Reid) in the House listening to part of what I have to say in regard to this railway. I am pleased to tell the minister that it was the intention of the railway company that owns the road from the strait of Canso to St. Peter's to extend it to the harbour of Louisburg along the south coast of the island of Cape Breton, and that it was my pleasure, as a practising barrister, to purchase, on behalf of that company, magnificent terminals for that road on the site of the old town of Louisburg. If he will take in hand the extension of that road he will find owned by that company one of the most magnificent terminal sites on the whole of the Atlantic coast, and he will have the novelty and pleasure of knowing that in the lands which can readily be owned by the Government is the site of the old town and the old wharf that the French people owned when they owned the town of Louisburg. He will also find that foundation of that wharf, good and sound as ever it was, within the land which this company owns. The towns through which this road would run if extended along the south side of the island would be St. Peter's itself, l'Ardoise, Grand River, Forchou, Gabarus, Louisburg, Lorraine, Mainadieu and Mira bay. All of these towns are struggling along endeavouring to make a living at fishing, but they have no railway facilities. As I have pointed out before, it is impossible to give railway facilities to the two sides of this great island of Cape Breton simply by running a line through the middle, because the island, which is about 125 miles long by 90 miles wide, is cut into two parts by an arm of the sea and the St. Peter's canal. One can, therefore, understand that one line of railway running through the centre of that great stretch of country is not going to give proper accommodation, much less can it give good accommodation to the fishing industries along the coast. I am to-day merely supplementing what I said the other day, and I am merely reminding the minister now that he is in the House—I am sure he is a busy man and found it impossible to be here before—that he was sitting in this House when this resolution which I am about to read was accepted. Hon. Mr. Rogers, who was then Minister of Public Works, was leading this House, and he was the man who gave the word that the Government was accepting my resolution, but I clearly remember that the present Minister of Railways, who was then Minister of Customs if I remember correctly, was sitting in the House at that time. The resolution, which was moved by myself and which was accepted by the Government, reads:

> Mr. McKenzie moved that in the opinion of this House the time has arrived for the extension of the Intercolonial Railway of Canada into the non-railway sections of the Maritime Provinces within reasonable range of the said railway.

What I am now moving is this:

Be it therefore resolved that, in the opinion of this House, the proposals of the said Resolution of the 16th of March, A.D., 1914, should be carried forward to completion at the earliest possible date.

The railroad that I am talking about in the county of Victoria was practically started in 1911 along with several other lines of railway in Guysborough, Pictou and Halifax counties and other parts of eastern Nova Scotia: They were dropped with the promise that later on they would be taken up again. I trust that "later on" has arrived and that before long the Government will take such steps as may be necessary to carry out the proposition involved in my present resolution and the resolution which was accepted by the Government on the 16th March, 1914.

I trust I have made my position perfectly clear, also the position of the people of the island of Cape Breton, Guysborough and Inverness counties, of western Nova Scotia, as well as the sections of Quebec and New Brunswick particularly concerned in the scope and purpose of the resolution.

I do hope that the day is not far distant when the minister will be able to gladden the hearts of these old settlers who have been in this country, they and their forefathers, nearly two hundred years, and who have been looking from time to time for the benefits of railway extension. I trust the minister will have the satisfaction of feeling that he is the one who brought this great benefit to this very excellent class of Canadians, who have too long been left out in the cold, without the facilities which have been properly extended to other parts of Canada.

Hon. J. D. REID (Minister of Railways and Canals): Mr. Speaker—

Mr. SPEAKER: Unless the hon. gentleman rises to a question of personal explanation, the debate is concluded.

Motion agreed to.

QUESTIONS.

(Questions answered orally are indicated by an asterisk).

OPIUM AND COCAINE.

*MR. MOWAT:

1. Has the importation of opium derivates and cocaine into Canada during the last four years been abnormal?

2. Is it a fact that in the four fiscal years ending March 31, 1915, and the like period ending March 31, 1919, the following figures are approximately correct?

[Mr. McKenzie.]

	Importations. Quantity.		Amount.	
	1915	1919	1915	1919
	Oz.	Oz.	$	$
Cocaine. . .	1,361	29,470	2,224	227,040
Morphine. . .	7,181	125,317	15,602	640,304
Crude Opium	21,818	63,898	105,566	823,512
	30,360	218,685	123,792	1,690,856

3. If not approximately correct, what are the facts?

Hon. Mr. REID:

1. The importations of cocaine and morphine for the four year period ending March 31, 1919, are much in excess of those for the four years ending March 31, 1915. With respect to opium, however, the importations during the four years ending March 31, 1919, are not abnormal, as 139,645 pounds of opium were imported in the four year period ending March 31, 1911.

2. Yes, as to cocaine and morphine, but not as respects opium.

3. The importations during the two four-year periods were as follows:

	Quantity		Amount	
	1915	1919	1915	1919
	Oz.	Oz.	$	$
Cocaine. . .	1,361	29,470	2,224	227,040
Morphine. . .	7,221	125,317	15,602	640,304
Crude opium	21,818 lb.	63,898 lb.	105,566	823,512

PUBLIC DEBT, EXPENDITURE, ETC.

On the question (Mr. McKenzie) respecting the public debt, annual expenditure, etc.:

Mr. McKENZIE: For some mysterious reason this question was dropped from the Order Paper the other day. It has reappeared, and I should like to get an answer as soon as possible. I notice a mistake in the first paragraph of the question. The year should be 1919 instead of 1917.

Mr. SPEAKER: I shall see that the necessary correction is made.

Question stands.

CLASSIFICATION OF HOUSE OF COMMONS OFFICIALS.

Mr. J. A. ROBB (for Mr. Tobin) moved:

For a copy of all papers, correspondence, plans, schedules, drafts of classification, and all other documents respecting the re-classification of the House of Commons permanent employees of all grades, sent by any official of the House of Commons to the Board of Civil Service Commissioners, or to the experts engaged by the said board to re-classify the Civil Service of Canada.

Hon. A. K. MACLEAN: Does the hon. member ask for a return giving the names of all the permanent employees in the public service?

Mr. ROBB: In the absence of my hon. friend from Richmond and Wolfe (Mr. Tobin), I moved the resolution just as it appears on the Order Paper.

Mr. A. K. MACLEAN: I hardly like to accept the motion as it is, and I would ask that it stand until to-morrow. I will undertake to get any information that may reasonably be asked for, but I think this is hardly reasonable.

Motion stands.

UNOPPOSED MOTION FOR PAPERS.

Mr. SINCLAIR (Antigonish and Guysborough):

For a return showing all the Royal or other commissions to investigate and report on any matter, appointed by the Government since October, 1911, giving the following tabulated particulars in detail:—

(a) Date of Order in Council or other authorization.

(b) Names and post office addresses of commissioner or commissioners.

(c) Purpose for which same was appointed.

(d) Number of days in session.

(e) Outlay on the part of the Government as payment or allowance to the commissioner or commissioners.

(f) All other expenditure for witness fees, travelling expenses, printing, typing and disbursements of every description in the case of each such commission or investigation.

(g) Date of official report.

CANADIAN WHEAT BOARD.

On motion of Sir George Foster, the House returned to the order of Motions:

Sir GEORGE FOSTER (Minister of Trade and Commerce): I believe it was understood that I would make a statement on the third reading of the Bill that passed to-day with reference to the Canadian Wheat Board's extension of powers. I intended to make some explanation in regard to the charge of 15 cents, which has been the subject of some discussion in the House. As the Bill slipped through without my having made that explanation, possibly the House will receive it now. There was another question as to whether wheat, bran and shorts were limited to maximum prices or not. I shall answer the second question first. An agreement exists between the Canadian Wheat Board and the millers. At the time of the first meeting of the board the millers applied for an advance on the price of flour. They urged the increased cost of consumption, and asked for fifteen cents a barrel in advance.

Mr. McKENZIE: What is the date of the first meeting?

Sir GEORGE FOSTER: The date of the first meeting was about the middle of August.

Mr. McKENZIE: I mean the date at which the millers made that demand?

Sir GEORGE FOSTER: I understand it was at the first meeting of the Wheat Board. An agreement was made, and still exists, that the price of flour should not be advanced beyond the price which was current at that time. This runs to a maximum of $10.10 on flour milled from Ontario winter wheat, and $10.90 on flour milled from Manitoba hard and spring wheat. These prices are free on board track at Montreal, and the prices in other districts are based on the Montreal price, taking into consideration the railway differential. The statement has been made to me that these maximum prices have not in all cases been conserved, and that at the present time flour is being sold, owing to competition amongst millers, at considerably less than the maximum. As to bran and shorts, the prices agreed upon were $45 and $55 respectively, and no export was allowed except under permit; and for the major part of the time no export has taken place. Of late, however, the supply of bran and shorts seems to be larger than the demand in Canada, and the Wheat Board are giving permits for a certain amount of export to the United States.

With reference to the charge of 15 cents, this is not a tax, as it has been described in the House, and the reason will be apparent when we take into consideration the purpose of the Wheat Board and the two classes of purchase,—one for export by purchasers, say, in the Old Country, and the other for domestic use by purchasers in Canada. The price was fixed at $2.15, based on Fort William, and at the end of the transaction the price over and above that which was obtained, after cost and charges had been deducted, was to be divided amongst the principal sellers. So that the farmer gets at once, as regards the basic price, $2.15 less carrying charges and commissions which are common under all systems of conducting the grain trade. He will receive at the close of the transaction a certain amount, greater or less, from the sum remaining from the total sale of our Canadian wheat at World prices. That portion of the wheat which is sold for domestic use must also bring to the farmer the market price. It does not go across the seas. It is consumed in Canada, and consequently the prices paid by the miller

must cover, as nearly as the Wheat Board can estimate it or arrange it, the full market price. So that the price fixed for millers was $2.30; that is the basic price. When the miller buys from the dealer he pays that sum. The sum of $2.15 has already been paid by the dealer to the farmer, and the miller is therefore not allowed to pay the other 15 cents of the $2.30 to the dealer for that would make a profit to the dealer. That 15 cents is returned to the Wheat Board and put into the pool, so to speak, and is therefore a counterpart of the extra price which will be received from the sum of the export grain to the purchasers in Europe. The House can easily see that unless there is something of that kind the farmer does not get the world market price for his wheat. The miller, therefore, having to pay the $2.30, fifteen cents of which goes into the Canadian Wheat Board for the purposes which I have explained, there must be supervision and control to prevent that portion of the wheat, or any considerable part of it, which proceeds from the farmer's hands directly into the hands of the millers from not getting its increase along the line of the world's market or the world's price. As I have stated, it is so arranged that fifteen cents of the $2.30 that the miller pays goes into the fund of the Canadian Wheat Board. Now there are millers who conduct customs milling as well as outright milling—that is they take in grists from the farmers in their localities as well as buy wheat for general milling purposes—and in those cases it is impossible to make a difference between the two. Otherwise there would be imposition and the farmer would not realize the amount which is his due. So that with reference to the customs miller altogether, or the customs miller who carries on customs work along with his general milling, the precaution has to be taken that the fifteen cents over and above the fixed price to the farmer goes into the fund of the Canadian Wheat Board. If the smaller miller simply grists the load that is brought to his mill by the farmer, and for the purposes of that farmer's own consumption, the board, as far as possible are trying to carry out their work so that they shall not interfere with that. But it would be manifestly unfair to allow the custom miller to grist the grain which afterwards in the shape of flour went into the general sale of the country without the payment of the full market price. Such impositions were attempted, and the fifteen cents payment is designed by the board to prevent that imposition. Special committees have been appointed in Ontario and Quebec to carry out the rule of the board with the least possible dissatisfaction and trouble to the small farmer who grists his grain, or gets his grain gristed, for the purpose of home consumption. In carrying out a general rule you may find that it is troublesome to parties who do not intend really to break it; but in this respect the Canadian Wheat Board are doing the best they can to reduce that trouble to a minimum.

In the case of the seller for export, when the fifteen cents is paid into the Canadian Wheat Board a participation ticket is to be given to the producer or seller and that certificate is his warrant after it has been registered by the board for claim to his share of the surplus that may be left. Where the miller does custom milling, and this safeguard is necessary to prevent imposition, a participation ticket or certificate is also given in that case so that the seller or the grister of the grain will ultimately receive, just the same as the original seller for export, his share of what remains in the pool. This is a somewhat lengthy explanation, but I can quite see by the intelligent appreciation of my hon. friend from Brome (Mr. McMaster) that it has gone right to his heart.

Mr. McMASTER: Do I understand that the farmer—let us say in the Eastern townships where the farmers are very intelligent—who goes to the mill and gets, for instance, ten bushels of wheat ground into flour for his own personal use, pays the fifteen cents, and that he will have a right to a refund from this pool? Am I right in that understanding?

Sir GEORGE FOSTER: Well, partly right—right in essence, I think. Really it is the miller who has to pay that fifteen cents; he pays a set price and the farmer must get that—the set price for export. He pays fifteen cents over that set price—that is $2.30—and he must see that fifteen cents gets into the fund of the wheat board. In that case, if he exacts payment from the farmer then the farmer gets his participation ticket and has his recourse in the end to the pool. But I want to say one word more: Where it is a bona fide case of small gristing on the part of the farmer the purpose of the committee is to make the thing as easy as possible.

Mr. PROULX: If the miller does not buy wheat from the farmer but only grists it, does he charge that farmer fifteen cents and put it into the pool?

Sir GEORGE FOSTER: No. He pays a certain amount, which is $2.30 on the basic price. But whatever the basic price is, fifteen cents of it goes into the pool. Then the farmer gets his participation ticket.

Mr. PROULX: But in most cases there is no sale; A farmer goes to the grist mill with a load of wheat and gets it gristed. Then he receives back his flour and the offal less the toll?

Sir GEORGE FOSTER: Yes.

Mr. PROULX: In that case would the farmer have to pay fifteen cents per bushel to the miller and would the miller put that sum into the pool ?

Sir GEORGE FOSTER: The farmer has not, by the order of the board, to pay any fifteen cents. The miller has to pay his price, and of that price he has to see that fifteen cents goes into the pool. Now the miller in many cases, in some cases, is simply a buyer although he grists the farmer's wheat—that is, he takes and mills it and gives a certain amount of flour back. But he retains the bran and the shorts, and these go into the market and in competition. Now it would be manifestly unfair if he should be allowed to do that without the extra payment.

Mr. VIEN: Does the minister contend that the miller is going to pay fifteen cents a bushel to the fund, or to the pool as the minister calls it, without being repaid by the farmer who brings his wheat to be gristed ?

Sir GEORGE FOSTER: That rests between the farmer and the miller.

Mr. ROBB: The Acting Prime Minister has made a statement which he intended to submit on the third reading, so I presume it is not out of order for me to speak now.

Mr. DEPUTY SPEAKER: Any debate on the statement of the Acting Prime Minister would be out of order. With the unanimous consent of the House, the hon. member could reply to the statement, but not otherwise.

Sir GEORGE FOSTER: I will be very glad to answer so far as I can any questions that may be asked.

Mr. DEPUTY SPEAKER: A debate would not be in order without unanimous consent.

Mr. ROBB: Mr. Speaker, I wanted to point out that the minister (Sir George Foster) made a very carefully prepared statement from the point of view that the millers throughout the country are running their business along the same line as is the Government—with a surplus of clerks to do a lot of work that is quite unnecessary—and in answer to my contention that for many years the business of the companies has been carried on satisfactorily to their customers. Notwithstanding the explanation of my right hon. friend, the fact remains that he has made the custom millers the collectors of a tax of from 68 to 75 cents a barrel on the farmer's own product ground for the use of his family. He cannot get away from that. I do not wish to abuse the permission given and to initiate a debate along these lines, but I do wish to point out that the right hon. gentleman made the statement that the millers had asked for an increased price on flour, which was refused by the Wheat Board. That is quite correct so far as it goes. But there was something more connected with it. The millers did ask for an increased price on flour for export, not for the domestic trade, and they pointed out to the board that they had to make a certain profit out of the wheat. Seventy per cent of the product of a bushel of wheat goes into flour, thirty per cent into bran and shorts; and the millers pointed out that it was better in the interests of Canada that we should have a higher price for our export flour so that they would be able to sell bran and shorts to the dairymen of this country at a lower price; but this was refused by the Wheat Board.

Sir GEORGE FOSTER: My information is that the increased price was asked on all flour.

Mr. ROBB: Well, my understanding is that it was only for export. But nevertheless, in connection with that, it was pointed out that if there was an increased price for flour, there would be a corresponding reduction in the price of bran and shorts.

GRAND TRUNK RAILWAY SYSTEM.

DOCUMENTS LAID ON THE TABLE BY HON. MR. MEIGHEN.

Hon. ARTHUR MEIGHEN (Minister of the Interior): Mr. Speaker, I wish to lay on the Table the correspondence that passed in connection with the negotiations resulting in the final understanding as to the acquisition of the Grand Trunk Railway. The House will observe when the correspondence goes on the Table that it contains four or five cables that passed prior to the

letter of 11th July, 1918, which was intended to be an official summary of the negotiations. These preliminary cables were of a confidential character and were so marked, but for the reason that the first cable is referred to by Sir Alfred Smithers in his reply to the official letter of 11th July, it was thought well that these cables should be given to the House as well. Consequently, although of that character, and although indeed following verbal conversations between representatives of the company and the Government, they are none the less now made public.

I also lay on the Table certain memoranda, being in the nature of statements and information relative to the Grand Trunk Railway System. That the House may have an idea at the outset of the character of the data now furnished, I will detail briefly the contents of this document. On the first page is a summary from which hon. members will be easily able to turn to whatever specific information they require. Then follow in order: A historical account of the system; the territory covered and the districts served; the mileage, a table of mileage in Canada and the United States and of subsidiary tracks (with map reference numbers); mileage and local relations of companies (with map reference numbers); balance sheet of the Grand Trunk Railway to December 31st, 1918, in sterling; balance sheet of the Grand Trunk Railway to December 31st, 1918, in dollars; capitalization December 31st, 1917, Grand Trunk Railway in dollars; funded debt Grand Trunk Pacific fixed charges, whose guarantee and months interest due as at December 31st, 1918; Grand Trunk Pacific Railway branch lines company balance sheet; earnings and expenses Grand Trunk Railway six months, 1919; income account Grand Trunk Railway, 1912 to 1918, in dollars; revenues combined Grand Trunk Railway System without Grand Trunk Pacific for 1917; income account Grand Trunk Pacific; traffic statistics Grand Trunk Railway; guarantees by Grand Trunk Railway; dates of maturities short term paper Grand Trunk Railway; deficits Central Vermont and income cost of Atlantic and St. Lawrence Railway; deficits Western American companies; dividends paid; voting power of stocks; maps of the Grand Trunk Railway System in the East and of the Grand Trunk Pacific System. The brief summary thus given is extended in more detail on the next page, but that I do not need to recapitulate now. This information is furnished by the Government officials upon sworn statements and annual reports of the company itself.

I desire to move:

That four hundred copies of the two sets of papers now laid upon the Table be forthwith printed in the English language, that two hundred copies be forthwith printed in the French language, and that Rule 74 in relation thereto be suspended.

Mr. THOMAS VIEN (Lotbiniere): May I ask the minister if in the traffic statistics now given a distinction is made as to traffic originating in the United States and as to that originating in Canada? If there is no such distinction, can it not be furnished?

Hon. Mr. MEIGHEN: I think that, generally speaking, the distinction that the hon. member asks for can be drawn from the traffic statement.

Mr. JEAN J. DENIS (Joliette): Mr. Speaker, the documents just deposited by the minister are part of the information which I was seeking. I do not think it would be fair for the House to be called upon to examine the resolution in Committee of the Whole before we have been handed printed copies of these documents according to the motion that has just been passed. Moreover, it appears to me that at least twenty-four hours should be given hon. members to become acquainted to a certain extent with the contents of these documents before we begin discussing the motion. I hope we may have the declaration of the minister that we shall not be called upon to discuss this matter until the documents have been printed and we have had at least twenty-four hours within which to consider them.

Mr. DEPUTY SPEAKER: This question is not relevant to the motion now before the House. The question could be asked upon the motion for adjournment in connection with an inquiry as to the business which is to be taken up to-morrow; by unanimous consent the answer could be given immediately.

Hon. Mr. MEIGHEN: As to proceeding with the resolution, it will be realized in a moment that the fundamental features of the resolution can be fully discussed without the mastering of all the detail which is set forth in the data now furnished. At the same time, the House will not be asked to come to a final conclusion as to the terms until there has been opportunity for study of the details. But we would be foolish, I think, to waste time, unless there is other business that the House can do, by discussing such features

as are now well known and as have, indeed, been before the country for about twenty months.

Motion agreed to.

On motion of Sir George Foster the House adjourned at 5.30 p.m.

Wednesday, October 15, 1919.

The House met at Three o'clock.

QUESTIONS.

(Questions answered orally are indicated by an asterisk.)

BOARD OF COMMERCE—VICE-CHAIRMAN'S STATEMENT.

Mr. SUTHERLAND:

1. Has the Government asked for an explanation or statement from the Board of Commerce regarding the statement alleged to have been made by W. F. O'Connor, vice-chairman of the board, at Hamilton on September 16, published in the Toronto Globe and other papers on September 17, as follows:

"This is not the time for an increase in prices. Prices should go down from now on. In this connection I wish to announce now that all vendors from the farmer who increase the price on milk or anything else will be guilty of an indictable offence punishable by a fine of $1,000 and two years' imprisonment."

2. If so, what explanation or statement has been given?

3. If not, is it the intention of the Government to ask for one?

4. Did W. F. O'Connor, vice-chairman of the Board of Commerce, on or about September 16 issue a ruling, order or injunction regarding the price of milk?

5. If so, did such ruling, order or injunction have the concurrence of the other members of the board?

6. Did this apply to the whole of Canada, or to some particular part or portion thereof?

7. Is same still in force or effect?

8. If not, when was it repealed?

9. If repealed, what is the condition or situaton at present in so far as the ruling, order or injunction of the board applies to the milk producers of any portion or province of the Dominion of Canada?

Hon. Mr. DOHERTY:

1. The Government has not asked for an explanation or statement as referred to, as this seems to have been simply a warning of the commissioner with an indication of possible penalties for disobeying orders that may be passed by the board.

2 and 3. Answered by No. 1.

4. Mr. O'Connor, the vice-chairman of the Board of Commerce, did on September 16, 1919, issue a ruling regarding the price of milk, in which it was ordered as follows:

"Upon representation and proof made to the board that certain producers and vendors of the above mentioned commodities within the above named province purpose demanding and exacting from their vendees within such province, enhanced prices upon the sale of such commodities, and

"In pursuance and under authority of the provisions of the Combines and Fair Prices Act 1919, and of a certain order of the board made at Winnipeg, Manitoba, the fourteenth day of September, 1919, whereby the commissioner above-named is vested, in addition to his general and other special powers, with power to make, sign and issue for and on behalf of the board this order, in the terms hereof—

"It is ordered that the Wentworth Milk Dealers Association, the members whereof trade principally within the city of Hamilton; the Model Dairy, which trades principally within the city of Guelph; the Toronto Milk and Cream Producers Association, the members whereof trade principally within the city of Toronto; the City Dairy, Limited, and the Farmers' Dairy Company, Limited, which companies, firms or associations trade principally within the said city of Toronto, and all other companies, firms and associations which produce or trade in, or the members whereof produce or trade in either of said commodities, within said province of Ontario, and the officers, directors, members, managers, clerks, servants and employees of any of such or indicated associations, companies or firms, and all persons whomsoever who may produce or sell, whether as principals or as agents, and whether by retail or wholesale or otherwise, within said province either of said commodities, are restrained, enjoined and prohibited from selling or offering for sale and from further continuing to sell or to offer for sale to any association, company or person either of said commodities and from combining or agreeing, any one of them with any other or others of them, to sell or to offer for sale or to further continue to offer for sale, either of said commodities at sale prices greater than those whereat such associations, companies, firms or persons customarily sold or offered for sale said commodities respectively, on the fourteenth day of September 1919, until the further order of this board to be made within forty days after said fourteenth day of September, 1919.

"And it is further ordered that any sale made in contravention of this order shall be deemed one made for an unreasonable and unjust price."

5 and 6. Answered by No. 4.

7. On September 26 the following order was passed, the Chief Commissioner and Mr. O'Connor being present:

"In the matter of milk prices in portions of Ontario.

"Upon reading the order made by the board herein on the sixteenth day of September, 1919, and upon hearing the various parties concerned and it appearing that with regard to the city of Toronto an arrangement has been made, by means of a representative local committee as follows:

That for the period of two months ending 30th November, 1919, the wholesale price of $3.10 per 8 gallon can of milk delivered at the dairy in Toronto may be made, and that the retail distribution price for that period may be thirteen pint tickets for one dollar.

The board therefore orders that said prices shall not be deemed unfair or to include excessive profits, but reserves the right to declare that any higher price shall be excessive.

That after the 30th day of November, 1919, application may be made for a declaration that the price is then unfair at which time may be considered inter alia the then prices of animal feed and other costs entering into milk production.

That the injunction contained in the said recited order be and it is hereby dissolved.

That any person may at any time apply to this board by way of complaint against milk prices elsewhere in Ontario notwithstanding this order or the dissolution of the said injunction."

8 and 9. Answered by No. 7.

AMNESTY TO M.S.A. DEFAULTERS.

*Mr. ETHIER:

1. Since the 18th day of September last, did the Honourable Secretary of State for the Dominion receive a copy of a resolution, adopted by the city of Montreal, on the 8th of September last, concerning an amnesty in favour of those who failed to comply with the Military Service Act?

2. If so, what steps have been taken by the Government in this connection?

3. Does the Government approve or disapprove such resolution?

Hon. Mr. GUTHRIE:

1. A copy of such a resolution was received by the Government. It was in the nature of a request to H. R. H. the Prince of Wales. No action was taken upon it.

2. No steps have been taken by the Government in this connection.

3. The Government neither approves nor disapproves of such resolution.

[Mr. Doherty.]

STATUS OF CANADIANS IN IMPERIAL FORCES.

Mr. DEMERS:

Does the Government intend to take the necessary steps to insure that British subjects naturalized in Canada who, when war was declared, enlisted in their native country, and who returned to Canada after being demobilized, shall receive the same treatment as if they had enlisted in the Canadian Expeditionary Force?

Hon. Mr. MACLEAN: It is understood this matter is receiving the attention of a special Committee of the House.

KING AND QUEEN OF BELGIUM.

*Mr. LAVIGUEUR:

1. Has an invitation to visit Canada been extended by the Government to Their Majesties the King and Queen of Belgium, and their son, Prince Leopold, actually in the United States?

2. If not, is it the intention of the Government to invite the heroic sovereigns, who are now the guests of the American Government, to come to Canada?

Hon. Mr. DOHERTY: An invitation has been extended to Their Majesties the King and Queen of Belgium, but a formal and definite answer has not yet been received from them.

CAR SHORTAGE.

Mr. LAVIGUEUR:

1. Is the Honourable the Minister of Railways aware of the fact that the lumber trade is suffering from a great scarcity of cars owing to the fact that more than 44,000 Canadian cars are withheld in the United States against 23,350 American cars on the Canadian lines?

2. Is it the intention of the Government to fix at $5 per day the duty now of 70 cents that the railway companies are obliged to pay for every car on their line belonging to other companies?

Hon. Mr. REID:

1. According to statement issued by Canadian Railway War Board on October 2, 1919, there was a total of 59,671 Canadian owned freight cars in United States, and a total of 38,069 United States owned freight cars in Canada, the excess of cars in United States being 21,602. Included in the above there were 44,019 Canadian owned box cars in United States and 20,650 United States owned box cars in Canada; the difference in this case being 23,369. We have received very few complaints about shortage of cars for lumber shipments to points within the Dominion, or for export overseas, but it has been found impossible to secure an adequate supply of United States owned cars to take care of shipments of lumber, pulp and paper from Canadian to United States points. It is impracticable to furnish Canadian owned cars freely for such traffic inas-

much as the cars are not promptly returned to Canada, and such action would immediately result in producing a shortage of cars for Canadian internal traffic. The Minister of Railways has taken the matter up with the authorities at Washington and every effort possible has been made to secure a balance of equipment.

2. The standard per diem or car rental charged by one railway to another for the use of freight cars, is at the present time sixty (60c.) cents, per day, per car, this rate being established by the American Railway Association, and we are not aware of any proposal to change the rate, neither would a change in rate materially effect the question referred to.

CANADIAN OFFICIAL RECORD.

Mr. DUFF:

1. When was the Canadian Official Record first published?
2. When did its publication cease?
3. What was the total cost to the country of the Canadian Official Record, including salaries paid?

Hon. Mr. ROWELL:

1. October 1, 1918.
2. August 28, 1919.
3. $40,134.36.

DR. A. T. SHILLINGTON.

Mr. DUFF:

1. Was Dr. A. T. Shillington, of Ottawa, engaged in any service overseas during the war?
2. If so, what duties did he perform, and how much per day was he paid?
3. Up to the present time, what amount has been paid to Dr. Shillngton?
4. Has his pay ceased, or is he still on the pay roll?

Hon. Mr. ROWELL:

1. Yes; proceeded overseas with the 1st Contingent.

2. (a) On the strength of No. 2 Stationary Hospital, France; Assistant Director of Medical Services, Bramshott; Transferred to office of Director of Medical Services, London; Assistant Director of Medical Services, Canadian Training Depot, Shorncliffe; Officer Commanding Kitchener Military Hospital, Brighton; Returned to Canada September 10, 1917.

(b) Pay and allowances of his rank, viz., $6.25 per diem.

3. Up to the present time, the amount paid to Dr. Shillington is $13,379.82, including $1,503,75 War Service Gratuity; and also $2,430 Separation Allowance.

4. Pay ceased December 23, 1917, and this officer is not now on the pay-roll.

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DREDGING AT LANORAIE.

Mr. GERVAIS:

What was the cost of the dredging work executed during the summer of 1912 at Lanoraie, county of Berthier?

Hon. Mr. SIFTON: $4,949.40 for dredging and $144 for inspection.

TANLAC PATENT MEDICINE.

*Mr. GAUVREAU:

Is it the intention of the Government or the Department of Public Health to order an analysis of the patent medicine called Tanlac, so as to ascertain if it contains 16.4 per cent alcohol?

Hon. Mr. ROWELL: An Advisory Board has been appointed by the Government to comply with the requirements of the "Act to amend the Proprietary or Patent Medicine Act," Chapter 66, 9-10, George V, passed last session and it is the intention of the Government to ask this board to report on Tanlac.

CANADIAN FISH IN ENGLAND.

Mr. DUFF:

1. Is it a fact that a large quantity of fresh or frozen fish, owned by the Canadian Government, was given away free of charge to the populace of London, England?
2. If so, what was the quantity in pounds so given away?
3. What did said fish cost the Canadian Government?
4. Why was this fish not sold to the highest bidder or bidders, and the proceeds paid over to the Receiver General of Canada?
5. If the said fish could not be sold, why was it not brought back to Canada in steamers containing refrigerator compartments, and distributed free to the Canadian people?

Hon. Mr. MACLEAN: This information is not available in Canada, but a cable is being sent overseas for the same.

MR. FRANK YEIGH.

Mr. DUFF:

1. Was Mr. Frank Yeigh, of Toronto, employed by the President of the Privy Council in the Department of Public Information or in some other branch under the minister's direction?
2. If so, what were Mr. Yeigh's duties and salary?
3. Was Mr. Yeigh so employed in February, 1918?
4. While so employed in February, 1918, did Mr. Yeigh attend the Sportman's dinner of the Canadian Camp at New York?
5. How much was paid out of the public treasury for Mr. Yeigh's trip? Has the amount so paid been returned to the public treasury, or has any demand for its return been made?

Hon. Mr. ROWELL:

1. Mr. Yeigh was employed in the Department of Public Information which is under the President of the Council.

2. Secretary and travelling organizer, War Lecture Bureau, $300 per month.
3. Yes.
4. The Government has no information.
5. Nothing.

QUESTION PASSED AS ORDER FOR RETURN.

Mr. BURNHAM:

1. What is the share of the Canadian Expeditionary Force in the $30,000,000 canteen profits of the British Expeditionary Force now being dispensed by Sir Julian Byng for the benefit of the British soldier?
2. What has become of the Canadian Expeditionary Force, the Y.M.C.A., and other canteen profits arising from all sources in the Canadian Expeditionary Force?
3. What are the amounts of those profits respectively?
4. Has any one been appointed to see that canteens within C. E. F. areas at which the Canadian soldiers made purchases shall hand over their profits for the benefit of the Canadian soldier?

TEMPERANCE LEGISLATION.

On the Orders of the Day:

Mr. D. D. McKENZIE (Cape Breton North and Victoria): Mr. Speaker, I would like to direct the attention of the Minister of Justice (Hon. Mr. Doherty) to the fact that two important Bills on the Order Paper, namely, Bill No. 26, an Act to amend the Canada Temperance Act, and Bill No. 27, an Act to amend an Act in aid of provincial legislation prohibiting or restricting the sale or use of intoxicating liquors, were in line for moving forward yesterday. Can the Minister of Justice inform us if there is any good reason why these Bills were not then taken up? We had plenty of time and could very well have devoted it to a consideration of these measures.

Hon. C. J. DOHERTY (Minister of Justice): I did not happen to be in the House yesterday at the adjournment. Replying to the hon. gentleman's question—I do not know that there is any good reason, except that there are good reasons always for what this Government does and for what it refrains from doing.

GRAND TRUNK RAILWAY SYSTEM.

RESOLUTION RESPECTING ITS ACQUISITION BY THE GOVERNMENT.

Hon. J. D. REID (Minister of Railways and Canals) moved that the House go into Committee to consider the following proposed resolution:

Whereas the present capital stock of the Grand Trunk Railway Company of Canada, consists of the following:—

[Mr. Rowell.]

Four per cent (4%) guaranteed stock	£12,500,000
First preference five per cent (5%) stock	3,420,000
Second preference five per cent (5%) stock	2,53,000
Third preference four per cent (4%) stock	7,168,055
Common stock	23,955,437
	£49,573,492

And whereas the present outstanding debenture stocks of the Grand Trunk Railway Company of Canada consisting of:—

Five per cent (5%) Grand Trunk debenture stock	£ 4,270,375
Five per cent (5%) Great Western debenture stock	2,723,080
Four per cent (4%) Grand Trunk debenture stock	24,624,455
Four per cent (4%) Northern debenture stock	308,215
	£31,926,125

(herein after called the "present debenture stocks") are entitled to certain voting powers at meetings of shareholders of the Grand Trunk Railway Company of Canada;

And whereas it is expedient that His Majesty should acquire the whole of the capital stock of the Grand Trunk Railway Company of Canada except the four per cent (4%) guaranteed stock above referred to;

It is therefore resolved that it is expedient to provide as follows:—

1. That subject to the provisions of these resolutions His Majesty the King, represented by the Minister of Railways and Canals of Canada, acting under the authority of the Governor in Council (hereinafter called the "Government"), may enter into an agreement (hereinafter called the "said agreement") with the Grand Trunk Railway Company of Canada (hereinafter called the "Grand Trunk") and with such other companies and interests as the Government may think necessary for the acquisition by the Government of the entire capital stock of the Grand Trunk, except the four per cent (4%) guaranteed stock of the Grand Trunk, amounting to £12,500,000, the latter being hereinafter called the "present guaranteed stock."

2. That the said agreement shall contain provisions for the defining of the companies, properties and interests, comprised in the Grand Trunk system, and, including the terms and provisions hereinafter set forth, may contain such other terms and conditions as the parties may agree upon.

3. That as part of the consideration for such acquisition the Government may agree to guarantee the payment of:—

(a) Dividends payable half yearly, at four per cent per annum, upon the present guaranteed stock;

(b) The interest upon the present debenture stocks as and when payable, in accordance with the terms thereof.

These guarantees to take effect upon the date of the appointment of the Committee of Management hereinafter mentioned.

(c) Dividends payable half yearly at four per cent per annum from the date of the appointment of the Committee of Management hereinafter provided for, upon an issue which is hereby authorized by the Grand Trunk under the terms of the said agreement of

non-voting capital stock (hereinafter called the "new guaranteed stock"), not exceeding the amount determined by the Board of Arbitrators, as hereinafter set forth.

Provided that concurrently with such guarantee of dividends and interest upon the present guaranteed stock, and the present debenture stock, respectively, the voting powers at meetings of shareholders of the Grand Trunk now vested in or exercisable by the holders of the said stocks respectively shall cease and determine absolutely.

4. That the present guaranteed stock and the new guaranteed stock or any part thereof may be called in or redeemed by the Government, at par, at any time after thirty years from the date of the appointment of the said Committee of Management on six months' notice, by advertisement, to the holders thereof.

5. That the value, if any, of the first, second and their preference stocks and the common or ordinary stock of the Grand Trunk now issued and outstanding to the face values above mentioned (hereinafter together called the "preference and common stock"), shall be determined by a board of three arbitrators, one to be appointed by the Government, one by the Grand Trunk, and the third by the two so appointed, or, failing agreement, by judges to be designated in the said agreement. New guaranteed stock, to an amount not exceeding the value, if any, so determined, carrying a dividend as hereinbefore authorized shall be distributed among the holders of the preference and common stock, upon the transfer to or vesting in the Government of such stock, in proportions which shall be determined by the arbitrators.

6. That as soon as said agreement has been ratified by a majority of the holders of the stocks enumerated in the preamble to these resolutions present in person or by proxy and voting at a special general meeting of such stockholders duly called for the purpose of considering such agreement;

(a) A Committee of Management shall be formed consisting of five persons, two to be appointed by the Grand Trunk, two by the Government, and the fifth by the four so appointed, to insure the operation of the Grand Trunk system (in so far as it is possible so to do), in harmony with the Canadian National railways, the two systems being treated in the public interest as nearly as possible as one system. The committee shall continue to act until the preference and common stocks are transferred to or vested in the Government, when it shall be discharged.

(b) The books, minutes, reports, documents and other records, and all the railways and properties of the companies comprised in the Grand Trunk system, shall at all times be accessible and open to inspection and examination by any person or persons named by the Minister of Railways and Canals of Canada, or by the Board of Arbitrators; and all proper aid and assistance shall, on request, be rendered to such person or persons by the Committee of Management and by the officers and employees of the Grand Trunk and its allied companies, including the making and giving of extracts, copies and statements.

7. That the Government may lend to the said Committee of Managament, upon the notes or other obligations of the Grand Trunk, such sums as the Government may from time to time deem necessary for the carrying on of the operation or improvement of the Grand Trunk system.

8. That the said agreement shall provide, among other necessary and usual provisions for:—

(a) The appointment of the arbitrators, the control of the arbitration proceedings, the administration of oaths, the procuring and admission of evidence, and the making of the award;

(b) The transfer to or vesting in the Government or its nominees of the preference and common stock upon the issue of new guaranteed stock in exchange therefor;

(c) The resignation or vacating the offices of the Board of Directors of the Grand Trunk and of each company comprised in the Grand Trunk system upon the preference and common stock being transferred to or vested in the Government.

(d) The entrusting to the said Committee of Management by the Minister of Railways and Canals as Receiver of the Grand Trunk Pacific Railway system, on terms to be approved by the Governor in Council, of the exercise of such of his powers as Receiver as the Governor in Council may deem requisite in order that the operation and management of the said Grand Trunk Pacific Railway system may be conducted in harmony with the operation of other railways and properties under the control of the said committee.

(e) The continuation and administration of the Grand Trunk Railway of Canada Superannuation and Provident Fund Association, the Grand Trunk Pension Fund, and the Grand Trunk Railway Insurance and Provident Society, in accordance with the terms to be set forth in said agreement.

9. That the Government and the Grand Trunk, and each company comprised in the Grand Trunk system, and all persons interested therein, be hereby respectively authorized to enter into the said agreement upon and subject to the terms herein set forth, and to do and perform all such acts and things as may be deemed necessary to observe, perform and comply fully with the terms and conditions of said agreement.

10. That any orders of the Governor in Council which the Government may deem requisite to vest in the Government, any of the preference or common stocks not transferred to the Government or its nominees under the terms of these resolutions, or requisite to vacate any office of director, or otherwise to carry into effect the terms and provisions of the said agreement may be made and passed with the effect specified in any such Order in Council.

11. That upon the transfer to or vesting in the Government of the preference and common stock as herein provided for, the Government may, by Order in Council, provide for the discharge of the receivership of the Grand Trunk Pacific Railway system and the termination and withdrawal of the proceedings in the Exchequer Court of Canada relating thereto.

Mr. SPEAKER: Is it the pleasure of the House to adopt the motion?

Some hon. MEMBERS: No.

Mr. DEVLIN: Mr. Speaker, I would like to ask the minister—

Mr. SPEAKER: The motion is not debatable. Of course, if hon. members desire

that a vote be taken on the motion, that would be quite in order. Is it the pleasure of the House to adopt the motion?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Carried.

The House then divided on the motion of Hon. Mr. Reid, which was agreed to on the following division:

YEAS.

Messrs.

Allan,	Maclean (Halifax),
Andrews,	McGregor,
Argue,	McIsaac,
Armstrong (Lambton),	McLean (Royal),
Ball,	McQuarrie,
Blair,	Manion,
Blake,	Martin,
Bolton,	Meighen,
Bowman,	Mowat,
Boyce,	Myers,
Buchanan,	Nesbitt,
Campbell,	Nicholson (Queens, P.E.I.),
Chaplin,	Redman,
Charlton,	Reid (Grenville),
Clark (Bruce),	Reid (Mackenzie),
Clements,	Rowell,
Cowan,	Shaw,
Crerar,	Sheard,
Cronyn,	Sifton,
Davidson,	Steele,
Foster (York),	Stevens,
Guthrie,	Stewart (Hamilton),
Halladay,	Thompson (Weyburn),
Harold,	Thompson (Hastings),
Harrison,	Thompson (Yukon),
Hay,	Tweedie,
Henders,	Whidden,
Johnston,	Wigmore.—58.
Lang,	
Mackie (Edmonton),	

NAYS.

Messrs.

Archambault,	Leduc,
Boivin,	Leger,
Bourassa,	McGibbon (Argenteuil),
Cahill,	McKenzie,
Chisholm,	Marcile (Bagot),
d'Anjou,	Murphy,
Déchêne,	Pacaud,
Delisle,	Papineau,
Denis,	Pardee,
Desaulniers,	Pedlow,
Devlin,	Pelletier,
Duff,	Ross,
Fielding,	Savard,
Fontaine,	Seguin,
Gauthier,	Sinclair (Antigonish and Guysborough),
Gervais,	Trahan,
Gladu,	Turgeon,
Hunt,	Vien.—38.
Jacobs,	
Lavigueur,	

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messrs.

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Alta),
White, Sir Thomas,	McMaster,
Wilson, G.,	Béland,
Richardson,	Prevost,
Burnham,	Gauvreau,
Clark (Wellington),	Truax,
Stacey,	Baldwin,
McCurdy,	Tobin,
Spinney,	Sinclair (Queens, P.E.I.),
Mewburn,	Fournier,
Burrell,	Brouillard,
Smith,	Boyer,
Wallace,	Cannon,
Glass,	Bureau,
Stewart (Lanark),	Cardin,
Knox,	Casgrain,
Ames, Sir Herbert,	Copp,
Anderson,	Demers,
Armstrong (York),	Deslauriers,
Arthurs,	DuTremblay,
Best,	Ethier,
Bonnell,	Euler,
Boys,	Fafard,
Brien,	Fortier,
Bristol,	Kay,
Butts,	McCrea,
Calder,	Lafortune,
Casselman,	Lanctôt,
Chabot,	Lapointe
Charters,	Lesage,
Clark (Red Deer),	McCoig,
Cockshutt,	Mayrand,
Cooper,	Molloy,
Crothers,	Parent,
Crowe,	Power,
Cruise,	Verville,
Currie,	Kennedy,
Foster, Sir George.	Michaud.
Edwards,	Proulx.

Mr. ARMSTRONG (Lambton East): Mr. Speaker, I wish to make an explanation. I was paired with the hon. member for Prescott (Mr. Proulx) until my return to-day, and I see he is not in his seat. I do not want to take any advantage; I wish my vote to be withdrawn.

Mr. SPEAKER: Under our rule, a vote once given must stand.

Motion agreed to, and the House went into Committee on the resolution, Mr. Boivin in the Chair.

Mr. J. D. REID (Minister of Railways and Canals) said: Before asking the Committee to pass this resolution which stands in my name, I wish to make a few statements in regard to the railway situation. Let me first say that the statement made by the Minister of the Interior (Mr. Meighen), on Friday last, explains fully the negotiations which took place in connection with taking over the Grand Trunk railway. The resolution which is now submitted to the Committee contains the Bill which I will introduce on the passing of the resolution. It may be well for me to state what has led up to the present position and the

decision to take over the Grand Trunk Railway system.

The Committee will remember that the Grand Trunk Railway Company, under the management of the late Charles M. Hays, decided in the year 1903 that the Grand Trunk Railway Company, in order that it might be able to compete on an equal basis with the Canadian Pacific railway, must extend their line into the territory of the Great Northwest. Accordingly, they applied to Parliament for and received a charter to build a railway from Winnipeg to the British Columbia coast. The Government of the day decided that they would construct a road from Winnipeg to Moncton and hand it over to the Grand Trunk Railway Company by way of lease. The facts in connection with this transaction have been discussed so often in the House that I do not intend going into any further details except to say this, that on the completion of the Grand Trunk Pacific railway and the Transcontinental railway, the Grand Trunk Railway system, or what is known as the old Grand Trunk Railway Company, held themselves responsible for the cost of operation and all liabilities that might be incurred in connection therewith. They refused to take over the Transcontinental between Winnipeg and Moncton, and the Government have been operating that railway since its completion at an annual loss of several millions of dollars.

On the completion of the Grand Trunk Pacific railway, the Grand Trunk Railway Company became responsible for the operation and fixed charges of the Grand Trunk Pacific. The Grand Trunk Railway Company on February 1 last refused to continue paying interest on bonds guaranteed by them, and accordingly the road had to go into the hands of a receiver. Let us see what assistance the Government of Canada had given to them up to that date over and above the original agreement that was made in connection with this railway. These are the items:

1 year—1909—	loan	$10,000,000	
1913	"	15,000,000	
1914	"	6,000,000	
1914	further guarantee	16,000,000	of their bonds
1916	loan	8,000,000	
1917	"	7,500,000	
1918	"	7,500,000	
		$70,000,000	

It will thus be seen that a total of $70,000,000 has been advanced to the Grand Trunk Pacific railway.

Of course, mortgages were taken on the road, but what good was that security if the road was losing money? Was it not better either to take over the road, or make some disposition of it that would stop further enormous yearly losses such as I have mentioned?

Why did the Government advance these loans to the Grand Trunk Pacific? It was because they believed it would be a national calamity to create a financial crisis while the war was on, and that so long as the road was able to meet or nearly to meet operating expenses it was better to defer final action until the war was over or the end in sight. However, when the Government decided that they would not consider any further advances to the Grand Trunk Pacific the whole railway question had to be considered. It was decided that the Grand Trunk Pacific should be operated under the direction of a receiver. The falling of the Grand Trunk Pacific into the hands of a receiver made the Grand Trunk system directly responsible for the securities guaranteed by them in respect of the Grand Trunk Pacific Railway. It was impossible for the Government to assume the Grand Trunk Pacific liabilities and release the Grand Trunk Company from their obligations. There was no question what would happen if the Grand Trunk were compelled to meet the obligations they had guaranteed—they could not possibly meet them. For this reason the Grand Trunk Railway has been pressing that negotiations be continued until a final decision had been reached.

The Minister of the Interior (Mr. Meighen) has already given the final results of the negotiations, and I wish now to refer a little more particularly to the position in which the Government will be placed. When the Grand Trunk system is controlled by and included in the Canadian National Railway system we will have the following mileage owned, operated, and controlled by the Dominion Government: Grand Trunk Railway system, 5,357 miles; Grand Trunk Pacific Railway system, 2,816 miles; Canadian Northern Railway system, about 10,000 miles; Transcontinental Railway system, 1,810 miles; Intercolonial Railway and branch lines attached thereto, 1,800 miles; or a total of 21,783 miles. That is, 22,000 miles, in round numbers, will be owned and operated by the Government of Canada. That constitutes the largest railway system owned or controlled by any one corporation on the American continent.

It has always been practically understood by the people of Canada that if we wish to have a transcontinental system that could be operated economically and on a basis similar or equal to that of its great competitor, the Canadian Pacific Railway system, it was necessary that the Canadian Northern Railway system, being practically a western railway system, should be joined up with the Grand Trunk system, which was an Eastern Canada railway system, and the two together would make a complete and economical system. The Canadian Northern Railway system having all its main lines and branch lines in the four western provinces, and the Grand Trunk system having all its lines and branch lines in Ontario and Quebec, the two together could be operated economically and would assist each other by interchange of traffic. Having taken over the Canadian Northern Railway system the Government was in this position: They had a splendid western railway system with a line from Port Arthur to Montreal and Quebec without any branch lines, feeders or terminals from the great provinces of Ontario and Quebec, and they were unable to gather freight in Eastern Canada to pay its operating charges.

Now let me say what the Government must provide for its present railway system if we do not take over the Grand Trunk railway. The Government, and that means the people of Canada, must spend within the next three, four or five years an amount of at least one hundred million dollars, and any amount between that and two hundred million dollars for providing terminal facilities, branch lines and connections with other roads in the eastern provinces, and when that was done they would still have as competitors not only the Canadian Pacific railway, but also the Grand Trunk railway. Now, if the country must supply at least one hundred million dollars to provide terminals and branch lines and connections for its present system that would not be necessary if we took the Grand Trunk railway over, may I ask is it not in the interest of all concerned that we save spending that hundred million dollars, and save the interest on the same, which would probably be five and one-half million dollars, and save also the extra expense in operation and duplication of lines and terminals?

I notice that some of the newspapers take the position that an additional liability of about twelve million dollars will be added to our railway losses if we take over the Grand Trunk Railway system. They are wrong in coming to that conclusion, and I hope they will correct the error and place the matter properly before the public. It is true the Grand Trunk Railway system have the following interest bearing first-charge stocks:

5%	G. T. Debenture Stock	£ 4,270,375
5%	Great Western "	2,723,080
4%	G. T. "	24,624,455
4%	Northern "	408,215
	Total	£32,026,125

The total interest on this would amount to about seven million dollars per annum.

Honourable members will note that the issues I have mentioned are the original debentures in connection with the building of the Grand Trunk and the taking over of the Great West railways. The Grand Trunk always earned this interest of $7,000,000. In addition to that there is the guaranteed stock, £12,500,000. The interest on this is equal to about two and one-half million dollars. The interest on this has also always been earned and paid, no default ever occurring in these several issues just mentioned.

Therefore the seven millions of dollars that I have mentioned and the two and one-half millions of dollars interest on debenture and guaranteed stock, the Grand Trunk Railway system during the whole time of operation were not only able to pay, but in addition to that they always had an amount over and above this for distribution among shareholders of other later issues of stocks; and they were able to pay, if not all, a portion of the dividends on the additional securities outstanding other than those mentioned, which are as follows:

1st Preference Stock 5%	£3,420,000
2nd Preference Stock 5%	2,530,000
3rd Preference Stock 4%	7,168,055

On these three stocks the profits distributed between them and over and above the fixed charges on the debenture stock and guaranteed stock averaged during the last ten years, prior to the war, an amount equal to about one million dollars per annum. So that I say in taking over the Grand Trunk Railway Company, the Government may become responsible for, in round numbers, some twelve millions of dollars, interest charges, annually. It will not, in my opinion, incur a liability because the Grand Trunk system has always earned those amounts in the past and will be in a better position to do so in the future when joined up with the Canadian Government National system, and in this I am backed up by railway experts. There is in addition the common stock, £23,955,436, on which no

dividend or interest has been paid since the issue of same, and therefore I do not consider it of any material value other than for voting purposes.

Railway experts also say they feel that the saving in the cost of operation and the amount that will not now be required to be invested in terminal facilities, and on which interest would have to be paid annually, is one that should very materially assist in making both ends of the several railways meet that will now be connected as one railway system.

As I have now discussed the Canadian Government Railway system's position in connection with this matter, let me say a few words as to what position it puts the Grand Trunk bondholders and stockholders in. There is no doubt in my mind that the Grand Trunk railway would be compelled to carry on its operation without being able to pay one cent of interest on its debenture or any stock, if it had to continue and assume the liability of the Grand Trunk Pacific Railway system. The losses on that system must necessarily be for a number of years some five or six millions of dollars, and perhaps more. If the Grand Trunk has to pay this amount out of its earnings and maintain the Grand Trunk Pacific, I cannot see how the dividends that have been paid the Grand Trunk railway shareholders for so many years could be continued. However, in addition to that, with the Government owning such a large railway mileage system, a system almost equal to the Canadian Pacific railway, how could the old Grand Trunk railway with its much smaller system compete or expect to live with the competition from these two great companies and with no Western Canada connections? Surely it is to the advantage of the shareholders and debenture holders in England to be able from this time on, without any worry or anxiety, to know they will receive annual dividends they have enjoyed for so many years in the past.

I may say that when the arbitrators are considering the amount we should pay in connection with the taking over of the road they must consider the losses now being made by the Grand Trunk Pacific railway and its undertaking, and if they come to the conclusion that the Grand Trunk Pacific's future is not likely to be better than it is at the present, then it is altogether likely the arbitrators may not agree to pay the amount the Grand Trunk railway has been able to distribute among its shareholders in the past.

May I also add that, in my opinion, the contract for building the Grand Trunk Pacific railway and the Transcontinental railway was an arrangement between the Government of that date and the Grand Trunk Railway system. I was a member of the House at that time, and I remember well that the late Mr. Hays did not want to build the Transcontinental system. He did not want to build the road to British Columbia; he merely wanted connection with the wheat fields of Alberta and Saskatchewan. But the Government of that date insisted on the Transcontinental and British Columbia lines being built, and that was the cause of the Grand Trunk Railway system's failure to carry out to a successful conclusion the scheme originated by Mr. Hays. The arbitrators will no doubt take into consideration the fact of the Grand Trunk railway being the pioneer railway of Canada; and believing as I do that the people of Canada wish to deal generously with the Grand Trunk shareholders, they will not be too severe when making their award.

There is another matter I wish to mention in connection with this great railway undertaking. When these two railway systems are operated as one system it will be absolutely necessary for the Government to select a management and a staff of the best men that can be found no matter where they come from, to operate this whole new complete system; and those who are decided upon must assume this responsibility. Unless they have a free hand, unhampered by political interference, or by interference or pressure from the outside public, they cannot and will not make it a success.

There is only one ending and the people of Canada might as well know it now before we start the operation. The Canadian Pacific railway, its opponent, is one of the best managed railways in the world. It is operated on purely business principles. They will not tolerate interference, nor are they influenced by any individual. They will not allow any employee to remain on their staff unless he works in the interest of the railway, and does not allow himself to be influenced by any one. That is the way the Canadian National railways should be operated; and, so far as I am concerned, I have been carrying out that policy with the system we now have. I am pleased to be able to say that so far I have had very little interference or requests or suggestions, either from any member or from outside, to do other than carry out that policy with regard to our present system. I am afraid

sometimes that a little outside influence is being used when I see certain questions on the Order Paper, the answers when given disclosing to our opponents information detrimental to our system. But when we get the Grand Trunk railway and add it to our present system then a policy of absolute confidence in management must be continued. Therefore, I appeal to every member of this House, as well as to every citizen of Canada, to assist the Government in carrying out the operation of this great railway, owned by the people of Canada, on the same basis as that of our Canadian Pacific Railway system.

Now, Mr. Chairman, the Canadian Pacific Railway system is a great one. It has done great work for Canada, and the fact of the Government owning and operating a system equal to that of the Canadian Pacific railway should not in any way allow any influence, or advantage to be exercised against the Canadian Pacific Railway. The operation of this system must be put in the hands of men who must carry it out on the same lines as though it were a private corporation. They must compete for traffic. They must prove they are able to satisfy the public, and must not take improper advantage of any powers they might have by being owned and controlled by the Government of Canada. I believe there is plenty of room for the two systems, and plenty of room for them both to be prosperous; and all systems, whether private or Government-owned, will be under the jurisdiction of the Board of Railway Commissioners. No preference in any way will be given to the Government railway systems. There is no doubt the Canadian Pacific Railway are against the Government taking over the Grand Trunk Railway system. They were opposed to the Government taking over the Canadian Northern railway; and much greater will be their opposition to the Government taking over the Grand Trunk system. They fear this may lead eventually to complete public ownership of the railways in Canada. They no doubt realize and know the Government could not do otherwise than take over the Canadian Northern system, no private individual or individuals could take over the Canadian Northern under the conditions. They realize that no private individual or individuals could take over the Grand Trunk Pacific and realize the Grand Trunk railway can do nothing other than join up with the Canadian Government system.

The only other alternative would be to hand all our presently owned Government railways to the Canadian Pacific, and I do not believe for one moment the people of Canada would stand any such suggestion. During the war the three Canadian railways, namely, Canadian Pacific, Canadian Northern and Grand Trunk carried on their operations most harmoniously. Then in addition there was what has been known as the Canadian Railway War Board, which really means co-operation in every way to assist each other, and in the public interest. They have worked so well together that I sincerely hope and trust the good work they have done so harmoniously will continue.

When the House goes into committee all information required by every member of this House will be furnished. I think this matter is one that requires the most serious consideration of the House so that all the facts may be known. For that reason while members of the House expected to get away within a day or two may I hope and trust that they will take a great interest in this matter—discuss it thoroughly—give us the benefit of their advice. I am sure after it has been thoroughly discussed the House will pass the resolution and pass the Bill. Documents containing a large amount of information have already been laid on the Table, and other information necessary will at once be furnished. Let us then join together and do all we can to try and work this railway situation out of the great tangle which it has got into and let us try and make it one of the greatest assets that Canada has.

Mr. VIEN: Did I correctly understand the minister to say that the Grand Trunk Pacific was taken over because the Grand Trunk was in default with respect to the interest on the bonds?

Mr. REID: What I wished to say was that the Grand Trunk railway is taken over because it is found that it is in difficulties on account of the position that it is in with respect to the Grand Trunk Pacific. The Grand Trunk Railway Company guaranteed a large amount of the bonds of the Grand Trunk Pacific railway. They must pay the interest on those bonds, they are liable for it, but if they had to pay the interest on those bonds it would prevent them from paying dividends to their shareholders because the interest is a first charge on the earnings of the Grand Trunk.

Mr. VIEN: My question was not that. I understood the minister to make a statement in his opening remarks to the effect that the cause of the receivership which was instituted by Order in Council last

March was that the interest on the Grand Trunk Pacific bonds was not paid. Did the minister make that statement?

Mr. REID: At the time of the receivership last session, when the Bill was passed, the Grand Trunk Railway Company served notice on the Government that they could not meet the interest that fell due, I think, on February 1, and they not being able to meet the interest as it fell due, the road would of course have gone into the hands of a receiver. An Order in Council was passed putting the road under a receivership.

Mr. VIEN: Even that is not the question. The minister made a statement a minute ago, if I understood him correctly, to the effect that at the time of the receivership the Grand Trunk Railway was in default with respect to the interest upon the bonds of the Grand Trunk Pacific.

Mr. REID: No, I did not say they were in default. I said they notified us that they could not pay and that they could not continue to operate the Grand Trunk Pacific road. They were not in default at that particular time, but they would have defaulted a few days later if we had not appointed a receiver.

Mr. VIEN: If the minister corrects his statement I am willing to accept it.

Mr. CAMPBELL: Are the roads at present owned by the Government now under the jurisdiction of the Railway Commission?

Mr. REID: Yes; I think they are.

Mr. CAMPBELL: All of them?

Mr. REID: They are in this way: The Canadian Northern was always under the jurisdiction of the Board of Railway Commissioners and we passed an Order in Council placing the Intercolonial in the same position as the Canadian Northern. Therefore, they are all under the Board of Railway Commissioners.

Mr. VIEN: Would the minister allow me a further question? The minister knows that quite an extensive mileage of the Grand Trunk system is in United States territory. Has the Canadian Government taken any steps to ascertain what the action of the United States Government would be if the Canadian Government became the owner of these lines on American territory? I think it would be an unprecedented thing if a government would allow a foreign government to own railway systems on its territory.

Mr. REID: That is a legal question. Perhaps my hon. friend the Minister of the Interior (Mr. Meighen) would answer it.

Mr. MEIGHEN: I think the hon. member (Mr. Vien) knows the answer himself. We are not taking the road. We are at the present time one hundred per cent stockholders of another system that owns and operates roads in the United States. This is simply a repetition of what we have done before, and the American Government presumably would have no more objection to the one course than to the other.

Mr. VIEN: Does the minister say that the Canadian Government is not taking over the Grand Trunk Railway system? Is it not, in effect, state ownership of the Grand Trunk Railway system and will the Canadian Government not in the future be the owner of the Grand Trunk Railway system and its connections on American territory?

Mr. MEIGHEN: What I said is precisely right; the hon. member can state it in any way he likes. We are the owners of the stock of the system which owns these roads and controls others through one connection or another just as in the case of the Canadian Northern system we are the owners of the stock of the system which owned and controlled roads in the United States. There is nothing in this case in principle that is not present in the other case, and presumably the American Government would have no more objection to one course than to the other.

Mr. VIEN: Of course, the American Government at the present time is managing all these roads under the Railway Board of the United States. I do not put the question as a catch, but simply to obtain information as to what will be the position of Canada when it becomes the owner of the railway and when the American Government decides to hand over the railway systems of the United States to their former owners. Has the Canadian Government inquired and ascertained whether the American Government will allow the American connections of the Grand Trunk Railway system, or of the Canadian Northern system, to revert to their owners, if the owners are the Canadian Government?

4 p.m.

Mr. MEIGHEN: The hon. gentleman did not listen to my reply.

Mr. VIEN: I did.

Mr. MEIGHEN: The American Government have been aware for almost two years that the Canadian Government were the owners of a system which controlled, owned, or operated—or all three together—lines in the United States. They are now the owners of another system; by means of the same process, stock ownership, they do the very same thing. The American Government has not felt concerned about the first case, and I do not see any reason why they would feel concerned about the second, which is absolutely the same.

Mr. VIEN: The reason is very clear and apparent. It is because these connections, such as those of the Canadian Northern system and of the Grand Trunk Railway system, are at present in the hands of the American Government. The American Government is not concerned as long as it does not hand over these railway lines and connections to their private owners, but they will be concerned when the time comes to hand them over. It seems to me that it is a fair question to inquire whether the Canadian Government has ascertained what would be the attitude of the American Government if it took such a step.

Mr. MEIGHEN: The hon. gentleman is wrong again. The lines of the Canadian Northern system, the stock of which is owned by the Canadian Government, are operated by the system, not by the United States; nor have they ever been operated by the United States.

The hon. gentleman is misinformed on that; the United States Government did not see fit to take them over. But they took over and are still operating certain lines of the Grand Trunk railway. When the American Government hand those lines back, if they do, they will be in just the same position that the Canadian Northern American lines are in now. So I am still unable to see why the American Government would feel concerned as to one situation any more than as to the other in which they were not affected at all.

Mr. J. E. ARMSTRONG: Would the Minister of Railways be good enough to furnish the House with a statement of the amount of interest that has already been paid by the Government since the Grand Trunk Pacific was taken over by him as receiver, and of the annual amount of interest that will be necessary for the Government to pay from this time forward on that portion of the system?

[Mr. Vien.]

Mr. J. D. REID: I will give that information a little later—I had it here yesterday—but I could not give the exact figures. I think since the first of February something like $2,500,000 has been advanced for interest charges in respect of the Grand Trunk Pacific.

Mr. J. E. ARMSTRONG: Annually?

Mr. J. D. REID: That is since taken over by the receiver.

Mr. FIELDING: Before leaving the question of American mileage, could the hon. gentleman (Mr. Meighen) tell us from memory what is the mileage of the Canadian Northern in the United States?

Mr. MEIGHEN: There are two Canadian Northern lines in the United States, neither of them very long. One is a connecting link south of the Lake of the Woods of the main line from Winnipeg to Port Arthur; the other, known as the Duluth and Western, is all in American territory. Speaking from memory, I do not think the total mileage would be over one hundred miles.

Mr. FIELDING: They are probably small sections running through portions of the United States, but practically not in any degree serving American territory, and the question might not come up so prominently as it would in the case of the Grand Trunk lines, which have quite an expensive mileage in the United States. It may be that the American Government have no definite policy against allowing foreign Government owned railways within their jurisdiction, but if they have any objection, they will certainly have the same objection when they are told that a foreign government owns 100 per cent of the stock. If there be any such objection, I do not think the device of stockholding will satisfy the American Government.

Mr. GAUTHIER: Referring to the same question, is the Government aware that last week the representative of a syndicate was with the officials of the Grand Trunk system bargaining to take over the American lines, namely, the old Central Vermont, the New London line, the steamship line running from New London to New York, all the branch lines in the peninsula of Michigan, and the line running from Chicago to Detroit and Port Huron, subject to the understanding that these lines would be handed over by the American Government to the former owners?

Mr. J. D. REID: I never heard of anything of the kind. Did the hon. member

say a representative of the American Government?

Mr. GAUTHIER: No. The representative of a syndicate was in conference with the Grand Trunk authorities in Montreal.

Mr. J. D. REID: The hon. gentleman must get his information from a source that is not open to us.

Mr. GAUTHIER: I had it from a reliable source.

Mr. J. H. SINCLAIR: The policy of the Grand Trunk, as I understand it, has always been to make Portland, Maine, the Atlantic terminus for their traffic. What is the view of the Minister of Railways in regard to that? Does he intend to continue that policy?

Mr. J. D. REID: So far as I am concerned, as I stated a few minutes ago, when we take over the Grand Trunk Railway system we will have one great national system of railways, and we must get the very best men available to manage the system, and they must of course adopt whatever policy they think is best to insure successful operation. I could not express an opinion on the question put by my hon. friend. The manager to be appointed will be the only person in the position to answer such a question.

Mr. J. H. SINCLAIR: I asked the question because the Government is making a bargain to take over the road, which ends in Portland, Maine, and if that port is not to be used as the winter terminus the road will be of very little use to us and it should not be purchased. I presume from his answer that the minister does intend to continue the policy that the Grand Trunk management has always pursued and maintain Portland as the Atlantic terminus.

Mr. J. D. REID: I can only say that whatever is the best course in the interests of the railroad will be adopted. I could not give any opinion as to what particular policy will be pursued.

Mr. ARCHAMBAULT: Has the Government a list of the shareholders of the Grand Trunk Railway Company with the dates when they acquired their holdings? If so, will the Government table that list?

Mr. MEIGHEN: I will not disappoint the hon. gentleman by giving any other answer than No. I am informed that the shareholders of the Grand Trunk number about 180,000. The shares are on the market from day to day, and if a list could be given for one day—it could not be obtained even the next day. Personally, I do not know as to the ownership of one single share of Grand Trunk stock.

Mr. VIEN: Personally, the minister may not; but does he know officially?

Mr. MEIGHEN: Nor officially.

Mr. DENIS: Is the minister in a position to tell us what is the present market value of Grand Trunk Common Stock and first, second, and third Preferred Stock? If I remember rightly, it used to be quoted on the New York Stock Market, but I have not noticed any quotations for several years.

Mr. MEIGHEN: I have no information as to what the shares are worth. I did hear a figure quoted recently as to the value of the guaranteed shares at somewhere in the neighbourhood of 60 to 70. I do know that Grand Trunk shares were at one time at 12, but I have not any information as to their present value.

Mr. DENIS: When the minister says the "guaranteed shares," he means the 4 per cent Guaranteed Stock, I presume?

Mr. MEIGHEN: Yes.

Mr. DENIS: Is the minister aware that the Common Stock, which amounts to over £23,000,000 is worthless at the present time as far as the market value is concerned, and that the same remark applies to the first, second and third Preferred Stock?

Mr. MEIGHEN: That is, on the market quotations?

Mr. DENIS: I am talking of the actual market quotations of these shares.

Mr. MEIGHEN: I was not aware of that. If it is so, however, we will probably pay very little for it.

Mr. ARCHAMBAULT: It was the same with the Canadian Northern stock.

Mr. VIEN: What, in the opinion of the Government, is the value of these shares which are to be submitted to arbitration? Surely the Government must have made up its mind on that point; it is an important factor in the consideration of this matter.

Mr. MEIGHEN: The Government made an offer for the five classes of shares—that is to say, made an offer by way of rental, the corresponding value of which would now be the interest on the stock that would be issued. That offer was, as the hon. gentleman knows, $2,500,000 for three years, $3,000,000 for five years and $?,600,000 thereafter. That was what the Government con-

sidered a fair offer as to the rental value; if that were concurred in it would mean that we would pay a sum corresponding to that by way of interest on those five classes of stocks, inclusive of the guaranteed stock. That is the only action the Government have taken in the way of estimating what would be a fair offer. Now that it is submitted to arbitration the Government makes no estimates; that is for the Board of Arbitration.

Mr. CAHILL: Why did the Government change its mind about that original offer? Why does it make a different offer at this time? The arbitration was to include five stocks; now it is including four. There is one stock—which was not a guaranteed stock, only so far as the Grand Trunk shareholders could guarantee it—that the Government are now making a four per cent Dominion Government guaranteed bond amounting to $60,833,000. What induced them to take that out of the original arrangement and to make it a guaranteed stock so far as the Dominion is concerned, thus enhancing the value of stock which had been quoted on the market at 45 and which is now quoted at 60? This represents an advance of fifteen points or an enhancement in the value of the stock in one day to the extent of $9,000,000. In other words, when the Dominion Government guarantees that stock at six per cent it will be worth 80, or $20,000,000 more than its market price. The Government at the outset claimed that they were going to offer only a certain sum for all the five stocks, but now they make $60,000,000 worth of this worthless stock worth from 80 to 85, on account of the Dominion Government's guarantee.

Mr. MEIGHEN: The hon. member has the ability to crowd more mis-statements into a short speech than any man in the House, I think. In the first place, if I gathered his point, he says that the Government has altered its position in that in the first proposal of 11th July, 1918, it was proposed that the Government would arbitrate the value of the five stocks, namely, the guaranteed stock, the three preference stocks and the common stock. That is my hon. friend's first mis-statement. If he will look at the letter of 11th July, 1918, he will see that the Government offered to treat the guaranteed stock as an obligation just the same as we treat the debenture stock or bonds. That is exactly what we are doing; there is no variation whatsoever. The hon. member's next mis-statement was that the worthless guaranteed stock would be worth 80. Well, what can he be thinking about? The guaranteed stock has a four per cent dividend. That dividend has always been paid; it never has missed in the whole history of the Grand Trunk.

Mr. CAHILL: Was it paid last year?

Mr. MEIGHEN: Last year, and every year. The guaranteed stock has always carried its dividend and that dividend has always been paid. That guaranteed stock never was worthless and is not worthless. That is the stock to which I referred in answer to my hon. friend (Mr. Vien) as having been quoted to me—I heard the value of it some days ago, a considerable time before the negotiations reached a conclusion—as 60 to 70. The hon. member says it is that to-day. I assume it would be; I do not know anything about it. This stock has always borne that dividend; that dividend has always been paid. There was no reasonable expectation or fear that it would ever fail to be paid; consequently, the Government, originally, as now, proposed that that be treated merely as a debenture stock. It is on the other four stocks that the arbitration takes place, just as was proposed in the original letter.

Mr. VIEN: What is the object of giving to the shareholders of the Grand Trunk these present guaranteed stocks as well as the new guaranteed stocks, instead of giving them bonds? This is a most unprecedented method of dealing with a case of this kind.

Mr. MEIGHEN: The hon. member asks why we do not propose to give bonds for the arbitrated value instead of stocks?

Mr. VIEN: As well for the present guaranteed stock as for the new guaranteed stock.

Mr. MEIGHEN: Well, the present guaranteed stock is a stock; it is not a bond. We do not change that; there seems to be no reason for changing it. If we did make it a charge on the road—and making it a bond would, I assume, be making it a charge on the road—if that had any effect at all it would add to the value of the bond. We do not want to do anything that is unnecessary; there would be no object in the world in doing it.

Mr. VIEN: In what way would it add to the value of the bond?

Mr. MEIGHEN: I do not know that it would; if it did anything, I said, it would do that, because it would, I suppose, give an additional security. But there would

be no object in doing that. The Government do not propose to charge this new stock on anything. It will simply be a new non-voting stock and the guarantee of the Government will be given that the four per cent interest will be paid. Nothing else is necessary, consequently nothing else is done.

Mr. CAHILL: I thought that the minister was making an error in his statement. I wish he would be good enough to follow me now, because he has a sort of hazy idea about figures at any time. I quote from one of the letters sent by the minister:

The Government to make annual payment of $2,500,000 for the first three years, $3,000,000 for the succeeding five years, and $3,600,000 annually thereafter; such sums to be distributed by the Grand Trunk management as they might determine, among holders of 4 per cent guaranteed and other stocks.

That was what the Government originally proposed to arbitrate. But now you do not propose to arbitrate that; you propose to give them the four per cent, or $2,500,000 in interest, before you start to arbitrate anything. I wish the minister would answer my question.

Mr. MEIGHEN: I will, and the hon. member will be sorry he got annoyed so soon. That is not the arbitration proposal at all. The hon. member is quoting a reference to the cash proposal, and if they had accepted the cash proposal there would have been no arbitration. The reference to the arbitration proposal is later on in the letter. I quote from page 8 of the correspondence:

Should such terms not be accepted,—

That is, the cash offer.

—it was suggested—

That is, in the previous cable I referred to.

—that the amounts in question might be submitted to arbitration. These proposals met with no acceptance.

The next paragraph is immaterial. I quote the succeeding one:

We are now prepared—

It reads "not prepared," but that is a misprint; it should be "now prepared."

We are now prepared to abide by the proposals submitted to you in February last as to acquisition or we are prepared on behalf of the Government to submit the entire question of remuneration to a Board of Arbitration on the following general terms:

1. The board to consist of three persons—

And so on.

2. The board to have full power as to the procuring and acceptance of evidence.

3. The award to be by way of annual rental for a term of 999 years—

And so on.

4. Conditions arising or that have arisen out of the war not to be taken into account—

And then:

Should the company desire the guaranteed stock may be treated as an obligation in the same way as the company's bonds.

That is the original proposal. That is now lived up to in the present proposals.

Mr. CAHILL: That practically takes up the $2,500,000?

Mr. MEIGHEN: Yes.

Mr. CAHILL: On what basis does the Government then purpose to arbitrate the rest of it?

Mr. MEIGHEN: We arbitrate the value of the other four stocks.

Mr. CAHILL: But you have changed from the original view that you would give $2,500,000?

Mr. MEIGHEN: Certainly.

Mr. CAHILL: Now you give that outright and start to arbitrate something else?

Mr. MEIGHEN: The arbitration proposal then was this: If you care we will either pay the dividend amounting to $2,500,000 on your guaranteed stock as a bond and arbitrate for the rest, or pay you this amount which means you will get so much for the rest; you will get nothing for it for three years; then you will get $500,000 a year, and thereafter you will get $1,100,000 a year for all time. If you do not care to take that, we will arbitrate on the whole, and that arbitration proposal they have now accepted. There is no mystery about the matter.

Mr. DEVLIN: In other words, do I understand the minister to say that with the exception of the four per cent guaranteed stock, the company is simply leasing the balance of the other stock for 999 years?

Mr. MEIGHEN: No, we are not doing that at all. As I explained last Friday, we want to pay an annual amount, that is, if we are called on to pay anything. We thought first of having that annual amount decided as the rental value of the road. Finding that impracticable, we sought another way of submitting virtually the same thing to arbitration, and we say: We will take these stocks, the three preference and the common, and we will pay four per cent on the value of them, but we will become absolute owners of these stocks; we will substitute

in their place a new one, a non-voting certificate.

Mr. DEVLIN: No lease about this?

Mr. MEIGHEN: No.

Mr. DEVLIN: Would the Minister of the Interior say that the common stock which is quoted here as being of the value of £23,955,437, is perfectly worthless except for the purposes of voting?

Mr. MEIGHEN: In one sense, it is. It never paid a dividend, but it is always worth something in the market for reasons of which the hon. gentlemen would, I guess, be as good a judge as I. I never could see how it was worth much, and I am quite certain I never owned any. But the hon. gentleman is wrong in saying that it is quoted in the resolution as of the value of £23,955,437. It is not; that is merely the face value of it. I do not think it ever sold for that originally; it sold for very much less, I understand, but it sold for real money.

Mr. DEVLIN: I asked the question simply because the Minister of Railways in making a statement a few minutes ago said that in his opinion the common stock was worthless except for voting purposes.

Mr. J. D. REID: I think I said "of little value except for voting purposes."

Mr. DEVLIN: Perhaps I misunderstood the minister. Then I take it—and I do not think there will be very much dispute about the matter—that the common stock, since it pays no dividend, and is not likely ever to pay any, is practically worthless stock—watered stock, or any other name you like to call it, while it may be very useful along with preference stock for voting purposes, as an asset to Canada it will not be considered as of very great value. Then we are left simply with the first preference 5 per cent, the second preference 5 per cent, and the third preference, 4 per cent. Those are what we are actually going to acquire.

Mr. MEIGHEN: Yes, and the common stock. I should point out to hon. members who may possibly be misled by another hon. member who spoke—

Mr. DEVLIN: That is not the Montreal Gazette the minister has in his hand, is it?

Mr. MEIGHEN: No, it is the London Times of the 18th of September, in which quotations are given of Grand Trunk Railway Company of Canada Consolidated of

9⅞, 9 15/16, 9¾, and so on. That is the common stock.

Mr. J. H. SINCLAIR: Does that mean £9 or $9?

Mr. MEIGHEN: I am told that the percentage is just the same; it is so much on the hundred of par value, so it is just the same whether you quote it in pounds or in dollars. I am not familiar with the stock market so I have to be informed, but those are the quotations. Then Grand Trunk 4 per cent guaranteed stock quoted as worthless by the hon. member for Pontiac——

THE ROYAL ASSENT.

SITTING SUSPENDED FOR ROYAL ASSENT TO BILLS.

A message was delivered by Colonel Ernest J. Chambers, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Deputy of His Excellency, the Governor General desires the immediate attendance of this honourable House in the Chamber of the honourable the Senate.

Accordingly, the House went up to the Senate.

And having returned,

The Speaker informed the House that His Honour the Deputy of His Excellency the Governor General had been pleased to give, in His Majesty's name, the Royal Assent to the following Bills:

An Act to amend The Dominion By-Elections Act, 1919.

An Act to amend The Naturalization Act, 1919.

An Act to amend The Board of Commerce Act.

GRAND TRUNK RAILWAY SYSTEM.

RESOLUTION RESPECTING ITS ACQUISITION BY THE GOVERNMENT.

Consideration of the resolution (Hon. Mr. Reid) resumed in Committee, Mr. Boivin in the Chair.

Mr. MEIGHEN (resuming): I was referring to certain quotations in The London Times. I find that on September 18 Grand Trunk common stock was quoted at 9⅞, 9 15/16, and so on, that the 4 per cent guaranteed stock was quoted at 49½, 49¾, 50¼, that the 5 per cent first preference stock was quoted at 51, and up as high as 52½. I do not see any quotations for the second preference stock, but there are some quotations of the debenture stock, that is, the bonds. Then I see in The Montreal Star of last night corresponding quotations as follows: 4 per cent guaranteed stock, 61½ on October

13, and 65 on October 14. Apparently there was an appreciation of 3½ points. First preference stock is quoted at 50 and 55, practically what it was quoted in London on September 18. The ordinary common stock is quoted at 9 and 11, so it is a little lower than the quotation in London on September 18.

Mr. McMASTER: Not if it is 11. The London quotation was 9 15/16.

Mr. MEIGHEN: I was mistaken in that. The London quotation was 9⅞, 9 15/16, and so on.

Mr. DEVLIN: Is there not a footnote explaining that in view of the intention to purchase by the Canadian Government the Grand Trunk stock has gone on increasing? Several papers have put that in. I would not advise the minister always to purchase stocks upon quotations in newspapers. I do not think my hon. friend would do that. It has been noted in the newspapers, however, that since the Government has taken very active steps to purchase the Grand Trunk the stock has taken on a few points in the London market; but that is no true test of the real value of the stock.

Mr. MEIGHEN: I thoroughly agree. It is quite possible that these people who think it means a likely added value to the stock in the arbitration award may change their minds. The stock may go down. I want to correct an error I made a short time ago. Inadvertently I stated that the guaranteed stock had always paid its dividend. That is not true with respect to the last two or more years. Prior to that, back even to pre-Confederation days, I think, the stock always paid the full 4 per cent. This 4 per cent guaranteed stock arose originally from the purchase of the Great Western Railway, the stock being given as the purchase price of that railway. It has been added to since for other purposes, and has always paid the dividend up to 1917, with the exception of one-half per cent off in 1915.

Mr. CAMPBELL: Who was that stock guaranteed by?

Mr. MEIGHEN: By the Grand Trunk. That is all the word "guaranteed" means. There was no guarantee, except that the stock took priority over all other stock issues of the Grand Trunk, and they called it a guaranteed stock. In the event of liquidation it was a charge on the assets next to the debenture stock.

Mr. J. H. SINCLAIR: The minister has quoted from the London Times that the guaranteed stock is selling on the market at 61½. On what principle then are we going to pay 100 for it? The resolution provides for the taking over of that guaranteed stock, and our paying interest on it perpetually until the stock is redeemed at par. On what principle can we be justified in paying 100 for stock that is selling on the London market at 61½?

Mr. MEIGHEN: We are not paying for it. We are simply guaranteeing to pay the 4 per cent on the guaranteed stock. We do not take that stock. It stays just where it is, but the holders surrender their voting power. It should be explained to the committee that the voting power is an element of value in this stock; I do not know how great an element but it is an element of value prized, I am told, by the holders of this stock. I do not know just what the proportion is, but that stock has a higher proportion of voting power, dollar for dollar, than later issues. The holders of the stock give up that voting power, and the Government then adds its guarantee to the Grand Trunk guarantee which they now have.

Mr. FIELDING: A four per cent stock guaranteed by the Government of Canada is par value stock in the English market under normal conditions. Of course at present, under war finance, conditions are not normal, but this circumstance will have passed shortly. So that when we undertake to pay four per cent on that stock which for two years has paid no dividends we are practically giving it a par value, and people buying it to-day around sixty and advancing it to higher figures are making an excellent speculation and one which is perhaps natural under the circumstances.

Mr. MEIGHEN: They may or may not.

Mr. FIELDING: There is no doubt about it.

Mr. MEIGHEN: It is value to-day that counts. The stock is not worth par to-day. Perhaps before the war it was, but I understand it was not. Now, we pay for these four stocks just what they are worth. The arbitrators say that these stocks are worth so much. We do not give them cash for that but we give them a new certificate of four per cent, which in the market to-day could not possibly sell for one hundred or near one hundred. So that there is a great advantage to us in that respect; at least I so regard it. As to this stock, it is very likely that the fact of the Govern-

ment's guarantee upon it will add a little to its value in the market, and to that extent the holders will be advantaged if they choose to sell. But in practical negotiations there is no way by which that can be avoided. It is impracticable for a government to go into the market, however careful or adroitly it may do so, and seek to get hold of this stock. Even if there is a small depreciation of value, in lieu of that we get the surrender of the voting power and thereby the absolute control of the whole proposition.

Mr. FIELDING: The small increase my hon. friend speaks of is surely a mistake. Stock that has not paid any dividend for two years and which has nominally a guarantee, not of the Government but of the Grand Trunk company, is weak stock and of very small value; and when you convert that into stock guaranteed by the Government of Canada at four per cent you are raising it from its present value, whatever it may be, to something equivalent to par. It may be unavoidable. I am not criticising the machinery, but I point out the fact that the value of the stock at least is largely enhanced by the effect of this arrangement.

Mr. McMASTER: Would it not be possible to treat the four per cent guaranteed stock in the same way as the preference stocks are treated—to arbitrate its value, as well as the value of the preference stock, and then to issue new stock to take its place?

Mr. MEIGHEN: I should say the Government would rather have preferred that, and that was the original offer in the message of March 5 from the Prime Minister for Mr. Smithers' information across the seas. But in order that we might go one step to meet them, in the letter of July 11, we offered to treat the guaranteed stock as an obligation, and we are living up to that. It was not accepted even then; it was considered anything at all but a concession and consequently we did not succeed in getting anywhere. But now they have come to our terms in that regard and we are living up to the proposal we made.

Mr. DENIS: Are the three preferred voting stocks together with common stock?

Mr. MEIGHEN: Yes, they are all voting stocks, but I think the preferred have an advantage over any others in their voting power.

Mr. DENIS: The minister has said that the dividends have been paid on the guaranteed stock except for the last two years. Have the dividends been paid on the first, second and third preferred stock, and also on the common stock? I should like to have some detailed information, too, about the payment or non-payment of dividends on all these stocks for the last ten years, say.

Mr. MEIGHEN: That is all found on page 56 of the statement given to the House yesterday. They paid dividends for most of the years; first preference for all but two up to 1917; second preference the same; third preference the same, but the third preference never paid over 3 per cent and one year the second preference paid only 2½ per cent.

Mr. J. D. REID: And there have never been any dividends paid on the common stock.

Mr. DENIS: It is well known that a company which does not pay dividends on its preferred stock that bears four or five per cent interest is liable for the payment of arrear dividends. I am subject to correction, but I believe that is the fact.

Mr. MEIGHEN: I do not think it is cumulative, but even if it were that would be an obligation of the company's. It would go a long way towards robbing other stocks of any value, but I do not think the dividends are cumulative.

Mr. DENIS: I do not see any difference between a company and the Government in a matter of this kind. The Government acquires common stock and first, second, and third preferred stocks. It buys voting stock and says: "The company owes the interest; it has its responsibilities and liabilities but we are not a company." I heard that argument advanced by the minister with regard to the passing of the road through the United States. As I view the matter, when a person owns the whole of the voting stock in a company that person is virtually the company; consequently in this connection the liabilities of the company would be the liabilities of the Government. For this reason I think we are interested to know what will be the responsibilities of the Government in regard to the back dividends.

Mr. MEIGHEN: I do not think there are any responsibilities at all as to unpaid dividends, but I will let the hon. member know definitely either to-day or to-morrow.

Mr. J. H. SINCLAIR: How was the Grand Trunk financed? Was the common stock of no value or did it represent money?

Mr. J. D. REID: It represented thirty million dollars.

Mr. SINCLAIR: Or was it like the Canadian Northern stock, which was well known to be watered?

Mr. MEIGHEN: My information is that the proceeds of the common stock sales to the extent of thirty million dollars went into the Grand Trunk.

Mr. McKENZIE: Will the Government name a date upon which the value of those stocks should be fixed?

Mr. MEIGHEN: Yes.

Mr. McKENZIE: The Government is now proposing to take over this road and these stocks may acquire a certain value greater than under old conditions when they were not paying any dividend and had practically no commercial value. When we begin to arbitrate some definite date should be fixed for the arbitrators to consider the value of these stocks at that time. In connection with railway right of way matters, the value a man can get for his land will be the value of the land before it was known that the railway would run through it. He is not entitled to any extra value by reason of the fact that the railway crosses his land.

He is not entitled to get any extra value for his land brought to it by reason of the railway and the arbitrators should not take into consideration any value that is brought to this stock by reason of the fact that the Government is taking over the road. What I want to know is if the Government is fixing any date as and when these values shall be considered. I think the Government—although they would not know the names of all the owners—should know as nearly as possible the conditions surrounding the outstanding stocks, bonds, etc., and their present value, or their value on the last day of August, 1919, before possibly it was known to the outside world that these negotiations were taking definite form. In that way we would be protecting ourselves against paying more money for these stocks by reason of the fact that we are talking about taking them over.

Mr. MEIGHEN: There necessarily must be a date fixed as of which the value must be found. Should it be a date later than about the date the hon. gentleman names I think there should be no appreciation owing to the taking over, or probable taking over, of the road by the Government. That can be provided for, and I think, I may say, will be provided for in the agreement. It may be that the date might be fixed as he suggests, about the end of August, in which event there would be no need for such a provision.

Mr. FIELDING: Would that apply also to the four per cent stock?

Mr. MEIGHEN: No, the Government undertakes to pay the interest on that.

Mr. FIELDING: You are making a fine present to somebody on the London stock market.

Mr. VIEN: Has the Government ascertained the amount that will be involved for urgent repairs to the road in order to put the road and rolling stock in good working order?

Mr. REID: I will try and get some information on that a little later.

Mr. VIEN: Is the Government informing the House that it has not this information in its possession now?

Mr. REID: I will make inquiry and find out if we have any further information in addition to what has already been laid on the Table. I could not say off-hand that we had any official information. Of course the hon. gentleman knows that official reports are sent every year to the Railway Department as to the condition of the road.

Mr. VIEN: The answer of the minister is not an answer to my question. I know that every year every railway company in Canada makes a report to the Department of Railways and Canals on which the railway statistics are compiled; I know that the railway statistics are published; I know that the capital expenditure of every company is therein contained, but the point of my question is this: To the knowledge of the Government, for years the Grand Trunk Railway Company has neglected to a great extent to keep its roadbed and rolling stock in good working order. I refer to the Drayton-Acworth report in which it is stated that $21,000,000, which was paid to the shareholders of the company, was not earned by the company but was paid at the expense of the maintenance of the road and rolling stock. If the information is in the hands of the Government that the road and rolling stock are in poor condition, surely before the Government enters into pourparlers with the officials of the company as to the valuation that is to be put

upon the railway, it should ascertain what expenditures it will be obliged to ask Parliament to vote to make up for the deficiency in the maintenance of the road and rolling stock.

Mr. REID: The hon. gentleman is quite right; the Drayton-Acworth report makes a statement of that kind, and the Government feel that probably some money will have to be expended on the road. On the other hand, the Grand Trunk Railway management assure me that the road is in good condition and that it will not require large expenditures to put it in shape.

Mr. VEIN: They are the sellers.

Mr. REID: I admit that, but evidence will have to be brought before the arbitrators to prove that it is in good condition. The physical condition of the road and equipment must all be examined by experts and evidence to the satisfaction of the arbitrators must be presented as to the physical condition of the road and equipment. That will be the kind of evidence that the arbitrators will want, and of course it will have something to do with their decision as to the value that is put upon the stock.

Mr. VIEN: I quite agree with the minister that in the valuation of the first, second and third preference stock, as well as the common stock, the arbitrators will
5 p.m. have to take into consideration the physical condition of the road; but suppose they come to the conclusion that the stock is worthless, and suppose that they even come to the conclusion that the road does not warrant the expenditure of $60,000,000 on the four per cent guaranteed stock, as well as the undertaking of paying all the liabilities of the company, surely the Government, before entering into an agreement to pay not only the interest on the bonds, but also on the four per cent guaranteed stock, has taken the trouble to acquire information? That is the information that I ask the Government to lay before the House.

Mr. REID: The Government felt justified in taking over the Grand Trunk Railway system and to guarantee the stockholders. They have always paid dividends amounting to a million dollars and more on the guaranteed stock. No matter what may have to be done to improve the condition of the Grand Trunk, if anything, we are perfectly safe in making the agreement for that reason. I think that railway officials will admit that the physical condition of the Grand Trunk is not serious. No doubt the Grand Trunk, as well as all the other railways, is not in the same position as it was prior to the war. All railways had to economize and not maintain their properties in the same condition as they were in prior to the war. But they have been putting the road into condition since. They have been carrying on maintenance equally as well as any of the other railways in Canada since the war, and we are perfectly justified in assuming the guaranteed stock. If the road and the equipment were in a serious condition the arbitrators might not allow anything on the first, second and third preference stock or the common stock.

Mr. VIEN: Then the answer of the minister is that he does not know and he is not in a position to give to the Committee the information I require. If the minister is not in a position to say what expenditure will be involved in putting the railway and rolling stock in good working condition, I will refer the minister to page XCIX of the Drayton-Acworth report, where Mr. Smith in his minority report states:

> My colleagues have recommended that the stockholders of the Grand Trunk Railway Company be paid an annuity, which is to be a "moderate but substantial portion of $3,600,000, the average dividend payment for the last ten years." This recommendation is in spite of the facts noted in the report that there are arrears in maintenance, which require the expenditure of $21,000,000, and that the company has charged to capital items which should properly have been charged against income, these facts indicating that there have been some dividends paid which have not been earned.

So the Government is not in a position to tell us what will be required from the Treasury to make good the default of the company to maintain its roadbed and rolling stock in good working order?

Mr. J. D. REID: I can get information from the Grand Trunk management as to the present condition of the system; but this I do know of my own knowledge, that the main line between Toronto and Montreal is being relaid with new ties and new rails, and that roadbed in my opinion is equal to any in Canada. I have travelled over it and seen it myself, so I know what I am talking about.

Mr. VIEN: A few sections only.

Mr. J. D. REID: Toronto to Montreal is the main line. The other parts of the system, I am informed by our own railway officials, in discussing it with them, are in as good condition as any other lines. The company have properly maintained the system in Canada. So far as the portion of

the system in the United States is concerned, I suppose we can get information from the Grand Trunk officials, but I have understood in reading the newspapers that the American Government, which is now operating the railroads in the United States, must put them in the same condition as they were when taken over, and at that time the Grand Trunk system there was in good condition. Therefore, knowing that the United States section must be put in good condition, and having the verbal opinions that I have mentioned from our own officials who have travelled over the road, and having travelled over it myself, I am quite satisfied that the Grand Trunk system is in at least fair condition. At all events, as I stated a few minutes ago, the condition of the Grand Trunk System is such that the Government are, in my opinion, perfectly safe in paying the interest on the guaranteed stock. I think if the honourable member consults railway experts they will express the same opinion.

Mr. J. H. SINCLAIR: In regard to the guaranteed stock, the Minister of Railways has several times repeated that the Government is safe in paying the interest on the guaranteed stock. I do not think he intentionally wishes to mislead the House, but the question is not confined to the guaranteed stock alone; it includes the debenture stock, which is much larger than the guaranteed stock. As I understand it, by the contract we are entering into we are pledging ourselves to pay interest on the guaranteeed stock, which is £12,500,000, and on the debenture stock, which is £31,926,125, making altogether £44,426,125, or more than $220,000,000. That is what we are taking over absolutely and agreeing to pay interest on at 4 per cent in some cases and at 5 per cent in other cases. So the minister must not run away with the idea that he is agreeing to pay interest only on the guaranteed stock, as he has said several times to the Committee. Now, is this what we are to understand, that the minister has undertaken to purchase this road and to be responsible for $220,000,000 without having any written report from any engineer as to its physical condition?

Mr. J. D. REID: Perhaps I did not explain myself quite clearly when I mentioned the guaranteed stock. The interest on the debenture stock, $7,000,000, and the $2,500,000 interest on the guaranteed stock the Government have agreed to pay absolutely and in perpetuity. So far as that is concerned, I wish to say that I feel the Government are perfectly justified in assuming that responsibility, for the reasons I gave when I mentioned the guaranteed stock. As to the Government not having any reports, the honourable member knows that we have the Drayton-Acworth report, and even in that report all the Commissioners admit that if we were taking the system over at that time we should pay not only $7,000,000 on the debenture stock, but also an amount not equal perhaps to the $3,600,000 that had been the average amount paid for the previous ten years, but they certainly recommend—I have not the report before me, but if the honourable member will read on he will see that Sir Henry Drayton and Mr. Acworth recommended that if we took over the Grand Trunk we should pay them a portion at least of that $3,600,000.

Mr. VIEN: That is what I read.

Mr. J. D. REID: We are guaranteeing only the $7,000,000, and in addition a portion of the $3,600,000, just as Sir Henry Drayton and Mr. Acworth recommended.

Mr. VIEN: It is a very big portion of the amount.

Mr. ROBB: A few days ago the Acting Prime Minister (Sir George Foster) made the statement to this House and the country that he expected we would have prorogation last week, and now in the last days of the session, after the country had been led to understand that no more legislation would be brought down, the Minister of Railways comes along with a proposition to take over a vast system of railways extending from Chicago, Illinois, through Canada to Portland, Maine. And yet the Minister of Railways, the guardian of the rights of the people so far as railways are concerned, coldly tells the House and the country this afternoon that all his information is based upon newspaper reports so far as the condition of the road in the United States is concerned. I submit that under these circumstances the Minister of Railways could very well lay this legislation over so as to give the House and the country an opportunity to look more carefully into the condition of the road, and in order that the minister himself might send out some of his experts so that next session he would be in a position to give us some better information than that which he now presents based on newspaper reports.

Mr. MEIGHEN: The hon. gentleman has quite mis-stated the minister's position. He did not base his information upon newspaper reports.

Mr. VIEN: Verbal evidence.

Mr. MEIGHEN: The Drayton-Acworth report is before us, the very best expert opinion that could be adduced. That report has been before the House and the country for some three years. There is no reason to believe that, comparatively speaking, there has been any material deterioration of the road since that report was made. Hon. members themselves know of the general condition of the system about as well as they know of any physical fact in Canada. We all travel over the road regularly; we have grown up with it. We have before us, then, as well-founded, as thoroughly considered, as mature and as reliable report as any Parliament ever acted upon. We ourselves know the condition of the road as to Canada—not as experts, but, speaking generally, as ordinary intelligent citizens. As to the United States, we know that the American Government is bound to hand back in the condition in which they got it that part of the line which is in their territory, when they choose to deliver up the possession of the railroads which have been under their administration. It is altogether impossible to assume that the American Government, operating that portion of the line which is in the United States is letting it go back and get into such a condition that it would be unsafe to operate or that its value would be so substantially detracted from as to render undependable for us the fundamental principles and features laid down in the Drayton-Acworth report.

It is true that when it did not appear that there was probability of a conclusion of the negotiations this session, an earlier prorogation was contemplated. But how does that affect the question? It is not contemplated now. We are here; we have as much time as we shall ever have; we have the whole fall before us. There is no reason why any hon. member should hurry himself in the least. The Government are not asking any hon. member to hurry himself. We will take all the time that is necessary to the fullest possible consideration of this question. Of course, if any hon. member or any person is opposed to a project, his first method of opposing it is to say: "Don't do it now; this is the wrong time." There never is a right time for the bringing on of an enterprise, in the opinion of any one who is opposed to it. Then, of course, the Opposition will say: "You are jamming it through; we are in the dying hours of the session." Well, let us be in the living hours. Let us get in the noon-day. There is plenty of time ahead for the fullest consideration. It is not as if the proposal were new; it has been before the whole country since August, 1918—I am pretty sure that I have stated the month correctly. The proposal that is before us for acceptance has, in every substantial feature, been known to this Parliament through two sessions. We are here because the Grand Trunk at this moment has accepted our terms; we are here for the consideration of the matter as a Parliament. There is no surprise. To the best of my memory, not a single criticism has been offered in this House from either side to one single element or paragraph or sentence of the proposal offered to this House on the 11th July, 1918. Certainly Parliament has never been asked to pass unfavourably upon that proposal or upon either alternative suggested in it. It has never been suggested to Parliament or to the Government that the offer then made should be withdrawn or modified in any way. If ever a Parliament, therefore, came to deal with a question having had the amplest opportunity for consideration of it, that is the position of this Parliament at this time on this question. The Government's attitude is to invite—not only to invite, may I say, but to urge—the most studied deliberation of every feature of the proposal. Any information that it is possible for us to bring before Parliament—and we can bring all the necessary information—will be brought before it and the amplest time will be given for the review of that information and to enable hon. members to arrive at a conclusion thereupon.

Mr. VIEN: Yes, but when I put two questions bearing distinctly upon the main question at issue, I get evasive answers. My first question was this: If the American Government does not release the American connections of the Grand Trunk Railway system, where shall we be? Has the Government taken any steps to ascertain what the American Government is going to do? The minister says: "The hon. member knows that this is a private company; there is nothing changed in its ownership; it continues to be the Grand Trunk Railway Company and the American Government is not going to do anything so nasty as to cause us embarrassment." The House is not put in possession of the information that is necessary to an intelligent discussion of the matter now before it. We do not know what the American Government is going to do. If the American Government refuses to hand over the American connections of the Grand Trunk Railway system

we shall find ourselves in this position: We shall have made a payment in respect of the full value of the whole system—a system which, as my hon. friend (Mr. Robb) said a moment ago originates in Chicago and ends at Portland—and we shall be left with only the Canadian portion of it. I challenge the minister to quote me a precedent where a foreign Government has been allowed to own or take possession of railway lines within its territory but belonging to another Government. The disguise which the hon. minister tries to put upon the transaction will not fool the American Government. It is childish to pretend that the American Government will think that this line is still the old Grand Trunk Railway system. As soon as the Canadian Government takes over the shares that it now proposes to purchase, what has been known as the Grand Trunk Raiway system will form part of the Canadian National Railway system, owned and operated by the Canadian Government. This is a serious question, and one which has an important bearing upon the value of the road to the Canadian people.

The Government invite questions. They invite us to study the matter, but they fail to give us the information that we require. I imply from the answers given by the minister that members of the Government themselves do not know what is going to be the action of the American Government. All that the minister tells us is that the American Government is not going to do anything nasty.

The other question which I put to the Government was this: What expenditure will the Government find themselves obliged to ask the House to vote in order to make up for the failure of the Grand Trunk Railway Company to maintain properly and keep in a good state of repair its road, equipment, and rolling stock? The Minister of Railways says: I gather from verbal information; I gather from newspaper accounts; I have travelled over the Grand Trunk, and I know that it is in good condition. It is childish to say that any man in this country, even the Minister of Railways, can, by travelling over a section of the Grand Trunk from Montreal to Toronto, tell us what amount will be involved in making up the deficiency in the rolling stock and the maintenance of the roadbed. We all know that this section of the road from Montreal to Toronto, and, indeed, to Chicago, is one of the best sections of the Grand Trunk Railway system, and that the equipment which is used by the Grand Trunk Railway from Montreal to Chicago is the very flower of their equipment. But when a commission of which the present Minister of Finance (Sir Henry Drayton) was a member, tells us—and I read the report to the committee—that the Grand Trunk Railway failed to maintain its roadbed and rolling stock in first class condition; when the three commissioners agree on that; when, as early as 1916, when their report was finally concluded, they said that the company were at that time $21,000,000 behind, which should have been put into the maintenance of the roadbed and rolling stock, but which was attributed to dividends, and when negotiations have been going on since then between the Government and the company for the purchase of the system, we know that the Grand Trunk officials would not be likely to advise their company to go into any further expenditure for maintenance of roadbed or rolling stock pending the negotiations. The verbal information that the Minister of Railways has given to the committee is not the kind of information to which the committee is entitled. And when the Minister of the Interior (Mr. Meighen) says to the committee: We are ready to give you the information; we invite you to ask for information; I say that it is simply fooling the people of Canada and endeavouring, through the press gallery, to carry to the people the impression that all the information is contained in this little book which was printed yesterday and distributed to-day to the members. In this little book you will find, it is true, a copy of the correspondence and some statistics, but it gives no further information than can be found in the Blue Book on Railway Statistics published last year by the Department of Railways. As to the exact expenditure that the country is now asked to assume and to which we commit the country, there is no information forthcoming, and we get to our queries evasive answers. That, I say, is not the proper way to treat the committee and the people of Canada. If we must carry this through now, if we must study it, we are entitled to more good faith—some further information and clearer answers than those which have been given this afternoon.

Mr. MEIGHEN: Of course, if we stayed here for half a century, hon. gentlemen would have ingenuity enough to ask for something that would keep us here for another half century.

Mr. VIEN: You cannot complain up to now.

Mr. MEIGHEN: We have been asked this afternoon as I recall the questions, for three things. The first is a list of the 100,000 or 180,000 shareholders of the Grand Trunk; the second is to know what the American Government think of this proposition, and the third is to know how much money we think it will take to put the road into, as I presume the hon. member means, reasonable condition. I have already dealt with the first, and as the suggestion has not been advanced a second time, I presume it is quieted. As to the second, as to what the American Government think of our proposal at some time to operate a road in the United States, I will say another word beyond what I said a moment ago. The hon. member (Mr. Vien) thinks this is wholly unprecedented and that we should have asked the American Government what their attitude was going to be before we ventured to own any stock in the Grand Trunk Railway Company.

Mr. VIEN: To own all of the stock.

Mr. MEIGHEN: To own all of the stock. I suppose they would be content for us to own a piece, but they would not stand for our owning any more, is that it? Where was it ever known before, he said, that one government operated a railroad in a country under the jurisdiction of another? I told him one instance precisely the same as this, not certainly where the mileage was so great, but exactly the same in kind. We operate now through the Canadian National Railway two lines in the United States. That does not satisfy the hon. member as an instance; he does not, I suppose, accept that as a precedent, so I will give him one or two more. He does not seem to be aware, although he poses as a critic here,—

Mr. VIEN: I am not posing at all.

Mr. MEIGHEN: Not posing?

Mr. VIEN: No.

Mr. MEIGHEN: Well, the hon. gentleman put an interpretation to that word that I did not intend. He is really a critic. It is not a matter of pretence; it is a reality.

Mr. VIEN: I am putting questions; I am not criticising.

Mr. MEIGHEN: The hon. member says: Where is the precedent for the Government's operating railway lines in another country? I gave him one before; now I will give him a few more. Is he not aware that the American Government are operating not one but several lines in Canada to-day?

[Mr. Vien.]

Mr. VIEN: The American Government?

Mr. MEIGHEN: Yes. They did not ask us for permission; they did not ask us what we thought of their action; they just went to work and operated them. They are operating the New York Central into the city of Ottawa.

Mr. VIEN: That is a temporary arrangement.

Mr. JACOBS: They have running rights over the line.

Mr. MEIGHEN: The hon. member draws a distinction again. I suppose he thinks that the American Government would let us operate a few lines a long time or many lines a short time.

Mr. VIEN: Does the minister contend that the American Government own the railways they are managing now? The American Government have temporarily taken over the management of a few lines with the intention, very often manifested, of handing them back to their private owners afterwards.

Mr. MEIGHEN: The hon. gentleman has shifted his ground. A few moments ago it was not the ownership that was worrying him at all. He said: When you own the lines, how are you going to operate them; once you begin operating them, the trouble is going to come." It was the operating he was afraid of. When I show him that the American Government are now operating line after line, the New York Central into Ottawa, the Michigan Central in Ontario, the Great Northern in the West—

Mr. JACOBS: Is it not true that these are merely running rights they have over the lines?

Mr. MEIGHEN: No, the American Government are actually operating the railways as a Government, not through a company at all. The American Government did not say "by your leave" to this country.

Mr. JACOBS: The lines belong to Canadian railways, do they not and the American Government have running rights?

Mr. MEIGHEN: To what Canadian railway does the New York Central belong?

Mr. JACOBS: I understand they are running over the Grand Trunk.

Mr. MEIGHEN: No. What Canadian railway does the Michigan Central belong to, or the Great Northern? Those are

American lines operating here just as the Grand Trunk operates in the United States.

Mr. JACOBS: Were those lines built in Canada by American companies?

Mr. MEIGHEN: Certainly, the Michigan Central was and the New York Central. What does it matter who built them, the American Government are operating them.

Mr. ARCHAMBAULT: Is it not a fact that these lines are privately-owned lines, only taken over temporarily by the United States Government?

Mr. MEIGHEN: Very good. I am discussing operation now, because that is what the hon. member was on until he shifted off.

Some hon. MEMBERS: Oh, no.

Mr. MEIGHEN: Then it is ownership that is the trouble? All right. We have owned lines in the United States. Is it not just as harmful to own 100 miles of railway as 1,000?

Mr. JACOBS: It is ten times more harmful to own 1,000.

Mr. MEIGHEN: Would the hon. member say that we should ask the American Government's permission when we are getting 1,000 miles, and that when it was a case of a hundred miles it did not matter? What is the difference? If the hon. member had a point at all he should have stuck to operation. It is operation that the American Government and the American people are concerned with. The American Government wants to see the road operated in the interests of their own people. If there is any objection at all that you can conceive of, it would be with respect to operation and not to ownership. Ownership does not matter to them. There is precedent after precedent on their part, and at least one or two precedents on our part. Surely those are enough precedents to satisfy the hon. member. Does he think we should have gone to Washington and suggested to the American Government that it might take exception to our going through with this transaction? I can conceive of nothing —I was going to say, more absurd. At all events, it would be most inexpedient and unwise. If the American Government has any representations to make it will make them.

Mr. VIEN: And you will have paid for the road.

Mr. MEIGHEN: He says we shall have paid for the whole system and will only have a part of it. Does he think the American Government may steal roads over there?

Mr. VEIN: They might pay nothing for them.

Mr. MEIGHEN: Will they not pay for them if they keep them?

Mr. VIEN: They might pay nothing for them.

Mr. MEIGHEN: They are not going to steal any roads, so how shall we be paying for the whole road and getting only a part of it? The American Government, presumably, would be just as honest in dealing with a company whose stock was owned by the Dominion Government as in dealing with any other company. Would the hon. member suggest that they would not? If negotiations subsequently take place with the American Government we, as the shareholders of the Grand Trunk, will be in the same position as the present shareholders are to-day. There is no difference in the world. Now, referring to the last question, how much money will it take? In the opinion of the authors of the Drayton-Acworth report it would take the amount the hon. gentleman stated.

Mr. VIEN: In 1916.

Mr. MEIGHEN: At that time. The Grand Trunk Railway asked to be heard before the Government in protest against the finding in that respect, and produced what they believed—and what appeared strong reasons for believing—that it would not take that amount, and that their road was in fair condition. They claim to be fully convinced that that is the case. In order to acertain which is right a thorough investigation will be necessary. We are satisfied that the margin between the two is not very great; there may be some difference. That investigation must precede the Board of Arbitration, and our evidence must go before that board just as it went in the case of the acquisition of the Canadian Northern stock. Our evidence will go before the Board of Arbitration in thorough form. The hon. member says that we cannot form a conclusion ourselves as to the condition the road is in.

Mr. VIEN: That has a bearing on the compensation to be paid, but it does not bear on the amount that the Government will find itself obliged to ask Parliament to vote.

Mr. MEIGHEN: When we ask Parliament to vote a sum we will give full details.

We are not asking that now. It bears on the compensation to be paid.

Mr. VIEN: But we commit ourselves to come to that.

Mr. MEIGHEN: Certainly we do. I said that evidence would be produced to show what would be required. My hon. friend argued that we as members do not know anything about the condition of the road. He said that we could not tell simply by travelling over one line. "We all know," he said, "that the Toronto-Montreal road is good, and is one of the best equipped roads." If we all know that, cannot hon. members who travel over other lines know something about them? Surely we are as competent to judge of one line as another. We are not experts, but we know enough to know that there has been no substantial variation in upkeep from the condition in 1916, and that is sufficient for our purpose. We will go before the Board of Arbitration and endeavour to establish our contention that owing to insufficient upkeep there should be a smaller amount paid for the stock. That is the place to bring forward those details.

Mr. FOURNIER: What amount has been expended on the Grand Trunk for maintenance per mile in 1916, 1917 and 1918, as compared with the Canadian Pacific expenditure?

Mr. MEIGHEN: If that information is not in this memoranda, it will certainly be given.

Mr. McMASTER: I should not like to allow something which the minister has said to give an inaccurate impression to the country. The report of the Royal Commission to inquire into the railways and transportation in Canada, commonly known as the Drayton-Acworth report, has been referred to in most commendatory terms by the Minister of the Interior. I think it is the treasure house of facts upon which a number of us are relying in our study of this question. I gathered from what the minister said that according to this report it would take $21,000,000 to put the Grand Trunk in proper condition in 1916. That is not what the Drayton-Acworth report says, but a very much larger amount. On page xxxiv the commissioners state:

> Putting together revenue and capital expenditure, we find that the Grand Trunk Railway, in the opinion of its own officers, requires over $51,000,000 spent upon it to put it in a position to meet the requirements of its to-day's business.

[Mr. Meighen.]

I make that statement because I think that, quite unwittingly, some hon. members who have discussed this question may have given the impression to the House and the country that a very much smaller amount was required.

Mr. VIEN: What I mentioned, and what I think I said, was that $21,000,000 which should have been used for the maintenance of the road and rolling stock was diverted for dividend purposes. That appears on page 99 of the report.

Mr. MEIGHEN: My own recollection is the same as to the figures, and that is the amount we really ought to be discussing at this point. It may take more money for the road's requirements, but that extra money will all be represented in value in the road; that is to say, a terminal may be needed here and something else there, but that is not due to depreciation, but simply to the development of the concern. The figure which the hon. member (Mr. Vien) quoted is the figure that ought to be used when we are arguing on what sum the Drayton-Acworth report finds should be spent in order to bring the road as it is now into a reasonable condition of upkeep. The Drayton-Acworth report says that that sum should have been used on the road in order to keep it up to a reasonable degree of maintenance, instead of being paid out in dividends. That is the amount in question in this connection.

My hon. friend (Mr. Fournier) will find the answer to his question on pages 48 and 49 of the memoranda. If he will look at the bottom of page 49 particularly, he will see that the maintenance of equipment figures are given as follows: 1918, $14,434,-684, as against only $9,380,688 the year before, an increase of about 40 per cent; 1916, $7,329,455; 1915, $6,847,059.

Mr. FOURNIER: Will the minister complete the answer to my question by bringing down the railway statistics showing the Canadian Pacific Railway expenditures per mile?

Mr. MEIGHEN: Yes.

Mr. FOURNIER: The same expenditures as the Grand Trunk Railway.

Mr. MEIGHEN: I can give those figures for I remember seeing them myself.

Mr. ARCHAMBAULT: I must persist in my previous question which the minister seems to treat lightly, that is, as regards the list of shareholders. The

minister says that it is very difficult to get that list because the list of to-day may be changed to-morrow. Surely it is easy to obtain the list of shareholders in the books of the company on the 9th of October. I hope the minister will get that list and table it.

Mr. MEIGHEN: I do not know how easy it will be. I have never made any inquiry regarding a single shareholder, and I do not think we are in the least concerned as to that.

Mr. ARCHAMBAULT: Public opinion is under the impression,—to use a popular expression,—that there is a "nigger" in the wood-pile, and we want to know who he is.

Mr. MEIGHEN: You will have to hunt throught a hundred and eighty thousand sticks in the wood-pile to get at that nigger. Perhaps my hon. friend will mention the name of the individual. If he does we can the more easily find the nigger.

Mr. VIEN: The minister knows his name.

Mr. ARCHAMBAULT: The minister is in a far better position than I am to mention the name.

Mr. MEIGHEN: If my hon. friend depends on me for that information, then the name cannot be mentioned and we are done with that subject.

Mr. McKENZIE: Can the minister tell us the direct obligation of the Grand Trunk Company to the Canadian people by reason of guarantees given by that company in connection with the Grand Trunk Pacific? How much money would the Grand Trunk Company owe to the people to-day if we should insist upon their paying up all their obligations? Is it the intention of the Government that the money represented by those obligations shall be a credit in favour of Canada upon the award?

Mr. MEIGHEN: Any indebtedness owing by the Grand Trunk to the Government will certainly be a credit to the Government in the award. Any indebtedness of the Grand Trunk to the Government will have to be paid by the Grand Trunk before any of the shareholders can get anything.

Mr. FIELDING: Do you mean its loans?

Mr. MEIGHEN: Yes, certainly; all indebtedness owing by the Grand Trunk. As to the Grand Trunk's obligations to the Grand Trunk Pacific, that will be treated as an obligation on the part of the Grand Trunk Company and will be a liability the same as any other liability, to be considered by the arbitrators before any award at all is made in respect of this stock. The Grand Trunk Pacific obligations will be considered the same as all other obligations.

Mr. McKENZIE: Will the minister give the exact figures as to how much the Government is claiming from the Grand Trunk to-day on account of these obligations?

Mr. MEIGHEN: The direct obligations of the Grand Trunk to the Government are not very high.

Mr. McKENZIE: Direct and indirect. They guaranteed some bonds which we guaranteed afterwards and which we did not pay, and we fall back upon them for their guarantee. I should like to know how much is involved directly and indirectly.

Mr. MEIGHEN: These figures will be given exactly. I think they can be found in the book, but I will make a note of the question. I understand my honourable friend to ask for the amounts of money paid by the Government directly in respect of which the Grand Trunk was liable ahead of the Government. That is to say, supposing the Grand Trunk Company failed to pay the obligations in respect of the Grand Trunk Pacific in regard to which it was liable ahead of any liability we might be under, and we paid the liability, the question is; what is the amount that the Grand Trunk owes us in the result? These figures can be given. But I want my honourable friend to understand this: the Grand Trunk made certain engagements in respect of the Grand Trunk Pacific but did not meet them. They were not made by the Government direct. The loans were made by the Grand Trunk in aiding the Grand Trunk Pacific to pay the obligations itself. That is the way in which the main policy was pursued. So that no obligation direct from the Grand Trunk to the Government arises out of that. But the Grand Trunk's obligations in respect of the Grand Trunk Pacific aggregated about five million dollars a year two years ago, and will aggregate about seven million dollars a year three years hence.

Mr. VIEN: Do the officials of the Grand Trunk acknowledge that liability?

Mr. MEIGHEN: Certainly. They never disputed their liability on account of the Grand Trunk Pacific.

Mr. VIEN: They did not acknowledge it at the time the Drayton-Acworth report was made. They contended that the fact that the Government did not live up to the agreement of 1903 relieved them to a certain extent.

Mr. MEIGHEN: They claimed that because of the Canadian Northern running through Northern Ontario, thus raising the cost of labour to them constituted a moral obligation. I do not think they seriously contend that they are relieved of their legal liability in regard to the Grand Trunk Pacific.

Mr. FIELDING: The minister says that the Government will claim in the award the payment of all obligations of the Grand Trunk. I accept the assurance that the Government intend to make that claim, but will the minister make it clear in the resolution that that claim is to be regarded as a set-off?

Mr. MEIGHEN: I do not see how it could be anything else.

Mr. FIELDING: That is the more reason why it should be made clear.

Mr. MEIGHEN: If it is clear already there is no reason why it should be made clearer.

Mr. FIELDING: There is such a thing as making assurance doubly sure.

Mr. MEIGHEN: If the hon. gentleman can show that there is any doubt on the subject it will be made clear. Certainly any obligation of the Grand Trunk to the Government will be taken into account. If the arbitrators were to find that these stocks were worth fifteen million dollars but that the Grand Trunk owed the Government ten million dollars, then the stock would in reality be worth only five million.

Mr. FIELDING: The arbitrators would not be called upon to determine the claim of the Government but only the value of the stocks, unless there is a clear understanding that there is a set-off there will be trouble. It is not clear that the arbitrators are to sit in judgment upon the justice of the Government's claim.

Mr. MEIGHEN: Every claim that is made has to be established before the Board of Arbitrators, who must be convinced that it is a good claim before they consider the determination of the value of the stock.

Mr. FIELDING: Does this contemplate that the arbitrators shall enter into the question of a set-off? They are only called upon to fix the value of the stock. That is the beginning and end of their duties and I do not think they would have any right to enter into the other question. The Government would have to have recourse to some other means of establishing that claim as a set-off.

Mr. MEIGHEN: I do not agree with the hon. gentleman at all. The Government will claim every dollar that is owed them by the Grand Trunk.

Mr. FIELDING: But that is not before the arbitrators.

Mr. MEIGHEN: Yes it is, everything is before the arbitrators that affects the value of the stock; the hon. gentleman will agree to that?

Mr. FIELDING: Yes.

Mr. MEIGHEN: Is not one thing that affects the value of the stock the debts of the company? Consequently, every debt of the company is before the arbitrators. A debt to the Government is just the same as any other debt and must be before the arbitrators. But let me say to my hon. friend, I will have the point he has raised looked into from the legal standpoint, and if there is any doubt it will be cleared up.

Mr. VIEN: Suppose the arbitrators value this stock at $15,000,000 and they find that the company is indebted to the Government to the extent of $20,000,000 there will be $5,000,000 coming back to the Government. But they could not value and arbitrate upon that if the arbitration is along the lines of the resolution. If the arbitration is along the lines of the resolution they can value the claim of the Government only by way of set-off to the valuation which they put upon the shares. If the claim of the Government is in excess of the value they put on the shares they must have some jurisdiction to give to the Government a further judgment against the company.

Mr. MEIGHEN: The Government can take steps to protect itself without their jurisdiction. In so far as the arbitration is concerned, the most favourable verdict the Government could get would be a declaration that the four stocks were worth nothing. Suppose the four stocks are in the view of the arbitrators worth nothing, the company will still owe us all the money they owed us before and the debt will be the same as it was before.

Mr. VIEN: It may be doubtful if you enter into an agreement that closes the whole of the negotiations that have been

taking place between the Government and the Grand Trunk.

Mr. MEIGHEN: The hon. gentleman knows better than that, because he is a lawyer. We are arbitrating on the value of the shares. The Government is an entity on the one hand and the company is an entity on the other. The value is one thing and the debts owed to the Government are owed to the Government still. We may not be able to collect them, but we will be just as able to collect them as we are to-day. The company will not be worth one dollar less or one dollar more; it will be just in the same position exactly.

Mr. VIEN: The minister does not wish to convey the suggestion to the committee that this arrangement that is proposed does not close the transaction between the Government and the company?

Mr. MEIGHEN: It does not close them or open them up; it leaves them exactly as they are. We are arbitrating the value of the stock owned by the shareholders and not the value of anything owned by the company.

At six o'clock the Committee took recess.

After Recess.

The Committee resumed at eight o'clock.

Mr. CAHILL: Does the Government intend to hold the Grand Trunk liable on the Grand Trunk Pacific agreement?

Mr. J. D. REID: The guarantees of the Grand Trunk Company with reference to the Grand Trunk Pacific have been mentioned two or three times to-day. Of course, the Grand Trunk will be held responsible for those guarantees in the arbitration proceedings. That is one of the things that the arbitrators must take into consideration.

Mr. CAHILL: What annual expenditure would it involve on the part of the Grand Trunk to live up to those guarantees?

Mr. J. D. REID: In the papers that have been submitted there is a list of the bonds guaranteed by the Grand Trunk Railway, showing the total amount of interest liability. I quoted the list this afternoon. If the hon. gentleman will refer to page 51 he will read the following:

Guarantees by the Grand Trunk Railway Company have been made for the Grand Trunk Pacific of $97,301,253—$62,422,000 for principal and interest and $34,879,253 for interest only. Detail of this is in an attached statement. $25,000,000 of the foregoing total of $62,422,000 is guaranteeing loans made by the Dominion Government.

That is the answer.

Mr. CAHILL: How does the Government arrive at the conclusion that the Grand Trunk is able to pay this liability of something like six or seven million dollars interest annually in respect of the Grand Trunk Pacific, also to discharge the interest on the debenture stock and on the 4 per cent guaranteed stock, and still leave an equity to be arbitrated? Where does the minister get his figures from?

Mr. J. D. REID: The hon. gentleman will remember from the discussions that have taken place from time to time with reference to the loans made to the Grand Trunk Pacific that the Grand Trunk Railway Company has never paid out of earnings of the Grand Trunk Railway system any of the interest on the Grand Trunk Pacific guarantees. The interest on the guaranteed mortgages of the Grand Trunk Pacific have always been paid out of loans from time to time advanced by the Government. So that the old Grand Trunk system always had its full earnings to pay the interest on its debenture stock, its guaranteed stock, and its first, second, and third preference stock; and, as has been shown, it always earned sufficient money to pay the interest, say $7,000,000 in round figures, on the original debenture stock issued for the construction of the old Grand Trunk railway and the purchase of the Great Western railway.

Mr. CAHILL: What does the minister mean by always? The Grand Trunk Railway was incorporated in 1851.

Mr. J. D. REID: From 1851 onward the Grand Trunk Railway system always earned sufficient to pay interest on the debenture stock issued for the construction of the old Grand Trunk railway. Some years later—the date will be found in this sessional paper—the Grand Trunk Railway Company purchased the Great Western line and issued further debenture stock. From the time the company purchased that line it always earned sufficient to pay interest.

Mr. CAHILL: On what?

Mr. J. D. REID: On the debenture stock issued for the purchase of the Great Western. Later the guaranteed stock was issued. Therefore, after having issued that guaranteed stock for other construction and improvements, the company was always able to earn a sufficient amount to pay the $7,000,000 interest on the stocks that I have

mentioned and the $2,500,000 interest on the guaranteed stock.

Mr. CAHILL: Since when?

Mr. J. D. REID: Since the guaranteed stock was issued.

Mr. CAHILL: When was that issued?

Mr. J. D. REID: I could not give the date offhand, but it will be found in the sessional paper. I will look it up and inform the hon. member a little later. But I say the Grand Trunk Railway Company was always able to pay that interest and still have a surplus. The company then issued the first, second, and third preference stock, the details of which are set out on page 56 of the sessional paper. The hon. member will see, starting from 1906, that the Grand Trunk Railway Company paid the interest on the guaranteed stock of 4 per cent; on the first preference stock of 5 per cent; on the second preference stock of 5 per cent; and on the third preference stock of 3 per cent, or a total of a little over $4,000,000. If the hon. member will refer to that statement, he will see that between 1906 and 1917 the Grand Trunk Railway Company paid the interest on its guaranteed stock annually, and also the interest on the first preference stock except in 1914 and 1915; and on the second preference stock it also paid the interest with the exception of those two years. On the third preference it paid the interest in 1906 and 1907, and also in 1910, 1911, 1912 and 1913. On the common stock, of course, it never paid any dividends at all. That stock was issued practically at the time the Grand Trunk Railway was built.

Mr. CAHILL: Let us get back to this 4 per cent guaranteed stock. The official reports of the London Stock Exchange show that the Grand Trunk did not pay 4 per cent on the guaranteed bonds all the time during the last ten years. Before that time it paid the interest in various amounts ranging from 2 to 3 per cent. What I want to know is how the Government arrives at the conclusion that this 4 per cent guaranteed stock has a value to-day, if we are to hold the Grand Trunk Railway Company liable for the Grand Trunk Pacific guarantee? In other words, how does the Government figure that there is any equity in this 4 per cent guaranteed stock?

Mr. J. D. REID: The honourable member I think stated that the Stock Exchange reports showed that the Grand Trunk Railway Company had not paid any interest on the guaranteed stock for the last ten years.

Mr. CAHILL: Not all the time.

Mr. J. D. REID: Well, we have the official document submitted to the House showing that the interest on the guaranteed stock was paid from 1906 down to 1916. There is not any doubt whatever about that.

Mr. CAHILL: How about 1914?

Mr. J. D. REID: In 1914 the Grand Trunk Railway Company paid 3½ per cent instead of 4 per cent; in other words, they paid $2,129,166.67 dividends on the guaranteed stock instead of $2,433,333.33, or ½ per cent less. So that, during that ten year period they did pay the full interest with the exception of the ½ per cent in that particular year when the war started.

Now, the Grand Trunk Railway Company is liable in this way: it guaranteed the interest on a certain portion of the Grand Trunk Pacific Railway bonds, and, as I understand it, the company agreed that it would not pay any dividends out of its earnings, until this bonded interest had been first paid. In other words, it defaulted in payment of that interest, it could not pay its shareholders any dividends on their stock. That is where of course the company is in a very awkward position. If the company took the earnings that would ordinarily go to the shareholders in order to pay the interest on the guaranteed stock of the Grand Trunk Pacific Railway, then of course it would not have anything left for its own shareholders. That is why the company is pressing us to get a settlement so that it can be put in a position to pay dividends to its own shareholders.

Mr. CAHILL: Is it the intention then of the Government to hold the Grand Trunk Company to its undertaking?

Mr. J. D. REID: Certainly. The arbitrators must take into consideration the liabilities of all subsidiary companies of the Grand Trunk Company and the Grand Trunk Pacific is a subsidiary company. We do not release the Grand Trunk in any way from responsibility for the Grand Trunk Pacific, and the arbitrators must take that responsibility into consideration. As I said this afternoon, if the arbitrators consider that the future of the Grand Trunk Pacific does not promise anything better than its present outlook, they may wipe it out and not allow the Grand Trunk Company anything on these first, second and third preference stocks.

Mr. CAHILL: There is the point exactly. Before you undertake to make the Grand Trunk responsible for the Grand Trunk Pacific enterprise, you transfer £12,500,000 of stock into bonds,—or guaranteed stock,—it is the same thing. That is $60,833,000 worth of new security that you issue. This guaranteed stock, by the way, is not a bond; it is not debenture stock or anything that might be regarded as a security of any kind outside of the stock; it is nothing but a first preference stock. By your action under this Bill you proceed to make that $60,000,000 worth of stock equivalent to a bond and you put it in front of your claim. Before you undertake to get anything from the Grand Trunk you give them this $60,000,000 worth of securities which you cannot touch. In other words, you say: You are not able to pay your bills; therefore we will make this $60,000,000 worth of stock equivalent to a bond,—this stock which has not paid any dividends in the last two years, which has not paid four per cent continuously for ten years, and which previous to that time had paid varying dividends of less than four per cent. You make this $60,000,000 worth of stock a four per cent Dominion Government bond. And then, if there is anything left after that of what might be more or less worthless first, second and third preference and common stock, you say that you will make them live up to their Grand Trunk Pacific obligation. But why do you put this $60,000,000 into the treasury of the Grand Trunk before you undertake to make them live up to their guarantees in respect of the Grand Trunk Pacific?

Mr. J. D. REID: So far as the debenture stock and this guaranteed stock is concerned, the Grand Trunk have always paid the dividends.

Mr. CAHILL: Not always.

Mr. J. D. REID: Well, as I understand it, they have practically always paid them. During the last ten years anyway, with the exception of the last two war years, the old Grand Trunk has been paying the interest. Now, a large amount of money went into this railway for the first, second and third preference stock, as well as some $30,000,000 for the common stock. The Government agree to pay the dividend on the guaranteed stock, because it has been earned, and more besides. But if the arbitrators should decide not to allow the Grand Trunk any interest on the first, second and third preferred stock and not to allow them anything for the common stock, the Company would certainly be paying a very heavy penalty for entering into the Grand Trunk Pacific arrangement.

Mr. CAHILL: Where do you arrive at the information that the Grand Trunk were able to pay this four per cent, or that they earned this four per cent? On what basis are you offering to pay, or did you offer to pay in the first place the $2,500,000, $3,000,000 and $3,600,000?

Mr. J. D. REID: The basis is this: The interest has actually been paid for so many years; and the Drayton-Acworth report admitted that the company had earned and paid not only the $7,000,000, but also the average of $3,600,000 per annum—$2,500,000 of it on the guaranteed stock and $1,100,000 on the other. That statement in the Drayton-Acworth report is evidence for us, as is the statement of the Grand Trunk that they actually paid the dividends, not from capital but from actual earnings.

Mr. CAHILL: Then I understand the minister to say that the Drayton-Acworth report is the basis upon which he is arguing; that is his starting point. He knows, of course, that the Drayton-Acworth report affirmed that those dividends should not have been paid; that they had been paid out of what should have gone to betterments and improvements; that the road did not earn dividends on the debenture stock and the cost of upkeep and maintenance of way. If that is the case, where does my hon. friend's argument land him?

Mr. J. D. REID: The Drayton-Acworth report says that a portion of this amount that was paid out by way of dividend—not all—should have gone into the road. However, the Grand Trunk Railway Company take issue with that; they say that this statement in the report is not correct. But all of that will have to be brought before the board of arbitrators. If the company can convince the arbitrators that the report is wrong, the arbitrators will, of course, act accordingly. The Government will have their solicitor to take issue with them.

Mr. CAHILL: Where does the minister start from? What is the basis that he is working on? He does not accept the Drayton-Acworth report; he does not accept the Grand Trunk statement. On what information does he come to the conclusion that this $60,000,000 is valuable at all, and that after that is taken into consideration there might be something left to arbitrate? This seems to me to be a most absurd argument.

Mr. J. D. REID: I do not think I can explain it more fully than I have; I have tried to explain the situation as well as I could. All I can say is that when the matter comes before the board of arbitrators the Government will take every possible step to put up their case and to secure whatever evidence they can to make the arbitration as fair as possible in the interests of the Government.

Mr. CAHILL: On the same basis as the Canadian Northern arbitration?

Mr. J. D. REID: Personally I feel that the solicitors who acted for the Government on the Canadian Northern arbitration were as good as there are in Canada.

Mr. DENIS: Perhaps I shall be told that the answer has already been given, but it appears to me that the statement of affairs between the Government of Canada and the Grand Trunk Railway system has not yet been established, and that so far all the figures have not been given indicating what is actually due by the Grand Trunk Railway Company to the Dominion of Canada. In my opinion, the indebtedness of the Grand Trunk towards the Dominion of Canada is under three headings: First, the Grand Trunk has guaranteed the obligations of the Grand Trunk Pacific, and as the Grand Trunk Pacific is now the property of the Dominion of Canada——

Mr. J. D. REID: It is not yet.

Mr. DENIS: Well, it is practically the same thing, and for the sake of argument, I take it for granted that it is, and the minister himself brought forward the argument that it is this afternoon when he said that the country would have control of 22,000 miles of railway, for in that mileage he included the Grand Trunk Pacific.

Mr. J. D. REID: That is, after the arbitration.

Mr. DENIS: For the sake of argument, I am taking it for granted that sooner or later the Dominion of Canada will become sole proprietor of the Grand Trunk Pacific railway. Starting from that point, I state first that the Grand Trunk Railway has guaranteed the obligations of the Grand Trunk Pacific to the amount of $97,301,253. I find this on page 51—and before going any further, I should like to ask the minister if I am correct in this.

Mr. J. D. REID: I take it for granted that is correct, because those are the official statements that have been handed to me and accordingly have been placed before the House.

Mr. DENIS: Consequently, the first point is established, as to the liability of the Grand Trunk to the Grand Trunk Pacific and thence to the Dominion of Canada; that is, $97,301,253. Second, what is actually due directly by the Grand Trunk Railway to the Dominion of Canada? I do not know that an exact answer has been given this afternoon on this item. Third, what is due by the Grand Trunk Railway indirectly to the Dominion of Canada and on what account? It is only after these three items have been placed before the House that we shall be in a position to say exactly what is actually due by the Grand Trunk Railway to the Dominion of Canada. After these figures have been made available, I shall have something more to say about the matter.

Mr. J. D. REID: The hon. member asks for information as to what the Grand Trunk actually owe the Government, and also what they are liable for as far as the Dominion Government is concerned. I was just looking to see if I have that information here, but if not, I will furnish it. If I cannot look it up before we adjourn this evening, I will have it here to-morrow. The Minister of the Interior (Mr. Meighen) tells me that the information is to be found on pages 51 and 52, where it says:

> Besides the guarantees to the Grand Trunk Pacific, the Grand Trunk Railway Company have guaranteed the following:—

Then on page 52, we find:

> Grand Trunk Railway Company, outstanding June 25, 1918:—

There is a list showing all their liabilities.

Mr. VIEN: On page 51 are given the liabilities of the Grand Trunk Railway Company in respect of the Grand Trunk Pacific, but the liabilities of the Grand Trunk in respect of the bonds of the Grand Trunk Pacific guaranteed by the Government are not given. If I understand the matter aright, there are two classes of debentures of the Grand Trunk Pacific Railway. There is a class of debentures guaranteeed first by the Grand Trunk and second, by the Government, and there is a class of debentures guaranteed by the Grand Trunk Railway only.

Mr. J. D. REID: Yes, but the Grand Trunk Railway Company is not liable for the bonds guaranteed by the Government on the Grand Trunk Pacific.

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 Railway, 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

it. If I am asked my opinion I would say there is no question whatever about it. The Grand Trunk liability is absolutely intact.

Mr. CAHILL: About what would that liability amount to?

Mr. MEIGHEN: It all appears in these papers. That information will be found about page 50 and the next two or three pages.

Mr. CAHILL: That is the $97,000,000?

Mr. MEIGHEN: That is on page 51. Guarantees by the Grand Trunk Railway Company have been made for the Grand Trunk Pacific of $97,201,253—$62,422,000 for principal and interest, and $34,879,253 for interest only. Detail of this is in an attached statement. Twenty-five million dollars of the foregoing total of $62,422,000 is guaranteeing loans made by the Dominion Government. That $26,000,000 covers the $10,000,000 and the $15,000,000 to which I have just referred. In so far as guarantees in respect of the Grand Trunk Pacific are concerned, that would appear to be all.

Mr. CAHILL: Suppose the Government were to hold the Grand Trunk to their obligations in respect of the Grand Trunk Pacific, about how much money would it take to settle their obligations?

Mr. MEIGHEN: It would take the whole thing to settle it.

Mr. CAHILL: The $97,000,000?

Mr. MEIGHEN: Yes, of course, because that is the liability. But the Grand Trunk will naturally claim: "We have security for that, we have the Grand Trunk Pacific." And, if they are able to show that that security is a commercial asset and affords ample protection, the arbitrators may find that that liability amounts to nothing. But in our opinion, in my opinion certainly, the arbitrators would not likely so find. If the security in the Grand Trunk Pacific was equal to the obligations against it, the Grand Trunk would not have announced themselves two years ago at the end of their tether, nor have stated a few months ago that they could not operate the road any longer.

Mr. CAHILL: If the Grand Trunk were able to pay $30,000,000, would that relieve them of their obligations?

Mr. MEIGHEN: It would not to me.

Mr. CAHILL: What I want to get at is this. According to the stock exchange reports the total value of the first, second and third preference and the common stock, on September 11, 1919, was $28,000,000. That is all the assets that is left in the Grand Trunk to arbitrate. My hon. friend claims that $30,000,000 would not offset their obligations. Then why do you guarantee the $27,000,000 worth of what is called guaranteed stock? Why do you guarantee that stock and put it out of your reach if you are going to hold the Grand Trunk to their obligations?

Mr. MEIGHEN: Does not my hon. friend see that the $28,000,000—I do not know whether he has figured it rightly—is the value as reflected in the market, and in that reflection the Grand Trunk's liability was taken into account. Does he imagine that anybody who buys Grand Trunk stock pays no attention to Grand Trunk liabilities, including its liabilities to the Grand Trunk Pacific? So if the reflection in the market is a correct reflection—and personally I do not think so—the Government would have to assume the liabilities, including the Grand Trunk Pacific, and pay this besides.

Mr. CAHILL: Certainly not.

Mr. MEIGHEN: The hon. member shakes his head and smiles as if I did not understand it.

Mr. CAHILL: Quite so.

Mr. MEIGHEN: We will hear my hon. friend at it.

Mr. CAHILL: The minister said this afternoon he did not understand much about stocks. I can believe that. The total value of these stocks as reflected by the stock exchange is $28,000,000. The minister just stated that he would not consider $30,000,000 a sufficient sum to settle the Grand Trunk's liability to Canada. But there is another asset in the Grand Trunk at the present time, and until this legislation goes through, amounting to $27,000,000 more, and that is the $60,000,000 worth of guaranteed stock quoted in the market at 45. That makes its value $27,000,000. In the last few days it has gone up to 60, which means that my hon. friend has made it possible for some persons to gain $9,000,000 on account of this legislation. My hon. friend takes precautions to make this $60,000,000 worth of stock safe from the actions of the Canadian Government in respect of the Grand Trunk's liability to the Grand Trunk Pacific, and he only leaves himself about $28,000,000, if that is the worth of the stock, to cover the total obligations of the Grand Trunk with respect of the Grand Trunk Pacific. I do not see

how my hon. friend can get away from the fact that he is giving away the assets of the people of Canada when he guarantees payment on a stock that has paid 4 per cent at times, less at other times, and has failed to pay a dividend in the last two years, on the ground that the people who own that stock own something. As a means of getting even with them we are going to guarantee this stock. I cannot understand my hon. friend's process of reasoning.

Mr. MEIGHEN: I thoroughly agree that the hon. gentleman does not understand it. It is difficult to tell where to start to disentangle the lot of absurdities that the hon. gentleman puts before the committee.

Mr. CAHILL: You said that last year.

Mr. MEIGHEN: He says that $28,000,000 is the market value of the three preference stock and the common stock, and $27,000,000 the market value of the guaranteed stock. Now we are arbitrating on what we should pay for these three preference and the common stocks. He says that they are only worth in the market $28,000,000, and the company's liability is $30,000,000 in respect of the Grand Trunk Pacific. I told him a moment ago, and I am sure if he will give his mind a chance he will see it, that those who are estimating the market value of Grand Trunk stock estimate it less because of its Grand Trunk Pacific liabilities. Is not that so? Does my hon. friend mean to suggest that if the Grand Trunk had not its Grand Trunk Pacific entanglements its stock would not be worth more in the market—I will go step by step slowly and give the hon. gentleman every chance—Is not that correct? Of course, it would be worth more. That is to say, it is worth less to-day because of those liabilities. So far as the estimate of the market buyers is concerned, we can afford to pay $27,000,000 for the three preference stocks and the common stock, assume the Grand Trunk liabilities and come out exactly even. Is not that correct? So we have $27,000,000 to come and go upon if their estimate is correct. I would refuse to accept their estimate. I think it is high. But we leave it to the arbitrators; that is all there is to it.

Mr. CAHILL: But before you leave it to them, you take away this $60,000,000 of stock which they might have to pay over to the Dominion Government.

Mr. MEIGHEN: Oh, no.

Mr. CAHILL: They have ninety-seven million dollars of a liability and in order to make them safe you guarantee this stock and convert it into practically Dominion Government bonds and then you only leave them this twenty-eight million dollars of more or less worthless stock to arbitrate upon. You do not mean to say that you are going to take a mortgaged property to meet all this liability. Of course, not. You know better than that. So you virtually make this sixty million dollars a mortgage, or bond, or debenture—whatever you wish to call it—and place this in their hands, and it only leaves $28,000,000 worth of stock to deal with. So that if their obligation is $30,000,000 you know you are $2,000,000 short to start with, but you will arbitrate to see if there is a value still in the $28,000,000 worth of stock. You say that $30,000,000 would be less than you would expect to settle the whole undertaking. There is absolutely no reason in the argument, and I venture to say that when my hon. friend is through with the transaction he will find that he has let the Dominion of Canada in for a vast sum of money, releasing the Grand Trunk Pacific from their obligation as far as this $60,000,000 is concerned. All the Dominion may take is $28,000,000 of more or less worthless stock for an obligation of $97,000,000.

Mr. FOURNIER: If I understood the Minister of Railways correctly this afternoon, he said that in taking over the Grand Trunk we were assuming the bonded debt of the Grand Trunk Pacific.

Mr. MEIGHEN: Well, no. There is no specific assumption of that liability.

Mr. FOURNIER: Is there not $70,000,000 worth of Grand Trunk Pacific bonds which are guaranteed by the old Grand Trunk?

Mr. MEIGHEN: There is a large amount.

Mr. FOURNIER: Do we not become responsible for the payment of those bonds?

Mr. MEIGHEN: No more than we are to-day.

Mr. FOURNIER: The minister said that for ten years the Grand Trunk had been able to distribute a million dollars a year in dividends. Was not this because the Government paid interest on Grand Trunk Pacific bonds which were guaranteed by the old Grand Trunk?

Mr. MEIGHEN: No.

Mr. FOURNIER: If the Grand Trunk had paid interest due on Grand Trunk Pacific bonds would it have been able to pay dividends to its shareholders?

Mr. MEIGHEN: It would not have been able to within the last two or three years. The Grand Trunk Pacific paid its own dividends, but it paid them because we lent them money, on the security of the Grand Trunk Pacific, to do so. Now, the Grand Trunk has its own liabilities in relation to the Grand Trunk Pacific. If, in the minds of the arbitrators, those liabilities are greater than the Grand Trunk Pacific is security for, the award will be reduced accordingly. But we will certainly argue—and I think correctly—that if the Grand Trunk Company is called on to discharge its liabilities to the Grand Trunk Pacific, the fact being that the Grand Trunk Pacific cannot discharge them itself, then they would be in a position to pay dividends on these four stocks.

Mr. FOURNIER: If the Grand Trunk Pacific went into liquidation or failed to earn its fixed charges, would not the old Grand Trunk have to pay about $3,000,000 a year interest on the Grand Trunk Pacific bonds which are not guaranteed?

Mr. MEIGHEN: Yes, or more than that.

Mr. FOURNIER: If it paid interest on these bonds would there be any possibility of its paying dividends upon any of its preferred stock?

Mr. MEIGHEN: There would be a possibility, of course.

Mr. FOURNIER: If it did not pay, then what would be the value of the preferred stock?

Mr. MEIGHEN: I would not be a very good judge of that. One reason that would make it difficult to judge of that would be that the common stock lies there for which $30,000,000 was paid but on which no dividend has ever been paid, and the prospect has never been darker than the last year. But it has always had a value. It would be impossible for me to say that the preferred stock would have no value.

Mr. FOURNIER: My hon. friend must have all the information. Would he read to the Committee the letter written by Sir Alfred Smithers to Sir Robert Borden three years ago in which the statement was made that the Grand Trunk was at the end of its tether?

Mr. MEIGHEN: I have read the letter.

Mr. FOURNIER: Will the Government say that it is possible for the Grand Trunk to earn enough to pay a dividend upon its debentures and guaranteed stock and also to pay the interest upon the Grand Trunk Pacific bonds which it has guaranteed?

Mr. MEIGHEN: We certainly would not say it could. We will argue that it could not. The Grand Trunk, on the other hand, say: "We ought to be permitted to make a revenue, and we certainly cannot make it unless we are given rates which are reasonable under conditions such as now obtain." In a word, everything depends on rates. It would be possible for them to do it if the rates were higher, but the Government will argue that to keep the rates at a reasonable figure, having regard to all conditions, they could not discharge their obligations to the Grand Trunk Pacific and pay dividends on the preferred stock or any stock. That is our contention.

Mr. FOURNIER: Will the minister say, in view of its commitments in respect to the Grand Trunk Pacific, that the Grand Trunk Railway Company of Canada is a solvent concern?

Mr. MEIGHEN: Well, we will argue that they could not pay dividends and discharge all their obligations. But I am sure the Grand Trunk will argue very strenuously that they could. I am not in the position of a judge in the matter; that will be for the arbitrators to decide.

Mr. FOURNIER: If it is not a solvent concern how can either its preferred stock or any stock have any value, and what is there to arbitrate?

Mr. MEIGHEN: If the judges find that it is not solvent they will find that the value is nothing; that is all. My hon. friend must see that the long series of questions he has asked rests on the answer to one, and when that answer is given there is not very much object in answering the rest.

Mr. FOURNIER: The minister will pardon me if I put another question. Could not the Government obtain the Grand Trunk by liquidation without paying anything for either preferred or common stock?

Mr. MEIGHEN: That is something which, to answer with certainty, would require the gift of prophecy as well as of business judgment. It would depend upon many circumstances. It would depend upon the action of the Railway Commission with regard to rates, and also upon the attitude and intentions of other railway people as to the Grand Trunk. It might well be that there are railroad people in the

world—perhaps in Canada—who could save the Grand Trunk from the position by enlarging their own system.

Mr. DENIS: Mr. Chairman, I have tried to find out what was the debt of the Grand Trunk to the Dominion of Canada, and although the exact figures have not been given I do not desire to reproach any one in the matter. For the sake of the argument which I I now intend to advance, let us suppose that if the Grand Trunk Railway were ready to pay what it owes directly or indirectly to the Dominion of Canada we might give them their receipt in full for, say, fifty million dollars. I think the minister said awhile ago that it was over $30,000,000. On the other hand, there are responsibilities or guarantees of over $97,000,000. We have to take some figure, so let us say $50,000,000 for the sake of argument. Consequently, I consider from this point of view that the Grand Trunk Railway Company now owes the country $50,000,000. Before the Grand Trunk Railway Company can pay any dividends on its guaranteed, common or preferred stocks, it has to meet its obligations towards the Dominion of Canada. More particularly the Grand Trunk Railway Company cannot pay any interest on what is called the four per cent guaranteed stock, amounting to £12,500,000 until it meets its obligations towards the Dominion of Canada. Consequently, this $50,000,000 debt that we hold, as against the Grand Trunk Railway Company, until this agreement is put through, is a preference over this block of stock amounting to £12,500,000. After the deal has been put through and the Government has passed the agreement that is now under discussion, this amount of £12,500,000 will have preference over the debt of $50,000,000 which is now due by the Grand Trunk to the Dominion of Canada. I am going to explain. We will still have the same debt; the debt will have the same rank in so far as privilege is concerned. But this sum of £12,500,000 will have been guaranteed by the Dominion. Consequently, being guaranteed by the Dominion, it will become a first-class security. It will become equal to if not better than any of the debenture stock of the Grand Trunk; it will be guaranteed by the Dominion of Canada.

Mr. MEIGHEN: So is the debenture stock.

Mr. DENIS: Yes, I was mistaken about that. It will have the same rank as the guaranteed debenture stock, because the debenture stock is going to be guaranteed; otherwise it would have preference over the debenture stock. But I am laying aside the debenture stock for the moment because I am speaking now only of the £12,500,000 of guaranteed stock. Before we put the deal through we have a preference for our debt of $50,000,000 over this amount of £12,500,000. After the deal has been put through this amount of £12,500,000 will be guaranteed by the Dominion of Canada and consequently we will have to assume a debt or responsibility amounting to $60,000,000 which otherwise, perhaps, would never have to be paid by any one. It would otherwise never be met by the Grand Trunk, because they could not meet it. It will take the Grand Trunk Railway Company many years to meet its regular obligations, to pay this $50,000,000 and to pay dividends on this guaranteed stock. Yet now we are taking this guaranteed stock— which is of little value, because there is little expectation of getting any dividend on it until the debt of the Grand Trunk has been paid—and we are making it a gold bond; we are giving it par value. That, in my judgment, is a great obstacle to the transaction. It appears clear in my mind that we are giving to the Grand Trunk in this transaction an advantage which we should not give.

9 p.m.

It is an honest opinion to want to buy the Grand Trunk. Of course there is room for discussion as to whether we ought to buy it or not, but for those who want to buy it, it is all right to say that they want to buy the road for what it is worth. But you cannot buy the road for what it is worth and in the meantime guarantee bonds and debentures which, without the guarantee of the Dominion of Canada, would be worth only fifty per cent of their face value. You are taking this property and enhancing its value. The moment you take a property and enhance its value, the additional value which you give to that property has to be paid by somebody. In this particular instance it will be paid by the Dominion of Canada. The Company have bonds that were worth fifty cents on the dollar, and if they are worth fifty centy cents on the dollar it is because they cannot produce any more than fifty cents on the dollar. It is because their fundamental, basic value is fifty cents on the dollar. If you take that property and make it worth one hundred cents on the dollar, then you have to add something else to it, you cannot pro-

duce something from nothing. What you are adding in the present instance is the guarantee of the Dominion of Canada, which is worth money. You are making a present to the Grand Trunk Railway Company outside of the fact that you are buying the concern. It is all right to buy the concern if you want to, but you should not buy the concern and make a present to the holders of the debenture stock and the four per cent guaranteed stock.

Mr. ROWELL: My hon. friend has overlooked one important fact in the argument he has made, and it is this: The guaranteed stock is in a real sense a preference stock. It is a prior charge on the assets of the company in a winding up of the company over the first, second, and third preference stocks and the common stock. If the company were liquidated the guaranteed stock would have to be paid in full before a dollar would go to the holders of any of the preference or common stocks. My hon. friend will agree with the further proposition that the first, second and third preference and common stocks are not a charge upon the assets——

Mr. CAHILL: Neither is the guaranteed stock.

Mr. ROWELL:—in the distribution of the property. If they are not a charge upon the assets then they have no value whatever until all the debts are paid and no value until the guaranteed stock is paid. Then take the figures given by the hon. member for Pontiac (Mr. Cahill). He said that at present market quotations the value of the first, second and third preference and common stocks is $28,000,000. With the Grand Trunk in default on its guarantee, with respect to the loan made by the Dominion of Canada of $10,000,000, and with the property of the Grand Trunk Pacific in the hands of a receiver, the market value of these stocks, after all debts are paid, is $27,000,000 or $28,000,000. What is proposed by the Government is simply to arbitrate the value of these stocks which on a market basis, with all liabilities discharged, have a value of $27,000,000 or $28,000,000. Is the Government under these conditions making a bargain that is unfair to the Dominion of Canada?

Mr. CAHILL: Yes.

Mr. ROWELL: I do not think my hon friend really means that; I am quite sure he does not. If the Government of Canada is taking over the property of the Grand Trunk, is it unfair to arbitrate as to whether these stocks have any value or not representing as they do an investment of over $200,000,000.

Mr. CAHILL: I am sure the minister does not wish to mislead the committee. The total issue at par of the first, second and third preference and common stock is only $180,000,000. So the holders could not have paid $200,000,000 for it.

Mr. ROWELL: The first preference stock represents £3,420,000; the second preference stock £2,530,000; the third preference stock £7,148,000; the ordinary or common stock £23,000,000: making a total of £37,000,000. I was in error in the actual amount.

Mr. CAHILL: Oh, yes.

Mr. ROWELL: I had the two figures before me, the preference and the debenture stock. The correct amount is £37,000,000, or $185,000,000 par value of preference and common stocks.

Mr. ARCHAMBAULT: Just a trifling difference of $100,000,000.

Mr. ROWELL: It is near the $200,000,000 par value of that stock.

Mr. J. H. SINCLAIR: But the minister will recollect that the common stock is included in that total, and it was not sold at par.

Mr. ROWELL: I said a moment ago that in my original statement of $200,000,000 I was in error because I had the larger figure of the debenture stock before me. The actual money put into the stock would not be so much as $200,000,000. The par value of the stock is $185,000,000, but it is all stock that was sold, as I understand it; none of it is watered stock.

Mr. VIEN: That is including the water.

Mr. ROWELL: I am informed that it was not watered. True, the common stock did not bring its par value, but it was all sold on the market and represents, according to my information about $100,000,000; I have not the figures here. But the point is, it does represent about $100,000,000 of money actually put in the road by the Grand Trunk Railway shareholders. And the Government is arbitrating with the Grand Trunk the value of the stock, which to-day is quoted on the market, according to the member for Pontiac (Mr. Cahill), at $27,000,000 or $28,000,000, and which represented an actual cash investment of about $100,000,000. I submit that on that showing

the proposal is not only a reasonable one but an exceedingly fair one from the standpoint of the country. The Grand Trunk think that they have been very harshly dealt with; but from the standpoint of the country I submit it is a complete answer to the remarks of my honourable friend.

Mr. VIEN: The Minister of Railways (Mr. Reid) stated a short time ago, in answer to the question which was put to him, that it was the intention of the Government to hold the Grand Trunk Railway Company responsible for all their liabilities in respect of the Grand Trunk Pacific. The Minister of the Interior (Mr. Meighen) subsequently stated that for a few years past the Grand Trunk Company would not have been able to pay any dividend even on the guaranteed stock if all their Grand Trunk Pacific liabilities had been taken into account, nor could they do so now.

Mr. MEIGHEN: No.

Mr. VIEN: I gathered that the minister stated, in answer to the hon. member for Bellechasse (Mr. Fournier), that if the Grand Trunk Company were called upon to pay the interest on the Grand Trunk Pacific bonds guaranteed by them, as well as their other liabilities, they could not pay any interest on those bonds.

Mr. MEIGHEN: I did not say that at all. I understood the question to be: Could the Grand Trunk pay interest on the three preference stocks and the common stock? My answer was: The Government would argue that they could not. On the contrary, the Grand Trunk contend that they could, and they urge that it would be the duty of the institutions that have control to allow such rates as would enable the company to do so. But I stated that the Government would argue that, as to those stocks, the Grand Trunk Company could not pay any interest if they met all their other obligations. I did not presume to say that they could not do so. It will be the Government's contention that they could not; the Grand Trunk contend the opposite; so it is for the arbitrators to decide.

Mr. VIEN: I accept the correction of the Minister of the Interior. But at any rate, if the Grand Trunk Company were called upon to meet all their liabilities in respect of the Grand Trunk Pacific Railway, it is highly questionable whether they could pay any interest on what is called the four per cent guaranteed preference stock. It is so highly questionable that for the past two years the Grand Trunk have not met the interest obligations on their Grand Trunk Pacific liabilities, nor were they able in 1917 and 1918 to pay any interest on that guaranted preference stock. Therefore I think we may fairly assume that the Grand Trunk Company, if held to account for all their Grand Trunk Pacific liabilities, would not be able at present, any more than they have been able for the past few years, to pay any interest on that guaranteed preference stock. The point raised by the hon. member for Pontiac (Mr. Cahill) and further raised by the hon. member for Joliette (Mr. Denis), and which has not yet been fully answered, is that the Government, notwithstanding the fact that the guaranteed stock does not pay any dividend, undertake in the agreement to guarantee four per cent on that account. That guarantee, therefore, is a pure gift from the Government to the stockholders. But, moreover, the Minister of the Interior (Mr. Meighen) said this afternoon—I think I quote him rightly—that the Government do not give up any portion of their claim against the Grand Trunk Company, and that in valuing the first, second and third preference stock, as well as the ordinary or common stock, the arbitrators will be called upon to estimate the value of such stocks in view of the obligations of the Grand Trunk in respect of the Grand Trunk Pacific. Well, it is possible that the claim of the Government against the Grand Trunk Company will more than offset whatever valuation the arbitrators may put on that first, second and third preference stock. They may say that the Grand Trunk Company are indebted to the Government by reason of the obligations undertaken in respect of the Grand Trunk Pacific in a larger amount than they are entitled to on the valuation of their stock.

This claim of the Government against the Grand Trunk, if it is greater than the amount that the Grand Trunk are entitled to on the valuation of their stock, should be accounted for by deduction from the other amounts that the Government now undertake to pay them for the guaranteed stock. But the Government sets aside this guaranteed stock, puts it with the bonds of the company, and then proceeds to value the rest of the stock, and that valuation may be much lower than the amount representing the claims of the Government against the Grand Trunk in respect of the Grand Trunk Pacific. We do not know at present what will be the claim of the Government against the Grand Trunk in respect of the Grand Trunk Pacific. Last year the

Minister of Railways was, by Order in Council, appointed receiver of the Grand Trunk Pacific, but no liquidation took place. We do not know what assets there are to meet the liabilities of the Grand Trunk Pacific. The Government is not in a position to-day to tell by what amount it will be in disbursement in respect of the guarantee of the bonds of the Grand Trunk Pacific. Nor is the Government in a position to tell us what will be the claim of the receiver of the Grand Trunk Pacific against the Grand Trunk in respect of their guarantee of the bonds of the Grand Trunk Pacific—whether in his capacity as receiver or as representing the Government which is guarantor of the bonds. Well then, how can we say what will be the amount of the claim of the Government against the company?

Mr. MEIGHEN: Against the Grand Trunk?

Mr. VIEN: Yes.

Mr. MEIGHEN: What have the expenses of receivership to do with our claim against the Grand Trunk?

Mr. VIEN: The Government is guarantor of certain debentures of the Grand Trunk Pacific. When the Grand Trunk Pacific is fully liquidated, the Government will be able—because the Grand Trunk Pacific is now in its hands through the receivership of the Minister of Railways—to claim from the Grand Trunk a fulfilment of their obligations in respect of the Grand Trunk Pacific.

Mr. MEIGHEN: That has nothing to do with the expenses of receivership or the moneys advanced by the receiver for the management of the railway.

Mr. VIEN: I am not speaking of the moneys advanced by the receiver; I am now speaking of the value of the shares, whether guaranteed or preferred, of the Grand Trunk. This value cannot be properly ascertained until we know what amount the Grand Trunk will be called upon to pay in respect of their guarantee of bonds of the Grand Trunk Pacific. The receiver has a claim against the Grand Trunk because the interest on the bonds guaranteed by the Grand Trunk has not been paid for the last two years. Moreover, the receiver has a claim against the Grand Trunk in respect of the capital represented by these bonds, if the assets of the Grand Trunk Pacific are not sufficient to meet the bonds. This has to be settled before we can estimate properly the value of the shares of the Grand Trunk. But the point that the Government does not submit to arbitration is the value of the guaranteed stock of the Grand Trunk Railway Company. The Government guarantees the payment of the capital and the perpetual payment of interest at four per cent on such guaranteed stock, although that stock may be worthless. As my hon. friend (Mr. Denis) says, it may be worth 50 cents on the dollar; it may be worth 40 cents on the dollar—but the Government undertakes to pay 100 cents on the dollar in respect of that stock. The minister shakes his head as a denial; but virtually the Government guarantees the perpetual payment of an interest of four per cent on it, and the reimbursement or possible conversion—

[Mr. Vien.]

Mr. MEIGHEN: How can you guarantee a possible conversion?

Mr. VIEN: I will split hairs with the minister; I will try to discuss on fine points, although my imperfect command of the English language does not permit me to discuss them as finely as he does. I will try, however, as far as it is in my power to do so, to make myself understood.

The Government guarantees the perpetual payment of an interest of four per cent on the guaranteed stock of the Grand Trunk and reserves to itself the right to buy outright by reimbursing the holders of the guaranteed stock to the extent of twenty-five times the annual payment which is to be made in lieu of dividends. That amounts to the same thing—

Mr. MEIGHEN: Oh, no.

Mr. VIEN: —because it gives a value to that stock; as has been shown this afternoon, it has already given an enhanced value on the stock exchange. We say it is poor policy; it is a bad deal, it amounts to a pure gift to the holders of the guaranteed stock, to fix a guaranteed payment of dividend in respect of a stock on which there has been no dividend for two years and on which there might never be a dividend in the future if the company is called upon to meet its obligations in respect of the Grand Trunk Pacific.

The President of the Council (Mr. Rowell) said that we must not be harsh with the shareholders of the Grand Trunk because they had put over $200,000,000 into the enterprise. But the tenderness of the President of the Council is extended to only one class of the shareholders of the Grand Trunk; it does not go out to the shareholders of the first, second or third preferred

stock; it covers only the holders of the guaranteed stock. But these friends in the ring around the Government—we must protect them; we must guarantee the interest; we must see that they lose nothing.

Mr. MEIGHEN: Does the hon. gentleman not see that the preference stocks, on which we do not guarantee anything at all, have risen in value rather more proportionately than the guaranteed stock?

Mr. VIEN: Yes, but the minister said this afternoon in that very respect that those that buy on the stock exchange might regret their action.

Mr. MEIGHEN: Certainly.

Mr. VIEN: That the value on the stock exchange is an inflated value.

Mr. MEIGHEN: I did not say it is inflated. It may go down, as may the advance on the guaranteed stock. That would indicate that it is just the report of the transaction that has had that effect. That is something we cannot prevent. They may lose on the transaction; they may gain; but we do not know now.

Mr. VIEN: That is a distinction on a fine point. The minister says that it may go down in value. That is to all intents and purposes the same as saying that those who buy it at the present time might ultimately regret the transaction. I do not find any difference as to that; but at any rate, even if the first, second and third preferential stocks have augmented in value on the stock exchange, they are in no way guaranteed by the Government; whereas the Government, by the deal which it is asking the House to sanction, guarantees the interest on the guaranteed stock, and that is a pure gift for which there is no reason, because the Government will have no recourse whatever to be reimbursed the balance that may be owing to them after the accounts of the Grand Trunk and the Grand Trunk Pacific have been settled by arbitration. The minister said this afternoon, just a minute before recess: Well, we do not give up any of our claim; if our claim against the Grand Trunk is in excess of the value put on the preferential stock by the arbitrators, we shall have our claim against the Grand Trunk just the same. But the minister surely knows that the Government will be put in the place of the shareholders of the Grand Trunk Railway Company by the deal that is now proposed. The Government will have recourse against the Grand Trunk Railway Company, and the company will, to all intents and purposes, be the Government itself. Therefore, by putting aside that $60,000,000 worth of that guaranteed stock on which the interest is now guaranteed, we have purely and simply guaranteed a payment which the arbitrators, if that class of stock had been left to arbitration like the preferential stock, might have valued at may be fifty cents on the dollar or under.

Mr. ROWELL: My hon. friend's argument seems to be predicated on a certain view of the position of the Grand Trunk Pacific. Does my hon. friend think that the building of the Grand Trunk Pacific was a gigantic blunder and that it is not worth the cost of building?

Mr. VIEN: No, I never contended that. I approve, as the peope of Canada have several times approved, the building of the Grand Trunk Pacific railway.

Mr. ROWELL: Then, if my hon. friend admits that the building of the Grand Trunk Pacific was a wise thing in the national interest, and that it is worth the cost of building, what is the use from his standpoint of all this argument about the liability of the Grand Trunk as guarantor of those bonds?

Mr. VIEN: There are two clearly distinct points involved. The advisability of building the Grand Trunk Pacific railway is one thing, and on that point I fully agree with the minister as well as those who fathered that project. The minister himself at that time, I understand, highly approved the project. But there is another point—and this is the second point on which the minister questioned me—the value of the Grand Trunk Pacific railway in respect of the liabilities that are put upon it. In respect of that, I have no opinion to give. I do not know; the Government does not know; the Government is not in a position to tell the committee whether as things stand today the obligations of the Grand Trunk Pacific railway will be met by the assets of that company. A receiver has been in charge for a year, and he has not taken the trouble to liquidate the whole thing. He has not made any reports to this House. He is not in a position to tell the arbitrators that he has a claim against the Grand Trunk, to call upon that company to live up to their obligations and to pay the difference, if the assets are not sufficient to meet the liabilities of the Grand Trunk Pacific. I am no more in a position to tell that than is the President of the Council (Mr. Rowell). The President of the

Council asks me if, in my opinion, the assets of the Grand Trunk Pacific railway are sufficient to meet the liabilities. I cannot say that. It is up to the Minister of Railways, the receiver, who has been in possession of all the books and the details, to tell the committee and the country. But that is not the point at all, and it has no reference to the question which has been raised by the hon. member for Pontiac (Mr. Cahill), the hon. member for Joliette (Mr. Denis) and the hon. member for Bellechasse (Mr. Fournier).

Mr. MEIGHEN: Does the hon. gentleman say that the Minister of Railways should sell out the Grand Trunk Pacific and see what could be got for it, in order to find out if it is liable for the liabilities against it?

Mr. VIEN: It is not necessary for the receiver to sell out.

Mr. MEIGHEN: Then, how will he find out?

Mr. VIEN: An arbitration might be held by the arbitrators.

Mr. MEIGHEN: That is what we are providing for now.

Mr. VIEN: No, you are not providing for that.

Mr. MEIGHEN: Arbitrators?

Mr. VIEN: You are providing for arbitrators who, under the terms of the resolution, will be called upon to value the first, second and third preferential stock and the common stock.

Mr. MEIGHEN: Certainly.

Mr. VIEN: I understand the fine point the minister is going to make, but I will ask him to be patient for a minute, and then I will gladly answer his question. The question that has been put to the Government several times and that has not been answered by the Government—and I think before putting other questions the minister should first answer our questions—is: Why is not that guaranteed stock submitted to arbitration the same as the first, second and third preferential stock and the common stock? Why make a distinction between the shareholders of the guaranteed stock and the shareholders of the common stock? Why not submit the whole thing to arbitration? Why give an enhanced value to the shares that may have been collected by a few friends of the Government; just to speculate on? We do not know anything about the matter. It is possible that the valuation put on it by the Government in guaranteeing the payment of the interest on that stock may not be equal to what the arbitrators might give if they had been put in a position and been given jurisdiction to arbitrate on it. I do not see why the Government should give a value and should undertake to pay such an amount when they could do otherwise, when they could submit the whole thing, preferential and guaranteed stock to arbitration.

Mr. MEIGHEN: The hon. gentleman is very free, as he always is, in trying to leave a slur on the members of the Government as endeavouring to make—

Mr. VIEN: It is not a slur; it is a question.

Mr. MEIGHEN: Not a slur? The hon. gentleman intimated that friends of the Government were owners of guaranteed stock. I have told him that we do not know the owner of a single share of stock.

Mr. ARCHAMBAULT: Give a list of the shareholders then.

Mr. MEIGHEN: We do not know the name of a single owner. If the hon gentleman does, we shall be glad to hear from him.

Mr. TOBIN: That is public property

Mr. ARCHAMBAULT: Surely, it is easy for the Government to get a list of the shareholders or the books of the company at any date and to table that. I do not see why there is an objection to tabling such a list.

Mr. MEIGHEN: Just a minute. I will let the hon. gentleman know to-morrow. I have never made an inquiry as to how long it would take to get a list of the shareholders as of any fixed date. I will find that out from the Grand Trunk officers and let my hon. friend know. I have never made inquiry, and I do not think any other member of the Government has ever made any inquiry as to a single owner of stock, guaranteed or otherwise. Now if the hon. gentleman has anything to back up his allegation or his slur the time to do it is now.

Mr. VIEN: I object to the word "slur." We can surely say what we have in our minds without being accused of casting slurs. I say that it is at least suspicious to see the Government make a distinction in that respect without any apparent reason. We have tried to obtain the reason and have asked the Government why the distinction was made, but have not received a satisfactory answer. So we say there is something suspicious, and when any mem-

ber of this Parliament finds something suspicious he has a right to speak of it without being accused of casting slurs on anybody.

Mr. MEIGHEN: In using the word "slur" I used a word that was not quite equal to the occasion. The offence of the hon. member was much worse than I denominated it. I told this House this afternoon the reason, and the only reason, why in the arrangement that has been come to we undertook to pay the interest on the guaranteed stock, and all I can do now is to repeat that reason. The Government offered to value, by arbitration, all the five stocks. That is what the Government was anxious to do, but we could make no progress whatever. In the meantime we were being called on to assume obligations, and the situation was getting more and more difficult. We then offered, in July, 1918, to treat the next stock in order, namely, the guaranteed stock, as an obligation. Had the arbitration been on the basis of the whole five stocks the award would have been applied on the guaranteed stock first, because it had prior claim—prior claim in respect of dividends, prior claim in respect of its capital, and prior claim in the event of liquidation. So in order to meet the company, and in the hope that we could make some progress, we offered to take the first call standing next to the debentures as a liability. That offer stood from the eleventh day of July, 1918, until the tenth day of October, 1919, without acceptance. It stood without much show of acceptance until about the 1st of October, 1919, or at all events until the month of September, 1919, without progress being made. Now the company has come to our terms. That is the reason and the only reason for our action. We would have preferred the other way, to arbitrate all the stocks, but we were not able to get that. But because we were not able to get that, and because we were anxious to make some progress in this matter, for it is of great importance, is surely no reason why an hon. member who knows nothing about it, and who has not the faintest reason in the world to back up his slur or allegation, should stand up here and tell us we are endeavouring to make money for the friends of the Government. I say again, if he has in the back of his head the thought of any friend of this Government or any body else that we are trying to make money for, now is the time to produce the evidence, and we will give him a chance to do it every day until this discussion closes. If he fails to produce the evidence before the end of this discussion, I hope he will arrive at the same opinion of his conduct as the rest of the House now has

Mr. VIEN: It is for my electors and the public to judge, in view of the action of the Government in refusing to answer the question that we put this afternoon. The minister has made a subtle distinction. He has taken the sidetracts, probably some of those belonging to the Minister of Railways, and has not answered the question why this guaranteed stock has been treated differently from the preference stocks. He has stated that he could not obtain better terms. That is no reason. If in the opinion of the Government the Grand Trunk officials were not reasonable, the Government could call them to account for their liabilities in respect to the Grand Trunk Pacific. But there is nothing to show that the Government called the Grand Trunk to account for their liabilities in respect of the Grand Trunk Pacific. There is nothing to show that the Government tried to compel them in any way. The answer of the minister amounts to this: We had to put it that way because the shareholders of the company would not agree to anything else; we have thrown ourselves into the hands of the shareholders. That is the only reason the minister gave, and I do not think it is satisfactory.

Mr. ROWELL: My hon. friend (Mr. Vien) has not put the case as the Minister of the Interior put it. My hon. friend wholly ignores the statement made this afternoon both by the Minister of Railways and the Minister of the Interior. My hon. friend knows that the Government made a cash offer in the proposal of July, 1918, to pay $2,500,000 for the first three years, $3,-000,,000 for the succeeding five years, and $2,600,000 annually thereafter. Now the offer of $2,500,000 was the minimum sum which the Government believed the system was worth to the people of Canada. It was the minimum amount which they were prepared to pay to start with, and they were prepared to increase the amount in succeeding years to the figures I have mentioned. The Government would have liked the Grand Trunk to accept the proposal. We would have preferred the cash offer to arbitration. But what does that $2,500,000 mean? It is just the amount of the interest on the guaranteed stock. By guaranteeing the interest on the stock we are not adding one dollar to the amount the Government was prepared to pay in cash as the minimum amount.

Mr. McMASTER: Only in the event of the arbitrators finding the other stocks are worth nothing.

Mr. ROWELL: No, quite apart from the arbitration. We offered $2,500,000 in cash for three years, $3,000,000 for the succeeding five years, and $3,600,000 annually thereafter. The minimum amount which the Government was prepared to pay was $2,500,000. Now, that is the amount of the interest on the guaranteed stock, and not a member on the other side of the House from the day that proposal was laid before it has ever suggested that that was too high a price.

Mr. VIEN: It never came before the House.

Mr. ROWELL: It has always been before the House.

Mr. VIEN: It has never been before us.

Mr. ROWELL: The proposal was read by the Acting Prime Minister last session.

Mr. VIEN: Yes, in connection with the receivership of the Grand Trunk Pacific, but the matter could not then be taken up in the shape the minister suggests.

Mr. ROWELL: If my hon. friend thought it was too great a sum he should have objected.

Mr. McKENZIE: That offer was not accepted by the company, and it never came in business shape before this House; so how could we discuss it?

Mr. ROWELL: It was stated in the House that that was the offer made to the Grand Trunk. If my hon. friend or any of my hon. friends on the other side thought the Government of Canada was offering too much it was their duty to point that out and to urge that the Government should withdraw from the negotiations on the ground that they had made too high an offer. But not an hon. member suggested that; there was no suggestion of it whatever. What the Government has done now is simply to guarantee the interest on that stock, which only amounts to the minimum offer, and we are arbitrating as to the balance.

My hon. friend the Minister of the Interior has given the House the reason we have agreed to this. We could not get on with arbitration without putting in that proviso. That proviso was in the letter of July of 1918, and my hon. friend will see it there. From 1918 up to this time no one has suggested that this should not be done. That proviso is as follows:

> Should the company desire, the guaranteed stock may be treated as an obligation in the same way as the company's bonds.

It has been before the House and the country for more than a year and no one has suggested that there was any objection to the Government making this agreement.

Now I desire to refer again to the Grand Trunk Pacific. My hon. friend's whole argument falls absolutely to the ground unless he considers the Grand Trunk Pacific a gigantic blunder and a venture that should never have been started.

Mr DEVLIN: It should never have been degraded.

Mr. ROWELL: The Grand Trunk Pacific is from Winnipeg to the Pacific Coast, and if that railway should have been built, then the Grand Trunk will argue—and I think with great force—that it is worth at least the amount of money put into it, and that therefore the Grand Trunk's obligations or guarantee upon it should not greatly depreciate the value of their stock. That will be their argument.

Mr. McKENZIE: Why not clean up all the obligation and business in connection with the Grand Trunk Pacific first, and then we will know where we are?

Mr. ROWELL: You can clean it up if you want to liquidate the Grand Trunk Pacific and sell it under the hammer.

Mr. McKENZIE: Does the President of the Council say that we are going to have perpetual receivership?

Mr. ROWELL: Certainly not.

Mr. McKENZIE: Why not bring it to an end now?

Mr. ROWELL: How can you bring it to an end now? You can do it only in one way, by liquidating it, or you can continue it until this arbitration is concluded and the property taken over. Do the leader of the Opposition and the men who stand behind him want to see the Grand Trunk Pacific, which Sir Wilfrid Laurier considered one of his crowning achievements, sold at auction?

Some hon. MEMBERS: No, no.

Mr. ROWELL: That is what your argument leads to.

Mr. McKENZIE: Not at all. The President of the Council as a member of the Government put it in the hands of the

receiver and we say that was a disgraceful and unbusinesslike thing to do. But once it is in the hands of the receiver it must be dealt with in a businesslike way.

Mr. ROWELL: I shall take up both of the hon. gentleman's points. The Grand Trunk Pacific was in default. They said they could not operate the roadway any longer for lack of funds. What could the Government of Canada do,--continue to pay millions of dollars of the people's money for the benefit of private stockholders? The people would not stand for any such policy any longer. We pursued it too long. And when the Grand Trunk Pacific took this position, the Government of Canada took the proper course of putting a receiver in possession, and if the Government had not done so and made clear to the Grand Trunk Railway and its shareholders that they were no longer going to pay out the money of the country for the benefit of private stockholders we would not have had the agreement that is before us tonight. The Government took a firm stand that it was bound to see the interests of the people of this country protected in connection with railway matters, and for that reason it has been possible to conclude the satisfactory agreement that has been reached with the Grand Trunk. My hon. friends must face the issue. Either the Grand Trunk Pacific was a proper undertaking, or—I repeat—it was a gigantic national blunder and should not have been built. If it should have been built then it should be worth to the people of Canada what it cost.

Mr. McKENZIE: That is not an argument.

Mr. ROWELL: You must support one or other of these contentions. If it should have been built, then it should be worth to the people what it cost. Now, my hon. friend said that I supported its building. I did.

Mr. VIEN: So did I.

Mr. ROWELL: We both believed it should have been built. But I do not believe that the Canadian Northern should have been allowed to parallel it by means of guarantees and grants made by this Government and the provincial governments.

An hon. MEMBER: That is another question.

Mr. ROWELL: Both governments are responsible for the Canadian Northern, and three transcontinental railways built by Government assistance under private ownership are largely responsible for the trouble in connection with our railway situation at the present time. It is nothing short of a national crime to see railways paralieling each other for hundreds of miles in some sections of the country. We have built away beyond our population and capacity to provide traffic to make them pay at the present time. Only by the development of the country and the increased traffic due to settlement and colonization will the railways be brought into the position of earning properties, and so I say to my hon. friend that to suggest that we should liquidate the Grand Trunk Pacific and to ascertain, when it is liquidated, the amount of obligations, is to suggest that one of the crowning achievements of Sir Wilfrid Laurier's political career, as he always claimed, should be discredited and the railway sold on the market. That is not in the national interest, which will be best served by our acquiring the Grand Trunk railway, which carries with it the Grand Trunk Pacific, and unifying the whole into a national system as this agreement proposes should be done, and as the Minister of Railways and the Minister of the Interior have outlined to-day. That is what the people of the country want. That is what is needed if the present system of railways is either to be made efficient or to be brought within the region of a paying transportation proposition.

Mr. TOBIN: Do I understand the minister to say that the people want what he says?

Mr. ROWELL: That is what the people want.

Mr. TOBIN: Then I am very much surprised.

Mr. ROWELL: I know there are two classes of people opposed to this proposal, and one is the other great transportation system of this country.

Mr. TOBIN: Who is that?

Mr. ROWELL: The Canadian Pacific Railway.

Mr. TOBIN: The Canadian Pacific Railway don't bother about it.

Mr. ROWELL: I do not know whether it bothers or comforts my hon. friend. Possibly it may comfort more than bother him.

Mr. TOBIN: They are not worrying about it.

Mr. ROWELL: I do not blame the Canadian Pacific Railway for being opposed to the proposition; they are within their rights in being opposed to it. But I do not agree with their opposition. The men interested in the Canadian Pacific railway know that public ownership of national railways in this country cannot be made a success unless we have the Grand Trunk associated with our Government system of railways to provide feeders in the east for it, and a national system—whether you call it public ownership or a Government investment in the railways—would not prove satisfactory without the addition of the Grand Trunk system. Naturally the Canadian Pacific Railway is opposed. I find no fault with their opposition, but it is no reason why the Government should not do what it believes to be in the interests of the country because one large corporation is opposed. There are others opposed to it because they are opposed to the principle of public ownership. The principle of public ownership does not necessarily enter into the consideration of this proposal.

Mr. VIEN: Not at all.

Mr. ROWELL: I believe that quite apart from the principle of public ownership it is in the national interest, if we are to make our present railway properties paying and satisfactory, that we should acquire the Grand Trunk railway. I do not think that those who are opposed to public ownership should let that opposition carry them to the extent of imperilling the country's existing railway investments. Personally, I believe in the public ownership of this great system of railways, and therefore I support it on that ground as well as on the ground that it is in the national interest to acquire the road. Others may support it solely on the ground that it is in the national interest that we should take over the road, but I support it on both grounds. This agreement is in the public interest and as far as I have been able to ascertain the trend of public opinion, the people of the country strongly and cordially support it. I know there are a group in Montreal who are opposed to it. There are interests there opposed to it, but I am quite sure that west of Ottawa river three-fourths of the people are in favour of it, and I imagine that if you got a little east of the city of Montreal you would find three-fourths of the people of the east in favour of it also.

[Mr. Tobin.]

Mr. VIEN: I might answer the Minister with his own words. He says that they did not want to protect certain shareholders by advancing the Grand Trunk Pacific further amounts of money. Why does he now propose to protect a class of shareholders? The question I put to the Government is this: Why is the Government not submitting to arbitration the valuation of the guaranteed stock as well as the valuation of the other stock? The minister did not answer that question.

Mr. ROWELL: I can only answer it in the way that my colleague has already answered it—because we could not get an agreement with the Grand Trunk to do so. The only way we could get an agreement was in this way. We believed that the road was well worth our paying that money. We had already made a cash offer in excess of that amount; therefore, we did not feel that we should block an arbitration, especially in view of the fact that we had already offered something in excess of the amount for the road.

Mr. CAHILL: Why not expropriate it?

Mr. ROWELL: We could not expropriate the Grand Trunk system. We cannot expropriate railways in the United States. We could not get control of that road except by negotiation. If ever a government has worked hard, if ever a Minister of Railways and those associated with him have worked hard to acquire this road on a basis that is fair to the people of Canada, the Government, the minister, and those associated with him, have done so in this case.

Mr. DEVLIN: I would like, before asking a question of the Minister of Railways, to refer my hon. friend the President of the Privy Council to a letter signed by Alfred Smithers, dated July 22, 1918, and following a letter written by the Minister of the Interior to the said Alfred Smithers, the first being the letter referred to by my hon. friend in connection with the offer made by the Government to purchase the Grand Trunk railway during negotiations carried on in London by the Minister of the Interior. Mr. Smithers writes to Sir Robert Borden in this way:

London, July 22, 1918.

Dear Sir Robert Borden,—

I received a letter from Mr. Meighen dated July 11, which was not, however, delivered here till July 15. I acknowledged the letter to Mr. Meighen immediately, and said I would submit it to my board for consideration. This I did at the meeting of the board on Friday, July 19.

A question has been raised as to what really are the terms offered in view of the offer made in the last paragraph but one of the letter.

It is quite apparent that when the Minister of the Interior had made his offer to the Grand Trunk Railway Company they did not quite grasp what the offer was. That is followed by another letter written by the same Mr. Smithers, addressed to Sir Robert Borden, and dated August 2. It is as follows:

Dear Sir Robert Borden,—

I received a letter from Mr. Meighen dated July 11, on July 15th. I acknowledged the letter to Mr. Meighen immediately, and said I would submit it to my board for consideration. This I did at the meeting of the board on Friday, July 19. A question was then raised as to the interpretation of the last paragraph but one of Mr. Meighen's letter. As Mr. Meighen had left for Canada, I asked you for an explanation which I have received in a letter from you dated the 29th July.

It was therefore apparent that the Grand Trunk Railway Company did not really understand what the Minister of the Interior was referring to as the terms of the Canadian Government. I think that it may be said as an added remark of congratulation to the Minister of the Interior that he was apparently putting it all over the Grand Trunk Railway Company in London. Then, coming down to the resolution in question, there is one thing that is bothering me at the present moment. I am not going to put this question to the Minister of the Interior (Mr. Meighen) because it has not a legal bearing; I am going to ask the Minister of Railways and Canals (Mr. Reid)—if he is not overworked—because it is a question of fact. Why is it that apart from the guarantee by the Government of the debenture stocks and the four per cent guaranteed stock, he is now preparing new stock to be called the new guaranteed stock? What is the object of that?

Mr. REID: I was going to say to my hon. friend that this is really a legal question. However, even if I am not a lawyer, I may perhaps be able to give an answer that will explain it. The new stock that is to be issued is to replace the first, second, and third preference and common stocks. For whatever award is made with respect to these different stocks, new stock will be issued and these other stocks will disappear.

Mr. DEVLIN: Then I understand the minister to say that the arrangement of the Government is simply to continue guaranteeing the guaranteed stock, drop the first, second and third preference and common stocks, and issue new guaranteed stock?

Mr. REID: No, to issue new non-voting stock. First, second and third preference and common stocks would come into the possession of the Dominion Government, and then new guaranteed stock of a non-voting character would be issued to the amount of the award.

Mr. DEVLIN: How will that new guaranteed stock be allotted?

Mr. REID: The arbitrators will decide the value of the holding of each stockholder.

Mr. DEVLIN: The arbitrators decide the value, but how will the new stock be allotted?

Mr. REID: The board of arbitrators will allot it.

Mr. MEIGHEN: That is provided for in the letter of the 9th of October that finally closed the arrangement, subject to Parliament. It was intended to arrive, if possible at some arrangement prior to the arbitration; that is to say, to leave it in some way to the holders of these stocks, but fuller consideration convinced the officers of the company that it would likely be very difficult, if not impracticable, for the holders in any reasonable time to agree on the apportionment, and so finally they asked that it be submitted to the arbitrators under the belief that the shareholders would agree to submit their respective and, in part conflicting, claims to the board and thereby finally determine the whole question.

10 p.m.

Mr. McKENZIE: I am not quite satisfied with the argument of the President of the Privy Council with respect to the Grand Trunk Pacific. His argument is that if it was good policy, proper and right, to build the Grand Trunk Pacific, it must be worth whatever claims are against it, whatever claims have been saddled upon it.

Now, that is an absolutely groundless and almost a ridiculous argument. The minister (Mr. Rowell), with his usual facility for stirring up enthusiasm to carry him over a difficulty, made an effort to arouse his friends and the press of the country by saying: "Then this railway, having been built, it is all right and we must stand by it." That is no argument. This is a cold-blooded proposition in dollars and cents as to whether or not the Grand Trunk Pacific is worth in money the claims standing against it, and it must be ascertained entirely apart from sentiment. I do not see where there is room for sentiment here; it is a business proposition. The Grand Trunk Pacific Railway Company is an entity, and it is cer-

tainly closely allied with the Grand Trunk Railway Company, for they were practically together in the building of the Grand Trunk Pacific railway from Winnipeg to the coast. Therefore the obligation of the one is practically the obligation of the other. The Government had nothing to do with those companies beyond assisting them in building that railway. The Grand Trunk Company have fallen down in the business they undertook to carry out; they have not been able to meet the obligations which fell to them by reason of the bonds and other securities which they floated in this country. They have, purely as a corporation, borrowed large amounts of money from the Government, with no sentiment about the transaction at all. Now they have arrived at the stage where they should pay back that money. The people of Canada, through the Government, lent the company hundreds of thousands of dollars, and also, through the Government, endorsed bonds which they must ultimately pay unless they are discharged in some other way. To say that instead of insisting upon dealing with this matter on business principles, it is sufficient to come to this Parliament and state: "Why, the late Right Hon. Sir Wilfrid Laurier thought this would be a great enterprise, and it would be a reflection upon his good name if this company failed to meet their obligation," is not business. I say to the President of the Council (Mr. Rowell) and to this Government that it is not in the power of a company like the Grand Trunk to come to this Government and dictate terms. The Grand Trunk are obligated to this Government to the full amount of the indebtedness of the Grand Trunk Pacific. They are not able to pay it. They evidently have obligations of their own that they are not able to meet. Are we, then, to be told that the Grand Trunk, crippled in that way and on the verge of receivership, as we are told by hon. gentlemen opposite, can come and dictate terms to this Government, and in effect say: "You must guarantee certain preference stocks, you must do this, you must do that, you must do the other thing; otherwise we won't deal with you at all"? And they argue with the Government: "Why, what did you do with the Canadian Northern? You knew the Canadian Northern had stock to the tune of $60,000,000 which was not worth a dollar, but you gave them $10,800,000 for it. You must do the same thing for us." That is the line of argument that is put forward. And the President of the Council, who presides over the wisdom of the Government in Council, comes here and is in entire contradiction with the Minister of the Interior (Mr. Meighen). The latter gentleman tells us: Yes, we are going to figure down to the last cent every dollar that the Grand Trunk Pacific owes this country, and we are going to see to it that it is the first slice that comes off the award. That is the position taken, and that is the business position, if followed up. But immediately after that comes a pathetic speech from the President of the Council, in which he brings in the late lamented Sir Wilfrid Laurier, and in an appeal to the sympathies of the people, he says: The poor Grand Trunk Pacific, like the man who was going down from Jerusalem to Jericho, fell among thieves, and we must help them along and not ask them to pay anything. Now, which of those hon. gentlemen is expressing the views of the Government? The Minister of the Interior encourages us by saying that we will have a big balance against this road, and we will not be so very badly off because the company will have to pay us our bill. But, according to the President of the Council, we are not going to get a cent, because we have got the railroad, and the railroad is worth all its obligations.

Now, I say to the Government, and particularly to the President of the Council, the first thing is to clean up the private transactions between the Grand Trunk railway, the Grand Trunk Pacific railway and the Government. Let the Grand Trunk Railway Company pay the money that they owe us.

Mr. J. D. REID: Then you want to put them into liquidation?

Mr. McKENZIE: I am not afraid of liquidation. The Grand Trunk would not be the first railway that has gone into liquidation. When railway companies become top heavy through overtaxing themselves with bonds and stocks, the proper place for them is liquidation;—let them be shaved down to proper running weight; then we will know where they are at. The difficulty with this Government is that all a railway company has to do is to load itself down with debt, sell everything that can be sold, get the money and put it somewhere, and then when it is in a helpless and hopeless condition come to the Government and threaten: "If you don't take us under your wing, we will go into liquidation." To which the Government respond: "Oh, no; anything under the heavens rather than that! Come under our shelter."

And the company avails itself of the proffered refuge absolutely regardless of the condition it is in. That practice has been established by this Government, and advantage has been taken of it, and that is the trouble. Every railroad in the United States that is worth talking about as a railroad has gone through a receiver's hands. There are railroads in Canada that have gone through the same experience, because they got into trouble; and I assure the Minister of Railways that he will not get a black eye from our people by allowing any concern that is not able to carry on to go into the hands of a receiver in order that its affairs may be investigated and settled. We have an appropriate Act on our statute book for that purpose, and we have a regularly established practice in our courts for dealing with such matters. But the Government has no such equipment, because it was never intended that it should be put in the position of exercising the functions of receivership.

I come back to the same point again, that if we want to deal with this matter in a clean, business way, let us settle our accounts between the Grand Trunk Company, the Government and the Grand Trunk Pacific Company. Let us know exactly where we are at, and then we will know what is the obligation of the Grand Trunk to us. After we have done that, if it is good business to buy the road,—that is another matter. But to leave this hiatus about the Grand Trunk Pacific simply means that we will not know where we are at in regard to it. The receiver, (Mr. Reid) will not give us any light about it—apparently he does not know anything about it. Nobody can state how much the Grand Trunk owes us by reason of the obligations of the Grand Trunk Pacific. I hope that the ministers will recognize that that is the proper system to pursue: Do first things first, and clean up as you go. And let me tell my good friend the President of the Council, that I have just as much regard for the memory of my late revered chief as he has, but I submit to him that I cannot allow the business of this country to suffer by reason of the fact that the name of my late honoured chief might in a remote business way be connected with something that did not pan out as well as he expected.

Mr. J. D. REID: The leader of the Opposition (Mr. McKenzie) urges that we clean up the matter of the Grand Trunk Pacific before we deal with the Grand Trunk. He, therefore, urges delay. The Grand Trunk Railway Company owe $10,000,000 in respect of certain debentures that were guaranteed by the Dominion Government; the hon. member contends that the Government should sue the Grand Trunk for that $10,000,000 and make them pay. He urges that we take action against the Grand Trunk Railway Company for default on the bonds of the Grand Trunk Pacific. What that really means is this: Do not buy this road; force it into liquidation, make it go under the hammer or compel it to enter into other arrangements. And what would that mean? My hon. friend is really advocating to-night that the Government delay any action in this matter and thus put the Grand Trunk in such a position that it will be taken over and owned by the Canadian Pacific Railway Company. No one could put up a stronger argument than he has to show that he wants the Grand Trunk to go into the hands of the Canadian Pacific. If we let the Canadian Pacific Railway Company get the Grand Trunk, there will be no future for the Canadian National railway. If the Canadian Pacific owned or controlled the Grand Trunk either directly or indirectly, what chance would the Canadian National railway system have in competition with such a system? If we do not want to continue the operation of the Canadian National railway, then let the Grand Trunk go into liquidation and let the whole system, Canadian National, Grand Trunk and all, go over to the Canadian Pacific.

Now, the offer made by this Government to the Grand Trunk has been before the people of Canada for a year or more, and outside of a few newspapers in eastern Canada, the press and the public are in favour of the Government taking over the Grand Trunk and of our having just two complete railway systems in Canada. I believe that it is in the interest of Canada that we should have two railway systems, and two only. Let us either say, therefore, that we are going to have a complete railway system owned and operated by the Government—and let us say that by adopting this resolution and proceeding along the lines which it sets forth—or that the whole system, Canadian National and Grand Trunk, should be allowed to come under the control of the Canadian Pacific, directly or indirectly. Let us come out in the open; let us have a decision one way or the other, and let the public know of it.

Mr. VIEN: The Minister of Trade and Commerce (Sir George Foster) did not appear to think that this question was one

of such urgency when he stated on Wednesday last that he thought that the House might close on Saturday of that week. The Minister of Railways himself has not been in much of a hurry; although for almost a year he has been receiver for the Grand Trunk Pacific, he has taken no particular steps in connection with obtaining a valuation of the assets and liabilities of that road. If the Government could not agree with the Grand Trunk Pacific as to a valuation of its assets and liabilities, the matter could have been referred to arbitration. The Minister of the Interior (Mr. Meighen) said a moment ago that the whole thing is to come up in the arbitration proceedings. But this is done after $60,000,000 worth of stock has been put aside to be released from the valuation of the arbitrators. We do not even know what are the liabilities of the Grand Trunk. It is not necessary to liquidate by means of an auction sale or by putting the road under the hammer; the amount of the liabilities and assets could be ascertained by arbitration. The receiver of the Grand Trunk Pacific had over eight months in which to do that, but he has not done it. So, if there is any hurry now it is entirely due to the action of the receiver himself.

Mr. J. D. REID: The hon. member says that a week or two ago we were in no hurry. He knows that the Grand Trunk Railway Company have for a year or more been urging that we settle this matter either by arbitration or otherwise. Sir Alfred Smithers has been here for two months. We did not believe that there was any chance of his accepting our offer until a few days ago; but when he did accept our terms, what were we to do then? Were we then to say: We will not bring it up this session; we will wait until next year? Surely hon. members will agree with me, that it was the duty of the Government, having accepted the terms, not to delay, not to pigeon-hole the matter for several months, but to submit it at once to his House for its consideration. We are here to legislate in the interest of the country, and I believe, for reasons which I explained a few minutes ago, it would be suicidal for the Government to hold off for several months. Therefore, having accepted and acknowledged the letter of acceptance, the first thing we did was to submit the matter to Parliament, and I believe it is not in the interest of our great railway system nor in the interest of the country to keep public opinion in an unsettled condition as to the settlement of this great railway proposition. For that reason, I say that we, of course, had to reconsider the question of the House closing at an early date.

Mr. H. H. McLEAN: May I ask the Minister of Railways a question? The answer to this question is one in which the people of the ports of Saint John and Halifax are personally and deeply interested. If the Minister of Railways is not prepared to give an answer this evening, I do not ask for one now; but when the Bill is under discussion, I should like a statement from the minister if he cannot give an answer now. My question is this: Is it proposed by the Government to utilize the ocean terminals of the Grand Trunk at Portland, Maine, in the shipping and receipt of ocean freight?

Mr. J. D. REID: Of course, when we are on the Bill, I shall be glad to discuss that matter, but I might say this evening that the ports of Saint John and Halifax have been and are being still further developed for our own Canadian ocean terminals, and the Government intend using those ports to their fullest capacity. There is no doubt about that. We have now the Transcontinental which was originally built for that purpose right into Saint John. But Portland is a portion of the Grand Trunk system and the hon. member will understand that a large portion of the Grand Trunk is in the United States. There is the Central Vermont and other portions of that line, so that Portland will have to be used to a certain extent for portions of the Grand Trunk railway system. But I want to impress upon the hon. member that there is no intention of not carrying out the policy of the Government in the past of developing and keeping our traffic in our own Canadian ports so far as it is possible to do that.

Mr. H. H. McLEAN: The Minister of Railways will understand that our people in the East feel that ocean freight gathered by the Grand Trunk Pacific in the West and other points should be shipped through Canadian ports, and that ocean freight destined for points on the Grand Trunk Pacific in the West should be received at Canadian ports.

Mr. J. D. REID: Certainly that is so.

Mr. H. H. McLEAN: Not only have we in the city of St. John very fine terminals, but the Government is spending enormous sums of money there in developing the port and in providing additional terminals.

We would say that we would be able to handle at the ocean terminals in St. John and Halifax all the freight that is carried from one part of Canada to the ports that I have mentioned.

Mr. ARCHAMBAULT: The President of the Council (Mr. Rowell) stated that we could not expropriate the Grand Trunk railway because we could not expropriate a line in the United States. I quite agree with him, but I would go further. I believe that Canada cannot operate railroads in the United States. The reason for this is, in my opinion, that if we operate railroads in the United States, we become subject to American railway laws. I think everybody will agree on that point. When we say that Canada owns and operates railroads in the United States, that means that His Majesty the King owns and operates railroads in the United States. Now, certainly my hon. friend is too loyal to contend that the King could become subject to the American law, and I believe this reason is very serious.

Mr. MEIGHEN: I discussed this point at some length this afternoon. Even although the Government of Canada as a government owned the road, there would surely be no more objection to the road being owned and operated directly by the Government than there is now to the American Government operating roads directly in Canada.

Mr. ARCHAMBAULT: If my hon. friend will allow me, I do not believe that the American Government now owns any roads which are operated in Canada except roads such as the New York Central and the Delaware and Hudson which are privately owned roads, only operated temporarily, if I am not mistaken, by the Government of the United States.

Mr. MEIGHEN: I know that. The hon. gentleman was talking of operation. That is all that he mentioned in his first statement. Does he say that it is all right for the Government to operate a road in another country providing that it does not own the road? The nonsense of that will appear to him at once

Mr. ARCHAMBAULT: I do not believe that Canada can operate any railroads in a foreign country.

Mr. MEIGHEN: Then the foreign country cannot operate any railroads in Canada, but it is doing that every day, and so are we in that country.

Mr. J. H. SINCLAIR: Temporarily.

Mr. MEIGHEN: Temporarily, it is true.

Mr. ARCHAMBAULT: Privately-owned railways.

Mr. MEIGHEN: It may be temporarily or it may not, but I do not see any more objection to the United States operating a road in this country for ten years than to their operating it for one year. I do not see where the legal phase is in any way altered; it is all the same in the one case as it is in the other. As to the advisability of it, that is a matter for them to decide. Direct operation by Government in its most objectionable form from the standpoint of the hon. gentleman takes place now. The United States Government directly operates railroads in Canada in at least four different instances.

Mr. ARCHAMBAULT: Not owned by the United States Government.

Mr. MEIGHEN: Does the hon. gentleman argue that it is all right for the Government to operate roads in a foreign country providing that it does not own them?

Mr. ARCHAMBAULT: Yes.

Some hon. MEMBERS: Oh, oh.

Mr. MEIGHEN: I will have to let the hon. gentleman's answer expose his own fallacy, because it really becomes so patent an absurdity that nothing more can be said on it. In this case, the Government does not propose directly to operate the line. The Government will only be stockholders of a company which operates. It will be said that that is only a change of method. That is all it is, but it is a very important change, for this reason, that if there is any breach of law in operation of the country operated through, then the action lies against the corporate entity, and the fact that the Government owns the stock does not affect the matter in one way or the other. The corrective agent will be applied against the corporated entity, the Grand Trunk Railway Company or the Canadian National Railway Company, and not against the King in the right of Canada.

While it is only a change of form, from the point of view of any possible legal, constitutional or international objection it is a very important change, very important indeed. I do not see the slightest objection to the Government operating the line directly. I cannot see that there could be any objection to operating for three years, that would not be quite as valid to operating for

one year. Consequently, if there would be no objection to operating directly, then in multiplied form there could be no objection to operating merely when we are holders of stock in a company which operates, and that company stands there to answer all the claims and obey all the obligations resting on them under American law.

Mr. ARCHAMBAULT: If I understand my hon. friend rightly, Canada by this agreement does not become the proprietor of the roads belonging to the Grand Trunk that are in the United States.

Mr. MEIGHEN: She becomes the owner or controller, or whatever else the Grand Trunk now is in relation to those roads. That is to say, we become the stockholders in the company, which, after we become stockholders has just the same ownership or control over these American lines as it had before we become stockholders. There will be no change in that respect whatever.

Mr. J. H. SINCLAIR: On page 51 of the Memoranda I notice a long list of railways, such as the Atlantic and St. Lawrence, the Buffalo and Lake Huron, the Central Vermont, the Southern New England Railway, and others. I presume that some of these railways are altogether in the United States. When we become the owners of all the stock of the Grand Trunk we will then be in a position to appoint the directors. Shall we be able to appoint Canadian directors?

Mr. MEIGHEN: I do not know that we shall be able to appoint directors at all in every case.

Mr. J. H. SINCLAIR: Will you not maintain these incorporated companies?

Mr. MEIGHEN: All I can say is this: At the present I know of no reason for changing the policy with regard to these roads that has hitherto been pursued by the Grand Trunk. There would be no reason apparent to me for changing the policy The Grand Trunk now either owns the stock of these roads or has leases of them—perpetual leases, I think, where there are leases. Now whatever policy the Grand Trunk pursues with relation to these roads now, I see no reason for changing that policy merely because we become the stock holders of the Grand Trunk. That is all I can say. It would be, of course, for the new Grand Trunk directorate, after the discharge of the Committee of Management, to say what is the best policy to pursue in relation to these American interests.

[Mr. Meighen.]

Mr. J. H. SINCLAIR: There is another question. We have been talking all this evening about the guarantee given by the Grand Trunk in respect of the Grand Trunk Pacific, but the Grand Trunk has also guaranteed the bonds of all this long list of railways. What will happen to those guarantees when we assume control of the Grand Trunk system? Shall we have to implement those guarantees which the Grand Trunk has given to the stockholders or bondholders of these roads?

Mr. MEIGHEN: We shall not have to do anything. The Grand Trunk will have to do then just what it has to do now.

Mr. J. H. SINCLAIR: That will be the Government?

Mr. MEIGHEN: The Government will be the owners of the stock. The company will be under exactly the same obligations it has always been under. Hon. gentlemen must remember that the Grand Trunk is not guaranteeing the 5 per cent on the capital stock of the Atlantic and St. Lawrence Railway, for instance; that is the rental the Grand Trunk pays for that road. Of course, if we are going to run the road we shall have to pay the rental, and that same argument applies to each of these other companies. The Grand Trunk will be under the same obligations after we are stockholders as they are now while 180,000 people are stockholders, but that does not say that the obligations are onerous. The obligations were entered into for the advantage accruing to the system, the Grand Trunk acquiring these subsidiary roads by leasehold, stock control or stock ownership.

Mr. McKENZIE: The minister speaks about us owning the stock, and says that a company is an entity, but owns nothing.

Mr. MEIGHEN: I did not say that.

Mr. McKENZIE: The physical assets, at all events, of the Grand Trunk Railway will remain the property of the Grand Trunk.

Mr. MEIGHEN: Yes.

Mr. McKENZIE: Is it the intention that the Grand Trunk, for instance, to mention only that company, will remain in perpetuity under its present name and not lose its identity under the ownership of the Government?

Mr. MEIGHEN: I cannot say that any fixed determination of policy has been come to, but I would say that it was entirely probable, after the acquirement is completed, that the road would be merged in the

Canadian National system and thereby lose its name.

Mr. McKENZIE: What would become of this stock on which we are guaranteeing the interest if the company disappears altogether? Suppose, for instance, the company is wound up and goes out of existence?

Mr. MEIGHEN: The company does not need to become extinct to have the system merged. For instance, the Canadian Northern system owned, I think, twenty-nine separate companies, all of which were distinct entities and had stock issues. They were creations of the Canadian Northern, and became a part of the system. The stock issues still remain. The Grand Trunk stock may still be outstanding; that is to say, the non-voting certificates, as it is better to call them, may still be outstanding, although the system as a system is merged in the Canadian National railway system, and run as part of that system. That answers the question fully. These non-voting certificates, or as you may call it, this non-voting stock, will be held by the owners of the present stock, and they will cash their dividends just as Victory Loan certificates are cashed, while the Grand Trunk will be merged with the Canadian National railway and be known as such.

Mr. McKENZIE: I can see no utility or purpose in having so many different companies and so many names when we own the property. The Intercolonial, for instance, which is a Government property nearly fifty years old, has no incorporation of any kind. It has no stock and never had any stock. It is owned by the Government, but it is no more owned by the Government than is the Canadian Northern. The Canadian Northern is also owned by the Government except for a few outstanding shares here and there. I think the man in the street would prefer that we should own the Canadian Northern as we own the Intercolonial, and that if we are going to own the Grand Trunk we should own it in the same way as we do the Intercolonial. If we are going to own the Grand Trunk let us own it in unison with the other properties we have. There is no use in having a number of different names and a variety of stocks and bonds and debentures. If we are going to own the whole road the simpler way would be for the Government to own all these properties and deal with them, so far as book-keping and management is concerned, just as we deal with the Intercolonial.

However, that is a matter of detail. The member for Royal (Mr. H. H. McLean) asked the Minister of Railways something about the policy of the Government in regard to the port of Portland and the ports of St. John and Halifax. The minister will remember that when the scheme of building the Transcontinental railway and the Grand Trunk Pacific was being considered, a part of the bargain, so far as the people were concerned, was that any freight that was not routed by the owner was to be routed by the Government. The present Government was not in power then, but the principles of governments do not die and obligations of one government must necessarily be carried on by the other; it is the King's business, which must be carried on. I would remind the Minister of Railways that it is an outstanding policy of the Government of this country that all freights originating in Canada which are not routed by the owner must go by Canadian ports. It is desirable to know if the Government is going to stand by that principle. Of course, there was no written agreement between the Canadian people and the Government, but that was announced as the policy of the Canadian Government, and I never heard that this Government had in any way departed from the policy established by their predecessors. Now that there is talk of acquiring an American outlet for Canadian products, it would be interesting to know if it is the intention to depart from that policy.

Mr. J. D. REID: I do not know that I can give any more complete answer than I gave to the hon. member for Royal. When we build our Canadian ports we certainly intend to use them. We have made a short connection to St. John by taking over, I think, the St. John Valley line; and we all know that the shortest rail and ocean route between Liverpool and Canada is via Halifax. The Government will use its own ports and give them preference.

Mr. TURGEON: Is the minister prepared to tell the people that all the traffic collected on the new Grand Trunk line from Western United States and Western Canada, having reached Montreal, will be forwarded direct to St. John and Halifax instead of being diverted from Montreal to Portland? The people of Canada, and more particularly the people of the Maritime Provinces, are interested to know what will be done in the future.

Mr. J. D. REID: I do not know that I can add anything to what I have said. We

will use our own road to St. John and Halifax. The Government are not changing the policy laid down since we came into power in 1911. We are developing the ports of Halifax and St. John and we shall certainly use them.

Mr. ARCHAMBAULT: I have made a cursory examination of the memorandum distributed and I fail to see any statement showing the total amount of subsidies or assistance given by the Canadian Government to the Grand Trunk Railway.

Mr. MEIGHEN: It is on Page 26.

Mr. McKENZIE: I am afraid we shall be very late if we attempt to pass the resolution to-night, and I would suggest to the leader of the Government that we report progress.

Mr. DOHERTY: Mr. Chairman, I move that the Committee rise and report progress and ask leave to sit again.

Progress reported.

Mr. J. D. REID: I beg to lay on the table of the House some maps showing the location of the Grand Trunk System.

Mr. McKENZIE: Is there any possibility of distributing these maps?

Mr. J. D. REID: There are a good many of them but I do not think there are sufficient to provide one for each member. There are a dozen or more, some with regard to the Grand Trunk Pacific and the others with regard to the Grand Trunk. If more are required I shall be glad to get them.

On the motion of hon. Mr. Doherty the House adjourned at 11 p.m.

Thursday, October 16, 1919.

The House met at Three o'clock.

QUESTIONS.

(Questions answered orally are indicated by an asterisk.)

PROPORTIONAL REPRESENTATION.

*Mr. ANDREWS:

What action, if any, does the Government propose taking regarding the adoption of Proportional Representation?

Sir GEORGE FOSTER: As has been intimated by the Prime Minister, it is proposed to call a Speaker's conference to deal with the question of proportional representation.

[Mr. J. D. Reid.]

EXPORT OF NICKEL.

Mr. PEDLOW:

1. Was there an investigation, ordered by the Dominion Government, by a representative of the Government, regarding the export of nickel during the years 1916, 1917 or 1918?
2. If so, by whom?
3. What was the finding?

Hon. Mr. MEIGHEN:

1. On the outbreak of war in 1914, the Government ordered a full investigation with respect to the export of nickel and the putting in force of an effective system of control which would ensure that Canadian nickel did not reach our alien enemies.

2. G. A. Bell, Deputy Minister, Department of Railways and Canals.

3. A system of control was established, approved by the Imperial authorities, which enabled the Canadian Government to direct and control the output of nickel, and to establish beyond doubt the purpose for which every pound of nickel was used.

RETAIL DISTRIBUTION OF SUGAR.

*Mr. PEDLOW:

1. Has the Government been officially notified by the Secretary of the Board of Trade of the city of Winnipeg that the retail merchants of Winnipeg, because of an order of "The Board of Commerce" limiting the gross profit to retail merchants to one cent per pound on sugar, had decided to cease handling sugar?
2. Has the Board of Trade of Winnipeg requested the Dominion Government to take over the retail distribution of sugar in that city and district?
3. If so, what method of distribution of this commodity has the Government decided to adopt?

Sir GEORGE FOSTER:

1. No.
2. No.
3. Not necessary.

DYNAMITERS—LORD ATHOLSTAN'S RESIDENCE.

Mr. LANCTOT:

1. Did the Government promise a reward in connection with outrage committed at the residence of Lord Atholstan at Cartierville on August 9, 1917?
2. Has the reward been paid? If so, to whom?
3. Did the Minister of Justice receive a request for permission to take legal procedures against the Government for the recovery of damages amounting to $5,000?
4. Has such request been refused?
5. If so, for what reason?

Hon. Mr. DOHERTY:

1. Yes.
2. No.
3. No such request was received by the Minister of Justice.

4 and 5. Answered by No. 3.

GUELPH NOVITIATE INQUIRY.

Mr. TURGEON:

What is the total cost of the investigation into the charges preferred against the Jesuit College of Guelph, Ontario, on the alleged evasion of the Military Service Act by the directors of said college?

Hon. Mr. DOHERTY: Amount paid to date by Department of Justice, $440.97. Some accounts remain to be adjusted.

MONTREAL POST OFFICE—RETURNED SOLDIERS.

Mr. DESLAURIERS:

1. Is it true that about a thousand returned soldiers employed chiefly at the Post Office of Montreal have been discharged?
2. If so, for what reason?

Hon. Mr. ROWELL:

1. No, but the services of 140 temporary employees who were taken on in the Montreal Post Office to replace members of the regular staff on summer holidays have been dispensed with, as the summer holidays have been completed and the regular staff has returned to duty. The services of these temporary men were, therefore, no longer required. 115 of them were returned soldiers.

2. Answered by No. 1.

GRAND TRUNK RAILWAY—MONTREAL BOARD OF TRADE.

On the Orders of the Day:

Mr. S. W. JACOBS (George Etienne Cartier): Mr. Speaker, I should like to ascertain from the Government if it has received any communication from the Council of the Montreal Board of Trade suggesting that the Government defer the acquisition of the Grand Trunk railway; and, if so, what answer has been made?

Hon. J. D. REID (Minister of Railways): Mr. Speaker, as Minister of Railways I have not received any communication from the Montreal Board of Trade. If I had, I would have answered that the resolution is now before the House and that we intend asking the House to pass the Bill founded on it at the present session.

Mr. JACOBS: The question I put secondarily was whether the Government had made any answer to the council of the Montreal Board of Trade.

Right Hon. Sir GEORGE FOSTER (Acting Prime Minister): Two or three communications have been received conveying the sentiments of the Board of Trade with reference to the question under discussion, which I have acknowledged—simply that and nothing more.

WERNER HORN.

On the Orders of the Day:

Mr. PIUS MICHAUD (Restigouche and Madawaska): Is the Government aware that a self-confessed German agent named Werner Horn, who boasted that he blew up the C.P.R. bridge across the St. Croix river in the province of New Brunswick in February, 1915, was brought to New York yesterday by two Canadian officers, who will take him into Canada for trial? If so, where will he be tried, and when?

Hon. CHARLES J. DOHERTY (Minister of Justice): I was not aware of the exact stage the proceedings had reached.

Proceedings have been pending for some time for the extradition of the person referred to. Their progress was delayed by the fact that he was convicted of different offences committed in the United States and underwent sentence there. Whether the statement referred to by the hon. member is accurate or not I am not aware, but I shall make inquiries.

RAILWAY MAIL SERVICE.

Mr. AIME MIVILLE DECHENE (Montmagny): In some parts of Quebec, Mr. Speaker, we have asked for an improvement in the Railway Mail Service, and I understand from the official reports that the matter is delayed on account of the proposal to increase the rates received by the railway companies for transporting the mails. Is the Government about to settle that increase and so improve the service required?

Sir GEORGE FOSTER: The matter is under the consideration of the Government.

Mr. DECHENE: May I ask further when the matter is going to be settled?

Sir GEORGE FOSTER: After it has been duly considered.

GRAND TRUNK RAILWAY SYSTEM.

RESOLUTION RESPECTING ITS ACQUISITION BY THE GOVERNMENT.

House again in Committee (from October 15) to consider resolution providing for acquisition by the Government of Canada of the Grand Trunk railway system. (For resolution see page 1059 of Unrevised Hansard.) Mr. Boivin in the Chair.

Hon. Sir THOMAS WHITE (Late Minister of Finance): It had been my intention to speak upon the motion for the second reading of the Bill which will be brought in after this resolution has been

adopted, because it appeared to me that the policy of the Government would then be brought under formal and deliberate review. But as the debate upon this resolution has taken a general character, it has occurred to me that I can say what I desire to say upon the question at the present time. At the outset I desire to say that the policy of the Government in acquiring the Grand Trunk Railway Company of Canada has my hearty and unqualified support. It does not appear to me that the Government could properly take any other course, if they are to have due regard to their duty respecting the existing railway situation in Canada, and the transportation needs and requirements of this country. This matter cannot be discussed without reference to the general railway situation of this country. It is not my intention to detain the House at any length by going into details of the finances of the several railroad systems of Canada. Those matters were so fully discussed during the past few years that it would seem to me that I would be trespassing unduly upon the indulgence of this House if I attempted to go into details. I think the House is sufficiently acquainted with the position of the several transcontinental railway systems of this country, and my observations will, therefore, be of a general character with regard to the policy which has now been disclosed by the Government in their proposed acquisition of the Grand Trunk railway system.

There are certain salient features of the railway situation to which attention may be usefully directed in arriving at a wise conclusion as to the action which should be taken at this time with regard to the Grand Trunk Railway Company. In the first place, I think every one in this House would be disposed to agree with the general proposition that Canada has been seriously over-built with respect to transcontinental railways. That is abundantly evident in the duplication of extensive and expensive lines which have been constructed during the past fifteen or more years. One has only to consider the situation from Winnipeg west to the Pacific coast, or for that matter, from Toronto to Montreal in which three lines parallel each other for great distances, almost within a stone's throw of each other, to reach the conclusion without doubt or hesitation that there has been most serious duplication in the construction of Canada's transcontinental railway systems. It is idle to inquire what political party, if any, is responsible for that state of affairs. It is also idle to inquire what share of responsibility should be borne by political parties, and I have said in this House before that a share of the blame, if blame is to be imputed, rests upon both political parties in this country. This is, however, to be said for the action which was taken. It was a period of great expansion in Canada, and, at least, a majority of the people, were practically consenting parties to the railway policy which was adopted during the past twenty years, and any one who did not seriously object to the policy which was adopted by previous governments at the time that policy was adopted, can hardly be heard now to complain as to the serious existing situation, because the situation is a serious one.

I think this committee will agree with me that, having regard to the momentous questions which have been before Canada during the war and which now are before Canada as a result of the war, we might better not waste discussion in seeking to impute degrees of blame for any national situation which may exist. The proper course for us as public men to consider is: What is the existing situation? Does it require remedy, and, if so, what is the appropriate remedy? That is the problem before the House and the country.

I have said that Canada's transcontinental railway systems have been built on too extensive a scale. Let us consider what the situation was fifteen years ago, or let us say, at the beginning of the present century, nearly nineteen years ago. Canada was then served by one splendid transcontinental system, admirably managed, the Canadian Pacific railway, which was the only transcontinental system at that time. Then we had the old Grand Trunk Railway Company of Canada, one of the pioneer roads which had much to do with the development of old Canada. Its lines were principally in Central Canada with most important connections to Chicago and to points in the Eastern States. Then we had in Manitoba and in the two provinces immediately to the west the Canadian Northern railway system with its several branches. It must not be forgotten in connection with the Canadian Northern railway that it opened up immense territory which otherwise might not and probably would not have been opened up to-day. I think myself that the construction of the Canadian Northern railway through the Canadian Northwest was the means of immensely increasing the productive capacity of those three Prairie Provinces. One has

only to consider the quantity of grain carried by the Canadian Northern railway, to agree with the statement which I have made. That was the situation which confronted Canada fifteen or twenty years ago. My view is—and I put this forward not at all dogmatically, I hope I may never be accused of that in this House—that it would have been wise if the Canadian Northern railway with its extensive connections in the Canadian Northwest should have been joined up with the Grand Trunk railway system in Central Canada. Then we should have had two transcontinental railway systems, the Canadian Pacific, which already existed, and which has been widely extended, and the Grand Trunk—Canadian Northern system, which then would have had the lines of the Grand Trunk in the East with their connections, as I have mentioned, in the United States, and the Canadian Northern Railway system in Manitoba, Saskatchewan and Alberta. But that was not done. The Grand Trunk Pacific Railway system was gone on with under the agreement which was entered into between the Government and the Grand Trunk Railway Company in 1903. The eastern division of the National Transcontinental, that is the line between Moncton and Winnipeg, was also gone on with. Now it is only fair to say that those proposals were before the people of Canada, and the Government which brought them forward in 1904 and 1908 was supported by public opinion. The result was the building of the National Transcontinental from Moncton to Winnipeg at a cost of $160,000,000 or $170,000,000, and the construction of the Grand Trunk Pacific from Winnipeg through to the coast, in competition with the Canadian Northern and the Canadian Pacific. It also resulted at a later date in the extension of the Canadian Northern Railway system easterly.

I submit that the seriousness of the existing railway situation in Canada is due to the fact that the Grand Trunk Pacific railway was extended through from Winnipeg to the coast, and that the Canadian Northern was extended through Ontario and Quebec to the east. That has resulted in an enormous additional expenditure of capital, and in great and most wasteful duplication of lines, to the detriment of the entire country, because freight rates have an undoubted relation to the cost of operation of railways, which includes, of course, their fixed charges.

The serious railway situation which I have mentioned was by far the most important problem in this country before the war broke out. The war during its course of four and more years overshadowed that issue, but it is only natural that the railway problem, which, next to the war, was the most serious question before Canada, should again take its proper place in importance before this House. The result is that we find ourselves to-day discussing this important transaction; the acquisition by the Government of the Grand Trunk Railway system of Canada. In 1911, it will be remembered, the Government of the day, the late Liberal Government, introduced legislation guaranteeing the bonds of the Canadian Northern Railway Company to the amount of $35,000,000, covering the line, roughly speaking, from Montreal to Port Arthur. So far as I am aware, there was no strong opposition on the part of the Conservative party to that guarantee, so it would appear that both political parties consented to the giving of that guarantee, which really determined the character of the Canadian Northern railway as a transcontinental system.

When the Conservative Government took office in 1911 we found, therefore, this situation: The Eastern division of the National Transcontinental railway, that is the section between Moncton and Winnipeg, partially completed, and the Canadian Northern Railway line between Montreal and Port Arthur partially completed and being financed or about to be financed from the proceeds of the bonds which, as I have stated, were to be guaranteed by the Dominion Government. The Grand Trunk Pacific was uncompleted. That was the railway situation when the Conservative Government came into power in 1911. I desire to say on behalf of myself, and I think also on behalf of my late colleagues in the Government, that it was the desire of us all to deal as fairly as possible with the railway situation. I think that was the right course and the course which was in the national interest. I know for myself that the money that was needed to complete the Grand Trunk Pacific railway was found and found not unwillingly. In 1909 the Liberal Government had given a guarantee of $10,000,000 in order to secure funds to enable the Grand Trunk Pacific to go forward with its enterprise. In 1913, the second year after the Conservative Government came into power, we appropriated a further sum of $15,000,000, and in 1916 a further sum of $16,000,000. In 1916 we also set aside $8,000,000 in the Estimates in order that the Grand Trunk Pacific railway might

be enabled to carry on. We also placed an estimate of $7,500,000 in the Estimates of 1917 and again in 1918. The point, therefore, I am making is that so far as the Grand Trunk Pacific is concerned the policy of the Dominion Government was that it should be completed in accordance with the original plans and specifications. Now that was done. We also finished the National Transcontinental from Moncton to Winnipeg. With regard to the Canadian Northern, we found an uncompleted situation. First an additional subsidy was granted, and afterwards there was a guarantee of $45,000,000 of bonds, and later a loan—I am speaking from memory—of $15,000,000.

With regard to the obligation of the Grand Trunk Pacific to take over the Eastern division of the National Transcontinental from Moncton to Winnipeg and pay a rental after seven years of three per cent upon the total cost, it was apparent to me, and I think the Government, that it would be quite impossible for the Grand Trunk Pacific, no matter if successful beyond the utmost expectations which could then be formed of it, to pay such a rental, because the cost for various reasons had been so much larger than was originally contemplated. The Government therefore took the position that whatever loss there might be in connection with the Eastern division of the National Transcontinental would fall upon the Government and the people of Canada.

That brings me down to 1916. We were then in the midst of the war. There were heavy demands upon the national Treasury and there had been so many applications made to the Dominion Government on behalf of the Canadian Northern and the Grand Trunk Pacific that it was determined the Government could not continue to pay out these large sums and allow these systems to remain in private hands. That was the decision come to by the Government, and that decision, I am sure, was strongly supported by public opinion throughout this country. After a very full statement to the House we decided that a commission would be appointed to investigate the entire railway situation in Canada, and to make such recommendations as they might deem proper.

That commission, as the House knows, consisted of three very eminent gentlemen—Sir Henry Drayton, who was then chairman of the Board of Railway Commissioners for Canada, Mr. Smith, president of the New York Central Railway company, and Mr. Acworth, a distinguished financial and railway authority of Great Britain. The report which they brought in is an historic document, and I believe its recommendations have on the whole met with acceptance throughout the country. It is true that the report I refer to was a majority report; Mr. Smith dissented. What they recommended was precisely what it appears to me they were bound to recommend, having regard to the financial condition of these railway companies and to the necessity of keeping our railway systems in such physical and financial condition as would enable them to discharge their duties to the Canadian community. They recommended practically the taking over the Canadian Northern Railway, of the Grand Trunk Railway and of the Grand Trunk Pacific Railway. They recommended that these railways should be joined up with the Intercolonial Railway, that old link which bound together the Maritime Provinces and Quebec and Ontario. They further recommended that a commission should be appointed of competent men entirely free from political influence who should administer the affairs of that national railway system. The result of their recommendation if carried out would be two transcontinental railway systems in Canada. That, I submit, would have been a desirable thing if it had been accomplished, by the method which I mentioned, in 1904. They aimed at two systems.

It was not proposed that the Canadian Pacific Railway Company should be taken over, and personally I am opposed to the taking over of that company because I believe it is rendering a most admirable service to the people of this country. It is a railway of which we are all proud. Its management is of the highest character and quality, and its achievements both before and during the war have commanded the admiration not only of the people of Canada but of the whole world. The Dominion Government, feeling that the recommendations of the Drayton-Acworth report were sound, proceeded to carry them into effect. It could not be done at once. As a result, the Canadian Northern Railway Company was taken over and it is being operated through a Board of Directors; and there is associated in its management the Intercolonial Railway of Canada. The policy of acquiring the Canadian Northern and joining it up with the Intercolonial was the following out of the recommendations of the Drayton-Acworth report.

Now we come to a later stage. We had furnished the Grand Trunk Pacific Railway Company with some seven and a half or eight million dollars per year to enable it

to carry on its operations, and there came a time when the Government considered that public opinion in this country would not sustain it in advancing further large sums—seven millions, eight millions or ten millions, which would have been required during the past year to carry on the Grand Trunk Pacific railway, the ownership of whose stock was in the Grand Trunk Railway Company and whose securities were guaranteed in large part by the Grand Trunk Railway Company of Canada. It is within the memory of the House, because it is comparatively recent, that the Grand Trunk Pacific Railway Company, being unable to go on, was placed in receivership by the Government of Canada. That occurred in February or March last. During the preceding summer the Grand Trunk Railway Company had made an application to the Dominion Government for assistance. It was clear that the Grand Trunk Railway Company was in a serious position by reason of its being involved in guarantees, to so large an extent, of the securities of the Grand Trunk Pacific Railway Company. I think the indirect liability of the Grand Trunk Railway Company to the Grand Trunk Pacific Railway Company was in the neighbourhood of $100,000,000. On the other hand—and it is very pertinent to the discussion of this question—it is to be borne in mind that the Dominion Government has direct and indirect liabilities in respect of the Grand Trunk Pacific Railway Company to an amount of some $140,000,000 or more—say $145,000,000.

Now, Mr. Chairman, the placing in receivership of the Grand Trunk Pacific railway in my judgment, made inevitable the acquisition of the Grand Trunk railway of Canada. The Grand Trunk Railway Company of Canada, in order to continue conducting its operations, would have been obliged to make good its guarantee upon the securities of the Grand Trunk Pacific Railway Company which were outstanding. Ten million dollars of these securities issued in 1909 were guaranteed by the Dominion Government. The Grand Trunk, like any other transcontinental railway system, would have been obliged to make needed extensions and improvements of a capital character in order that its system might be properly and adequately maintained. It would appear, therefore, that the Grand Trunk Railway Company, with the Grand Trunk Pacific Railway Company in receivership, must inevitably seek assistance from the Dominion Government and as I have pointed out, in 1908, although the Grand Trunk Pacific was not then in receivership, application had been made for assistance and the question was then raised in the correspondence between the Prime Minister and Mr. Alfred Smithers as to the liability of the Grand Trunk upon the Grand Trunk Pacific's securities. It was an obvious situation, and I shall not dwell upon it because it seems perfectly clear. The Grand Trunk was so involved with the Grand Trunk Pacific that it would be exceedingly difficult for it to continue to maintain its efficient condition and equipment and take care of its liabilities in respect of the Grand Trunk Pacific's securities.

Mr. McKENZIE: Will the hon. member pardon me? I should like him to tell the committee what was the character of the assistance asked for by the Grand Trunk on that occasion.

Sir THOMAS WHITE: I am speaking from memory—it was, I think, in order to enable them to meet certain maturities upon their own obligations which were about to become due in London.

Mr. McKENZIE: How much money did they ask for?

Sir THOMAS WHITE: I am sorry I am unable to give the hon. gentleman that information, but I have no doubt it can be given to him by the Government. It was not a very considerable sum in terms of railway finance, but still it was a substantial amount. Now, just let me recapitulate the different steps which have brought about this situation, inevitable if the Government is to discharge its duty in regard to the serious railway condition that exists in this country and in regard to the transportation needs and requirements of Canada. The necessity for further assistance to the Canadian Northern Railway Company and the Grand Trunk Pacific Railway Company became evident.

The Dominion Government, in giving its guarantee in 1914 of the securities of the Canadian Northern Railway system to the extent of $45,000,000, insisted upon receiving $40,000,000 of the common stock of the company. They took the view that if they were to be called upon to give such a large guarantee of the securities they must obtain a substantial interest in the road. They obtained, with the amount of stock which they had received the year before, in respect of the subsidy they granted, a total sum of $40,000,000 out of the $100,000,000 of the capital stock of the company. That

gave the Dominion Government an interest in the Canadian Northern Railway system. Then, the further loans which were made to the Canadian Northern Railway and to the Grand Trunk Pacific brought about the commission to inquire into the railway situation in Canada. The result was the Drayton-Acworth report under which the Government has since acted, and under which, Mr. Chairman, it is acting in bringing down the resolution now before the House.

I desire to dwell for a moment upon certain financial aspects of this transaction and indeed relating to the taking over of any railway system. It is often put forward that the Dominion Government in taking over a railway system is increasing the public debt by the amount of the securities which have been issued and are outstanding of such railway company. Well, one can understand what is in the minds of persons putting forth that view. They say: "If you acquire a railway company which has very large obligations to be met, you increase the national debt of Canada by the amount of those obligations." I think it must be perfectly clear to the House—and I desire to dwell upon this point a little—that in taking over any railway company the liability assumed is a marginal liability. It is not a liability to the full extent of the securities outstanding of such system. Let me take a simple case. Suppose the Dominion Government were taking over the Canadian Pacific railway to-morrow, does anybody suppose that we should be in the least degree anxious about the outstanding debenture indebtedness of the Canadian Pacific Railway Company? It would be said: "True, you are taking over the stock of the Canadian Pacific Railway Company and there is this outstanding liability, but on the other side you have the assets of this splendid system; you have net revenues which are adequate to pay the interest upon all the outstanding securities and give you a large surplus besides." That is so obvious that I do not propose to labour it.

But that is not the case in regard to the Canadian Northern Railway system; it is not the case in regard to the Grand Trunk Pacific and it is not the case in regard to the Grand Trunk Railway Company of Canada. But the point I am making is that the liability which the Dominion Government will assume in taking over the Grand Trunk is a marginal liability. Each year there will have to be found the amount of the deficit, if any, between the net railway returns and the amount which the Government is obligated to pay under the award of the arbitrators. If, for example, the Grand Trunk railway should show in any year a surplus of $3,000,000 and the award of the arbitrators obligated the Dominion Government to pay $3,000,000 a year, of course, there need be no anxiety in regard to the liability in respect to the securities of the company because the net revenues are adequate to take care of the fixed and operating charges.

There is no man in this House who is more sensible of the serious financial position of this country at this time, immediately succeeding the greatest war in history in which from the very beginning Canada has been a belligerent, than I am. I do not in the least degree desire to minimize the importance of this question or to put forward the view that it merits only light consideration. It is an exceedingly important transaction meriting the very best deliberation that this House can give to it. I submit that it is an urgent and immediate question and that the Government would have been derelict in its duty if it had delayed bringing down this resolution to the House.

This is not a new question; it has been to the fore ever since the Drayton-Acworth report. It has been almost immediately before Parliament ever since the Prime Minister made his offer to the Grand Trunk Railway Company in England in 1918. The correspondence is now before the House. As Finance Minister and Acting Prime Minister I announced during last session that we should acquire the Grand Trunk Railway Company of Canada. It seemed to me inevitable, just as it seems inevitable now. I see no other course, if, as I say, we are to deal with the railway situation, and it must be dealt with if we are to meet the transportation needs of this country. A large railway system is very different from a private business. Communities depend upon the operation of the railway and its general efficiency. There is no question that in this country, largely on account of the size of the country and its peculiar physical formation, that is so concerned with the Government as the question of transportation. The Government therefore was in this position: In 1918, the Prime Minister made his offer on behalf of the Government to Mr. Alfred Smithers, President of the Grand Trunk Railway Company of Canada. That was the offer of the Dominion of Canada. The Prime Minister said: "We will take over the Grand Trunk railway system." What was then in view was a lease for 999 years. He said: "We will pay $2,500,000 for the first three years;

we will pay $3,000,000 for the next five years and we will pay $3,600,000 per year thereafter." That was the offer made by the Government of Canada through its Prime Minister. However, the Grand Trunk Railway Company did not accept that offer, and just here I desire to say that it is a little difficult for me to understand some of the criticisms which have emanated from London in respect to the attitude of the Government towards the Grand Trunk Railway Company. The offer of the Prime Minister was in the alternative. He said: "We offer you $2,500,000 a year for three years; we offer you $3,000,000 a year for five years and we offer you $3,600,000 a year thereafter. In the alternative we offer you arbitration." Now we hear from some of the London press that they are very glad the Government has taken a different attitude in the matter. Arbitration was open to the Grand Trunk Railway Company from the first. There has been no change in the Government's policy. Once Sir Alfred Smithers, President of the Grand Trunk Railway Company said: "I accept your offer, Mr. Prime Minister"; it became the bounden duty of this Government to bring the matter before this House as they have done.

It may be unfortunate that this is at what we thought would be the close of the session, but I would submit that that is not the fault of the Government.

The Grand Trunk Railway Company had not hitherto given its consent, although negotiations had been proceeding. Once Sir Alfred Smithers, on behalf of the Grand Trunk Railway Company, gave his consent there was nothing for the Government to do, in pursuance of their public duty, but to bring the matter before this House and ask the House to endorse the policy which it had adopted as long ago as 1918, namely, to acquire the Grand Trunk Railway of Canada. So that I do not believe any just complaint can be made for bringing in this legislation at this time. I have no doubt the Government would very much rather, having regard to many considerations which I need not mention, postpone the consideration of this matter until another session; but I would submit that they would be derelict in their duty if they did so. Further than that—and I am speaking now to myself as well as to my fellow members of this House—I believe that Parliament would be derelict in its duty if it were unwilling to sit whatever time may be necessary to consider and deal with this matter now that the Grand Trunk Railway Company has said: We do accept the offer of the Prime Minister.

Now let me deal with one other objection that has been brought. I have not followed them all, but there is one objection which has been brought, and which, on the face of it, seems to be important. It is said: You have guaranteed the guaranteed stock of the Grand Trunk Railway Company of Canada. Now, if you will look—I have looked at it only hurriedly before coming in—at the letter of the Minister of the Interior written to Sir Alfred Smithers in London, you will find that the offer was $2,500,000 yearly for the first three years—$3,000,000 for the next five years, and thereafter $3,600,000, to be disposed of, I think, as the directors of the Grand Trunk Railway Company might see fit, among the holders of the guaranteed stock, the preference stocks, and the common stock. Very good. Now, the point I make here—and it seems to me it settles the matter absolutely as far as that objection is concerned—is this: That the $2,500,000, the $3,000,000, and the $3,600,000, the amount that was offered by the Government was more than sufficient to take care of the interest upon the guaranteed stock. That being so, that stock was clearly guaranteed—if the directors of the Grand Trunk Railway Company desired to apply it in respect of that stock. They have always treated that stock like debenture stock or bonds, as though it were an obligation of the company instead of a stock in the ordinary sense—that is to say, shareholders' stock, guaranteed by the Grand Trunk Railway Company; they have always regarded that as an outstanding liability of the company rather than as representing a participation by shareholders in the ordinary sense. Well now, if—and I just repeat this to fasten it in the minds of the House—the offer was sufficient to take care of that interest upon the guaranteed stock of the Grand Trunk Railway Company of Canada, why do we bother if that company now say to us: "We would like you to guarantee that stock"—because the offer of the Government is a continuing offer and could have been accepted in its terms by the Grand Trunk if they desired to do so.

4 p.m.

Now, Mr. Chairman, I have covered a good deal of ground. What I desire to point out is that mistakes have been made in the past in the railway policy of this country, and that as a result of those mistakes action has had to be taken from time to time by the Government, including this present

action. I should not like to leave my statement just at that. This is a difficult country to administer. We have a sparse population, scattered over a territory as large as the United States, as large as Europe. We have very large stretches of territory that are not productive. Our railway policy has had to be conceived and carried out under considerable difficulties. We had it from the very beginning. The Intercolonial railway had to span very considerable distances in order to carry out the scheme of Confederation by linking up the Maritime Provinces with old Canada. No one supposed that the Intercolonial Railway would be from the beginning a commercial success. The Government had to lose a certain amount of money on the operation of the Intercolonial railway in order that Confederation might be possible, to join up the maritime portions of Canada with Quebec and Ontario. When the Canadian Pacific railway was projected very large subsidies had to be given in land, and otherwise, in order that the Northwest Territories and British Columbia might be joined up with Ontario and Quebec. There is a great gap of a thousand miles of wilderness between Ontario and Manitoba, and there is the great barrier of the Rocky mountains between the Prairie Provinces and British Columbia. Now these had to be overcome. Not only that; it was vital to this country that immigration should be got in and railways cannot wait on population. The Governments of this country in the past have had to build in advance of immigration in order that the land might be accessible to the incoming immigrants. I think we should bear these matters in mind and should rather prepare ourselves for this result, inevitable I think; that the Government, if there had only been two transcontinental railway systems instead of three, might have had to provide considerable assistance until the increase in population would come and with it the earning power which would enable these railways to carry on with profit, or at least without serious loss. Any money that was spent by the Government of Canada in liquidating deficits in operation of the Intercolonial railway, any subsidies that were granted to the Canadian Pacific or to the Canadian Northern or Grand Trunk Pacific railway might be regarded properly by this country as sums of money which the nation had to spend, having regard to its future welfare, in order to overcome the geographical and physical difficulties with which we have been face to face in Canada. Now what is the trend of my argument? It is this: That the liability upon the Canadian Northern system, the Grand Trunk system, and the Intercolonial system is a marginal liability. It is not correct to say that the Government assumes all the indebtedness of all these lines; it is correct to say that the Government will have to meet whatever deficit there may be on the operation of them. Now to put the past aside, and recognizing the futility of recriminations as to the degree of responsibility for the railway situation, is not this the position? What is the wise thing to do in this situation? We must enable these railway companies to maintain their physical position —their roadway, their plant, and equipment—if they are to minister to the needs of this country.

And just in that connection let me say this: Canada's railways played a very splendid part in this war, and on the credit side of our railway situation—I have spoken of the other side—I think we should place this fact, that the railway systems of Canada, with their fine equipment and capable staffs, enabled us to play a much greater part in the war than would otherwise have been possible. I think we should put that on the credit side of the account.

Now, the liability we will assume is a marginal liability. I think it may be reasonably heavy for many years to come, but considerable will depend upon freight rates, upon volume of traffic, and upon efficiency of administration. Personally—and I am always disposed to take a hopeful and optimistic view of our future, because I believe in the Canadian people and in the wonderful resources of this country—I have always been disposed to look optimistically upon the railway situation of the Dominion. The country will be able to bear whatever marginal loss there may be in the operation of these roads, which are not on a profitable basis as is the Canadian Pacific railway, until such time as they are placed on a paying basis. It may be a considerable time, I do not desire to place a false view before the House, but however long that marginal loss continues it will have to be borne by the country as a penalty for mistakes which we have made in the past, and in the general interest of the efficiency of the Dominion's transportation systems.

Personally, I would like to look with pride upon the establishment of a national transcontinental railway system in honourable competition with the Canadian Pacific railway, to which I have already paid my tribute. And it seems to me that if we can

keep the railways we have taken over out of politics, if we can keep their administration clean and in the hands of the most efficient administrators, we shall get that condition of affairs which will go a long way towards solving this problem. I have this to say, however, that I regard it as absolutely vital that there should be no interference of a political character. And further than that, I think there should be no influence of a quasi-political character—I mean sectional influence. Speaking with the freedom of a private member—for I have been promoted—if I were giving advice to the Government I would say: When you are considering your final commission that is to administer all the railways taken over under a national system, you must choose only the best operating men you can engage, and not bother very much whether you get a man to represent British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and each of the Maritime Provinces; because every man, no matter how honest he may be, is bound to be under the influence of his section, and he will use his influence almost unconsciously to have extensions made that should not be made, to order rolling stock that should not be ordered, and to have contracts given that should not be given in his home section. My advice therefore would be that when you get all these railways in hand you appoint officials of the highest efficiency and reputation. Their standing with the Government and the country will depend absolutely upon the efficiency with which they administer these roads, and therefore they should not be hampered in any way.

I must apologize to the House, Mr. Chairman, for taking so much of its time, but the matter is important, and my excuse, if not my justification, is that for many years I had much to do with the railway policy of the Government and was brought in contact with the problems which were involved in that policy, and although I say it myself, I regarded my duties with a very high sense of responsibility. I feel a continuing responsibility with regard to this matter, and I desire to say that the course which has been adopted by the Government appears to me to be the proper and inevitable course, and that in the resolution which they have placed before the House they have, as I stated at the outset, my entire and cordial sympathy and support.

Mr. DEVLIN: Would the ex-Minister of Finance allow me to ask him a question? It was urged in March of this year that the then Finance Minister was opposed to the granting of any further loans to the Grand Trunk railway or to the Grand Trunk Pacific railway out of which the Grand Trunk Railway Company mignt pay the interest upon the obligations of the Grand Trunk Pacific. Am I right or am I wrong?

Sir THOMAS WHITE: If I understand my hon. friend correctly, he asks me if I was opposed to the Dominion Government continuing its subsidies to the Grand Trunk Pacific. I was opposed to that course, because I thought, as I then stated, that public opinion was decidedly against it.

Mr. DEVLIN: Then I want to follow up that answer with this other question. Is not the whole substance of this resolution to give power to the Government to loan money to the Grand Trunk Railway Company out of which they may pay their operating expenses and the interest due upon the Grand Trunk Pacific, and, further, to guarantee the debenture stock and the new stock, to be called guaranteed stock, and nothing else; that there is no acquisition of any property at all, it is simply a loan?

Sir THOMAS WHITE: My hon. friend has for years been so much in the habit of addressing his questions to me that it is difficult for him to get over it. But I am very glad to give him my own view, which is not necessarily the view of the Government at all, because, as I have said, I am now a private member of this House. The Government upon acquiring the Grand Trunk railway's stock will administer the road, will make good any deficits on its operation, and will provide for the taking out from receivership of the Grand Trunk Pacific Railway Company. Now, my hon. friend asked me if I was in favour of making further grants to the Grand Trunk Pacific Company. I said that I was not. I pointed out before that the Grand Trunk Railway Company owned the stock of the Grand Trunk Pacific Company and were therefore the proprietor. I was unwilling that the Government of Canada in 1914 should guarantee $45,000,000 of stock of the Canadian Northern without getting $40,000,000 or as much more as we could—although that was all we were able to get—of common stock. I was unwilling that the Government after 1916 should make any further advances to the Canadian Northern railway while it remained in private hands; but I was not unwilling that the Government should take the railway over and make whatever advances might be necessary to carry it on. I take the same view in regard to the Grand Trunk Pacific. I would assist the Grand Trunk Pacific railway, provided its stock,

owned by the Grand Trunk Railway Company, would become the property of the Government together with the stock of the Grand Trunk Railway Company of Canada. That would mean that the Government of Canada has taken the place of the shareholders of the Grand Trunk Railway Company of Canada. I do not believe, Mr. Chairman, that the people of this country putting it on no other basis, will consent to this Government continuing to make large advances to privately owned railways; but they will agree to make whatever advances are absolutely necessary to railways that are owned by the Government.

Hon. W. S. FIELDING: Mr. Chairman, in the last part of the very moderate and very interesting speech of my hon. friend (Sir Thomas White) he gave us a very pretty picture of a condition which he expects to arise in relation to the management of the public affairs of this country. He gave us the picture of a condition in which the biggest interests of the people of Canada, the subjects of most consequence to them, should be taken absolutely out of their own control. He says that in order to make this great enterprise successful you must keep it out of politics; and he expects that to be accomplished. Does my hon. friend not know as well as I do that politics in its proper sense means the business of the people of this country? When you provide that the great business of the people of this country is going to be taken out of politics, that means that you are going to take it out of the control of the people and to put it into the hands of irresponsible parties.

Sir THOMAS WHITE: Would my hon. friend think it advisable in connection with a commission or board administering the Government-owned railways of Canada, the Minister of Railways or the Minister of Finance, or both, should ex-officio have a seat or seats upon that board?

Mr. FIELDING: I have not attempted to define how that business might be carried on. I am not objecting to the happy condition which my hon. friend describes. I am afraid it is a mere vision and cannot be realized. Unless we are to abolish democracy, unless we are to set up that kind of autocracy which, for the last five years, we have been trying to destroy, I am afraid we have to accept this principle: That the affairs of the people of Canada have to be managed by the people of Canada through their representatives. Every attempt that is made to take these things away from the people and to create so-called independent commissions with which the people shall have nothing to do, is doomed to failure. Democracy has its perils, and one of them is that the people may not always act wisely. I am not opposing the view expressed by my hon. friend that these railways should be kept out of politics, but I am very much afraid that that happy condition is only a vision and is not likely to be realized as early as he expects and as he and I both wish.

Many thousands of the people of Canada of all shades of politics are to-day asking this question: Why should the Government of Canada, in the closing days of a special session, called for another purpose, endeavour to stampede the House of Commons into the adoption of one of the most important measures that has ever been submitted to the Canadian Parliament? I have been asked that question in this city to-day by prominent Conservatives, and I know it is being asked throughout the country. To that very natural and proper question no sufficient answer has been given by the ministers; no sufficient answer has been given even in the very persuasive speech delivered to-day by the ex-Minister of Finance (Sir Thomas White). Even if this scheme of purchase as presented to the House had a larger merit than some of us may see in it; even if its merit were such as to be somewhat beyond debate, I would still hold that it is utterly inadvisable for the Government of Canada to thrust it through the House of Commons and the Parliament of Canada to-day under the circumstances under which we are meeting. We have a special session of this Parliament of Canada called for a special purpose. Many a man has come to Ottawa with his projects to promote, momentous, perhaps, in their own way, and he has been told by ministers and members whose good offices he has sought that it is of no use; that this is not a time for those things, that this is a special session called for the purpose of dealing with the Peace Treaty; that we must deal with the Peace Treaty, and that he can take away his project and wait for another year. That has been properly enough told to many a man who has come to Ottawa endeavouring to promote schemes. Suddenly we discover that the special purpose for which we are called this session is to be departed from. Only last week the Minister of Trade and Commerce (Sir George Foster), acting as leader of the House in the absence of the Prime Minister, declared that the business of the

House was virtually ended and that we might expect prorogation on the following Saturday, only four days after he made that statement. In the expectation of that, in the belief that the end of the session had come, members went away; some members left for Europe; members have scattered throughout the Dominion, and many of them are not likely to come back. When attention was called to this fact yesterday, the Minister of the Interior (Mr. Meighen) said: Well, what of that; we are here now. But my hon. friend was wrong. We are not here now; we are not half here now. We had a vote yesterday. There are 235 members of this House, and yesterday on this, the first stage of this matter of paramount importance, we had a vote of 58 to 38, or 96 members, or less than one-half of the House. The minister says: We are here. We are not here, and the country will understand that this measure is being railroaded through the House when one-half of the House is not here. No matter if the scheme were a more meritorious one than it is, there is absolutely no justification for the Government's trying to put it through in this way. The ex-Minister of Finance told us to-day: "This is not a new case; we have had this matter before us for a long time," and in all his remarks he rather assumed that the Parliament of Canada had passed on this matter and had made an offer to the Grand Trunk Railway Company. Nothing of the kind occurred. The ministers had some correspondence with the Grand Trunk Railway Company, and in due course that correspondence was brought down and buried within the blue books that we have in such abundance in this House. Beyond the fact that there were some negotiations with the Grand Trunk Railway Company, nineteen out of twenty men in Canada to-day could not tell you anything about the matter. It never came before the House of Commons; it could not have come before the House of Commons properly, and if any one had attempted, on the strength of that correspondence, to bring the matter before the House of Commons and to found a debate upon it, the Government would have said very properly: What is the use; we made a suggestion to the company; the company did not accept it; there is the end of the matter; there is nothing to propose; when we have anything to propose that will be the time to bring it before the House. Therefore, as far as the House of Commons is concerned, this is a new matter which comes before us now practically for the first time.

I have said that even if this proposal were as meritorious as we would all like it to be, there would still be strong reasons against proceeding with it now. But the reason is all the stronger against proceeding with it now when we find that this procedure which we are taking has already become the foundation for gigantic stock speculation in the London market. How that comes about I do not pretend to know. I am offering no suggestion on that point; it is the fact I present, and it is a fact that by this proposed action we are giving to a property—I am speaking, not of the railway property, but of certain stocks—a value which up to the time of this legislation being introduced had very small value. Apparently, there were people on the other side of the Atlantic who understood that if we did not understand it here.

We are dealing with six classes of stocks. The first of those, the most important of those, is comprised in what are called debenture stocks, and which are set forth in the resolution. There is a 5 per cent Grand Trunk debenture stock, a 5 per cent Great Western debenture stock, a 4 per cent Grand Trunk debenture stock, and a 4 per cent Northern debenture stock, amounting in all to £31,926,125. Those are virtually a first charge on the revenues and properties of the Grand Trunk Railway Company, and they are treated for the purpose of this discussion as having a substantial value. I am going to assume that that is correct; that when we get those stocks we shall be getting something of substantial value. It is not necessary to make any particular admission of the value, but I do not wish to debate that point at present. Then we come to another class of stocks. There are the first preference, second preference, third preference and the common stock of the Grand Trunk Railway Company, amounting to about £37,000,000, and on the value of those stocks there is to be an arbitration. I do not know that we could do otherwise than have an arbitration on the value of those stocks, but I must confess that the House and the country has reason to be alarmed at arbitration of that character. We had an arbitration in regard to the Canadian Northern, and while I do not want to enter into that question broadly, there are one or two facts which we must have in mind.

We had the report of the Drayton-Acworth Commission, of which the present Minister of Finance (Sir Henry Drayton) was a mem-

ber, which stated that the common stock of the Canadian Northern Railway was worth nothing, and yet in due course honourable arbitrators—I do not question for a moment their good intentions—were able to make the people of Canada pay between $10,000,000 and $11,000,000 for that stock, which according to the present Minister of Finance was absolutely worthless. It was worse than watered stock. Sometimes watered stock implies that there was a little spirit in the glass first and then water is poured in until the spirit becomes very thin and diluted. That may be the case with some of the Grand Trunk stocks, but in the case of the Canadian Northern there was no whisky at the bottom of the glass. It was all water. There was nothing being derived from that stock which went into the treasury of the Canadian Northern Railway. It was a bonused stock, distributed according to the practice of the day, and I am not finding any fault with that. It was a stock that did not represent any money. It did not have any value. It was a basket of waste paper, and for that basket of waste paper under a system of arbitration the people of Canada paid $10,000,000 or $11,000,000 of hard cash. There is no getting away from those facts; they are beyond dispute.

Now if a common stock which never had any money in it could be converted by arbitration into $10,000,000 or $11,000,000 of money of the people of Canada, there is a little danger that for this stock of the Grand Trunk mentioned in these proposals, which had some money value originally, and some of which has at times paid dividends, I think there is a strong probability that under arbitration again we may have to pay a very large sum of money. I am going to make the suggestion to the Government, although I am afraid they will not accept it, that in the Bill they bring forward they should provide that the arbitration award should have no effect until it has been brought down and submitted to the House of Commons of Canada. So much concerning these classes of stock.

I come now to the remaining one, to which frequent reference has been made—the 4 per cent guaranteed stock of the Grand Trunk Railway Company, amounting to £12,500,000. This word "guaranteed" is apt to be a bit confusing. When we speak in our public affairs of a guaranteed stock, we usually mean a stock guaranteed by the Dominion Government, by a Provincial Government, or possibly by a municipal government. The word "guaranteed" implies something of that sort. But in this case it has to be remembered that the word "guaranteed" has no such meaning. The 4 per cent guaranteed stock of £12,500,000 is simply a preferred stock of the Grand Trunk Railway Company. It does not bear that name but that is what it means. It has nothing behind it but the promise of the Grand Trunk Company to pay dividends on it if the dividends are earned and the prior claims satisfied. Now that stock has some value. It was quoted in the London market not very long ago—I am so informed; I have not been able to prove that statement by reference, but I believe it is correct—at 45. Forty-five cents on the dollar was the quoted value of that stock. Now if the Government desire to acquire that stock, a fair and reasonable arrangement would be for them to acquire it at about the value, or a little more than the value, as quoted in the market. Surely that is reasonable. I would have no desire in the transactions between the Government and the Grand Trunk Railway Company to have any squeezing process. I realize that the Grand Trunk has rendered great service in times past in Canada. More than that. One of the cries against the Laurier Government, and I only make this passing allusion, in connection with the Grand Trunk Pacific, was that we were giving a bonanza, a big prize, to the Grand Trunk Company. The fact is the Grand Trunk Pacific had the hardest contract ever given in Canada. The interest of Canada was so protected in the contract that the Grand Trunk Pacific never had a chance to make any money except that which they could earn, and the business of the country unfortunately did not enable them to earn it. But we held them to their bargain, and I think it was a very severe bargain, indeed. For these reasons, as well as because of the general record of the Grand Trunk in bygone years, I should like them dealt with fairly and generously, but I say that in regard to this four per cent guaranteed stock it would have been a fair and just and liberal arrangement if the Government of Canada in their purchase scheme had provided that the stock should be acquired at, say, something more than its market value. It was quoted only a few weeks ago at 45, so I am informed, and rose in a few days three points higher. Now if when the market value was 45 the Government had said: "We will take that stock at 50 or 55, anything around that figure" that would be a generous allowance, keeping in view the market value; that would have been a generous policy and

would have been a fair business transaction such as would be carried on between private parties. Perhaps the Grand Trunk would not have accepted it. Then I would have given them an option. I would have said: "If you do not care to surrender the stock on these terms—its market value, plus a little premium—you can keep your stock and we will have an accounting from year to year, and when the road earns enough to pay dividends on that stock, you will get dividends, and when it does not, you will not get anything for it." That would have been a fair business arrangement, and I do not see how such a proposal could have been rejected. But that is not what the Government have done. They have taken this stock that was worth 45 a few weeks ago and are sending it up until it is nearly equivalent to par value. They are going to give a clean gift of $15,000,000, $20,000,000, perhaps $30,000,000, at the expense of the people of Canada, not to the old Grand Trunk shareholders, I am afraid, but to the people who have got possession of that stock in recent transactions and are going to make a profit out of the deal. I have said that the stock was quoted at about 45, and I am taking that from the statement that was made. I looked up the market quotations quite recently. There are two papers published in London especially devoted to Canadian affairs. One is called the Canadian Gazette, which has been publishing for many years, and the other is called Canada. Naturally they both devote much attention to securities in which Canada is interested. I find in the Canadian Gazette of September 18, when the quotation by the way was 48¼, this paragraph:

> There has been a sharp burst in Grand Trunk issues on the notification that the matter in dispute is likely to be submitted to arbitration.

We did not know that here. We had no intimation in this House that this matter was likely to be submitted to arbitration until the 10th of October, but on the 18th of September the stock market in London had a tip from somebody that this thing was going to mature. All we knew was that there was talk, as there had been for a year, about arbitration. But somebody in London knew that that talk had a meaning, that the thing was going to mature. Turning to the other paper, Canada, on September 20, says:

> Grand Trunk issues are strong on the issue of statements that the terms of the Government purchase are to be submitted to arbitration.

The quotation at this time was 48¾, and in the other paper it is given at 48¼. That was after the first "burst," to quote from the extract, of interest consequent upon this story. According to recent reports it is now worth 70, and I predict it will go to 90. Who is going to make the money out of it? If we take 45 as the fair market value and make an allowance for the probable increase we will see that somebody is going to make a great fortune at the expense of the taxpayers of Canada. This stock, worth 45 a few weeks ago and later 48 in the London market, is by this arrangement going to be made approach in value to par.

My hon. friend the ex-Minister of Finance knows as well as I do that not very long ago a four per cent stock in the London market, guaranteed by the Government of Canada, was worth more than par. In my own experience as Minister of Finance we issued a loan bearing only two and-a-half per cent interest at a price which made our net cost about $2.83. There were three per cent and three and-a-half per cent loans in those days. In war times money advanced. A four per cent loan to-day, guaranteed by the Government of Canada, would not be worth par, but the day is not far distant when it will be.

I am going to assume that to-day with the Government guarantee, it is worth, let us say, ninety. That is a fair estimate. I do not think the ex-Minister of Finance will say that it is not a fair estimate that the stock, if not to-day, will so soon as it is know that this transaction has been consummated, be worth ninety. That is to say, there will ere long be an advance of forty-five points on that stock and that advance of forty-five points will mean that some one has made in that transaction a profit of twenty-seven and a half million dollars, which the people of Canada and no one else will pay. I say that that is not good business. I say it is unsound finance; it is bad management which will put money into the hands of the stockholders of the Grand Trunk. It is going to put millions into the hands of some one at present unknown, who apparently somewhere got the tip and has been acquiring stock in the London money market. If any hon. minister of the Government or any member of the House can say that it is a fair business transaction to take a thing worth forty-five cents and by a stroke of the pen convert it into a value of ninety cents and make us pay the difference, then all I can say is that my conceptions of sound finance are

entirely mistaken. Well, then, suppose you lay aside that question.

I have already said that even if we should feel that this arrangement was more meritorious than I have described it—if we could feel that there was no criticism of the agreement on its merits, we would still have reason to complain that at this late stage of the session it is utterly improper to introduce this legislation. What possible justification can there be? Urgency there is none. The Grand Trunk, in all this transaction, does not appear to have been anxious to have its property taken over. If I have read the correspondence correctly, the Government from beginning to end seems to have been trying to invent a ground for taking it over. Once the negotiations were opened for taking it over the Grand Trunk people would naturally desire to get the best price they could, and no blame can be ascribed to them. But no reason of urgency has been shown why this transaction should be undertaken now. Suppose the letter of Mr. Smithers had been written ten days later and we had had to wait until another session, what possible harm could have ensued? What interest could have suffered? Wherein would the people of Canada have been injured? Wherein, indeed, would the Grand Trunk or anybody else have suffered? But for some strange reason the Government seem determined to push this matter through in the face of what I do not hesitate to say is a strong opposition on the part of independent public opinion. I know there are members listening to me, sitting on both sides of the House, who cordially agree with me. I am facing hon. gentlemen who I am sure agree with everything I am saying but who are influenced by party considerations. I am throwing no stones on that score. I used to be a party man years ago, and I shall not quarrel with hon. gentlemen on that score, but I do know that if we could get at the independent thought of the members we should find a strong opinion that this Bill ought not to be passed during the present session. There are various reasons, one of which is the gravity of the financial situation. My hon. friend the ex-Minister of Finance, in his speech today, has said very frankly that the situation is one of great gravity. Indeed, he has stated the same thing in public in another place even more forcibly, and I shall give him the benefit of his more forcible statement. On a recent occasion—

[Mr. Fielding.]

where or when is of no consequence—the hon. gentleman said:

> I do not want to magnify the seriousness of the position of Canada. In my War Budget speech I aimed to give the exact facts to the House and to the public. I aimed to scrupulously point out the facts as I saw them, without any holding back of the unpleasant side of the situation. I said that an obligation had been incurred which would be a burden for generations to come, but I nevertheless struck, as I have always done during the war, an optimistic note, because I believe that, notwithstanding the heavy burdens which we have incurred, with the policy of retrenchment—

I wonder if this resolution to-day is a policy of retrenchment.

> —which I am sure will be enforced on this country as upon other countries, and it will be a political issue in the next year or two—that this country can carry on, but it can only carry on if careful regard is had to its financial position. Just look at it from several standpoints. The national debt of this country before the war was something over $300,000,000—I think $335,000,000. I estimated in the Budget speech of this year—and I do not think there is any room for doubt about the matter—that by the end of this year our net national debt will reach nearly $2,000,000,000, which is six times as much as it was before the war. Then you have the question of our revenue meeting our expenditure. I would like to say that the limit of taxation is reached, but it is going to be quite a problem to adjust our revenue to meet our ordinary expenditures. I look forward to deficits for some years. I can hardly see how you are going to avoid them. Now just by comparison try and realize what is the difference in our situation. The interest on our national debt, which is a fixed charge upon the revenue of the country, I think was under $13,000,000 in 1914. I estimated in the Budget speech for this year it would reach $115,000,000.

That is a clear picture of the situation financially. It is not a vision like the ex-Finance Minister's statement about taking the railway out of politics. This is a stern reality which we have to face every day. Our net debt, as the hon. gentleman describes it, is six times what it was before the war. Think of what that means: Six times what we had accumulated during a half century of confederation. Nay, more than that. Some of our debt as it existed before the war had come down to us from the time of the provinces before Confederation. During that half century we had built great transcontinental railways. We had constructed great canals and expended millions on terminals. We had deepened our rivers and altogether had carried out a policy which was liberal and generous with regard to the public works of our country, and after fifty years of that record we had a total net debt of $330,000,000, which we considered a vast sum, and it was. But here we are faced with the statement of my hon. friend,

which is only too true, that in five years we have accumulated this debt—years not of development of our country, but years of dreadful war. I am finding no fault with the expenditures in that respect. It was a noble cause, and whatever others may say, I will defend the expenditure of moneys for the conduct of the war. In five years, however, we have multiplied by six times what was the debt of Canada after a half century of confederation. Surely that fact will strikingly disclose in all its gravity the situation that confronts us. Is it right, then, is it reasonable that in the presence of a situation such as that we should plunge into this new enterprise in the thoughtless way in which we are doing? The ex-Minister of Finance warned the public that this was going to be a political issue. I quote his own words. This question is going to be a political one, and well it may be, if at a time like this, in the face of this record, we are going to adopt a tremendous policy and do a thing which is without precedent in the history of the country.

Never was an enterprise of such magnitude brought before us under such conditions. Never before was the Parliament of Canada—denuded of one-half of its members—asked to carry through by a stampeding process a measure of such vast importance to the country. The people will not understand why it is done. I do not need to discuss the principle of public ownership. My hon. friend the ex-Minister of Finance said he did not think it was necessary to discuss that aspect of the subject. In my own province we had public ownership to a considerable extent in connection with the Intercolonial railway for many years. Without agreeing with the criticisms which are so freely offered regarding the Intercolonial, I think I can admit that the operation of that road as a government enterprise cannot be cited as a shining example of the success of public ownership. That much I am willing to admit. And yet I do not hesitate to say that if at any time I had been asked to agree to the transfer of the Intercolonial to a private company, I am inclined to think I would have opposed it. We had got so accustomed to the Intercolonial being treated as a Government concern that we should not think of anything else and yet I am inclined to think that Government ownership in that respect, did not make for as much development as would have occurred if we had private ownership. Government ownership cannot do some things that private ownership can do. Government ownership of the Intercolonial was marked by very little development. The things that great corporations like the Canadian Pacific and the Grand Trunk were able to do to encourage trade and traffic were not done by the Government. Yet I frankly admit that to the extent that this road was a term of Confederation, we never had any serious proposition to give it up and if we had been asked to give it up I suppose I would have voted for the old-time conditions. I would have said: "This is a part of the Confederation pact; let us keep it."

Now we are asked to go into this enterprise of Government ownership in a much larger way. I have an open mind on the question. I would like to see Government ownership become successful. But I am frank enough to say that I view it with a great deal of doubt and much gravity. I am afraid that democracy has its troubles and that sometimes democracy is not able to manage as well as independent corporations. The people as a democracy cannot always do everything as well as can perhaps a smaller body. I do not know whether that is good democratic doctrine or not but that is how it strikes me. I think our own experience is that there are many things in regard to which the more directly the control is placed in the hands of the people the less satisfactory their management is likely to be.

There are many people who believe in public ownership. Surely, if public ownership has anything like the merit that it is claimed attaches to it, we have abundant opportunity to-day to give it a trial. We have the Canadian Northern now added to the Intercolonial and we have the Grand Trunk Pacific already practically in the hands of the Government. We have about 14,000 miles of railway to-day operated by the Government. Surely that gives us abundant opportunity to test public ownership. The gravest and most serious men in Canada to-day are not supporting public ownership. They are in doubt—honestly in doubt—as to the wisdom of it and not without some good reason. These men to-day are afraid that if we go into this very large scheme of public ownership which is proposed by this resolution we shall be adding to the difficulties which are already grave enough.

I do not attack the principle of public ownership. I do not condemn the Government for taking over the Canadian Northern; I do not condemn them for taking possession of the Grand Trunk Pacific when

they had notice that in four days the road would cease operating, but surely with 14,000 miles of railway now in the hands of the Government, it has a good opportunity of giving the thing a test. It is being tested elsewhere and not with great success. Public ownership was popular in the United States three years ago. To-day public ownership is discredited in the United States by the most responsible men. I doubt if the United States to-day could be induced to accept public ownership as they were willing to but a few months ago. I do not ask the House to condemn public ownership. I do not even ask—apart from the particular transaction that I have been obliged to criticize—the House to pass judgment upon the merits of the scheme, but I know that the most sober minded men in this House, some of whom are sitting on the opposite side, feel that this is a grave and dangerous experiment. I submit that there is no urgency which requires us to put this thing through to-day; that there is no excuse for railroading it through to-day, and that it will be the part of wisdom, over which the Government themselves will later on rejoice, if they agree that this matter should not be proceeded with during the present session.

Mr. MEIGHEN: Mr. Chairman, there is this to be said as to the speech of the hon. member (Mr. Fielding), who has just sat down, that it leaves no doubt as to the attitude of His Majesty's loyal Opposition, or of what is called the Liberal party of Canada to-day, on the proposition now before this House for the acquirement of the Grand Trunk Railway Company's lines. They are opposed to it, because, first of all, they do not believe in the purpose of this legislation; they do not believe in the acquirement of the Grand Trunk lines and the adding of those lines to the Canadian National railway system. They are opposed to it on every ground that the ingenuity of the hon. member for Shelburne and Queen's can devise. According to them, there is nothing right about it; the object is wrong, the method is wrong, the plan is wrong, the principle is wrong, the time is wrong; everything about it is wrong.

And what grounds do they give for their professed belief? First of all, is it in the interest of Canada that the Grand Trunk system should be added to the Canadian National lines? Is that wrong in itself? Is that not an object to be desired under present conditions? Is that not an object to be desired aside from the proclivities of any hon. member as to the principle of government ownership?

The hon. member (Mr. Fielding) is opposed to any addition to the present Canadian National railway system. He knows, and every member knows, that the Canadian National system as it stands to-day is an incomplete, inchoate system, a system cut in the middle, a system which cannot itself succeed, and which, if left to itself as it stands, must make a failure of government ownership in this country. Consequently any hon. member who does not seek to add to the system, round it out and complete it, seeks the failure of government ownership. That indeed is the primary, the real object of the hon. gentleman.

He says we are going about it the wrong way; he says that, first of all, we try to stampede it through Parliament. That was about the first verb he used. What is the meaning of "stampede"? What are the ear-marks of a stampede? What is the evidence of a stampede in the introduction of this legislation? Will the hon. gentleman be good enough to answer me or to suggest what he has in his mind? Has any hon. member seen any evidence of stampeding or railroading the project through? We heard talk of stampeding and railroading things through years ago. I know of no railroading through or stampeding in this case. He said we had anticipated the close of the session. That does not close the session. The session is still on. He says that we are not enough of us here, yet only yesterday when a catch vote was brought on at a time when there could be no discussion, when it was never anticipated and no notice given, 38 on one side and 58 on the other were here and voted upon the question. This week many hon. members are absent taking part in the provincial elections in Ontario, and yesterday many hon. members were attending the ploughing matches. But we are not going to end this thing this week. We will be here next week and we will be here the next week after, if hon. members want it. Hon. gentlemen are not absolved from the discharge of their duty to remain here, take part in this discussion, and come to an intelligent conclusion upon the question. Can the hon. gentleman suggest any condition more auspicious, fairer, better fitted for deliberation? Can he suggest any other occasion when we will have more time than now; can he suggest any other occasion when it will burden the convenience of hon. gentlemen less than it does

now; can he suggest any single constituent part of a situation that would be more favourable for the consideration of this measure than that which is now presented.

Well if he cannot, what excuse does he give this Parliament and this country for endeavouring to throw out the impression that there is a railroading process on, that there is a stampeding going on in the House of Commons of Canada? He knows there is no stampeding, he knows there is no railroading, and no hon. member knows it better than he.

Now he tells us there has been stock-jobbing somewhere across the Atlantic ocean with regard to the stocks of the Grand Trunk Railway Company. I did not hear him read any evidence of stock-jobbing; I presume he got the report from the hon. member behind him who talked—

Mr. FIELDING: I did not use the expression "stock-jobbing." However, it is not important. There have been transactions reported in the public press which I mentioned and quoted the price up to 70.

Mr. MEIGHEN: If the hon. gentleman used words—

Mr. FIELDING: Anyhow the word is not wrong.

Mr. MEIGHEN: If the word is not wrong I do not know what the purpose of the interruption was. The hon. gentleman says there have been transactions in this stock. I do not know what the transactions have been, I do not know what his evidence is that the guaranteed stock has gone to 70. I read yesterday in the Montreal Star—which is not going to put an aspect on this transaction too favourable from the Government side—that the stock was 55. Those were market quotations, there was nothing else quoted by the hon. member, and he gave the stock, I think, at 48 some time in the month of February—a tremendous advance? He says that evidences something wrong, that somebody on the inside has made, or is going to make, some $20,000,000. Now let me inquire. The hon. gentleman told us there was a report in a London paper—some tip had been given there that had reached nowhere else. He made that statement—no one here he said knew anything about it, but that a tip had been published in London on September 18 that this stock was going to be valued by arbitration, and that as a consequence the stock went up—there was a "burst," as he called it, in London. Now I want to tell the hon. member that the very same report that had been published in London on that date was published in the following papers in Canada; in the Montreal Gazette, in the Toronto Globe, in the Toronto World, and in other Canadian papers—simply a press report given out by nobody, published here and open to everybody here just the same as over there. What evidence is there in that that somebody over there—where alone and in New York, as I understand it the stock can be bought—some one over there made a great deal of money out of this transaction? No Government transaction can take place, having to do with acquirement by the Government, but the psychological effect of it is some advance in the stocks of the company concerned. Anything else is an impossibility, and if we understand human nature we know why it is an impossibility. Why, when the hon. member himself—and he was one of the leading men in that great drama that took place in 1903—when the hon. gentleman projected the Grand Trunk Pacific Railway and it became known that there was a government transaction on for the building of that line, a government transaction with the Grand Trunk, the stock of the Grand Trunk railway advanced on the markets of New York and London, but did the hon. gentleman tell the House that was evidence of stock-jobbing, that was evidence of some tip being given in order that friends of the Government could make money?

Mr. FIELDING: Excuse me, I made no reference to "friends of the Government." I quoted statements from newspapers. I made no statement from my own knowledge; I quoted the statement from the Canadian Gazette of London and Canada of London; I made no allusion to "friends of the Government—"

Mr. MEIGHEN: I think the hon. gentleman did make an allusion to "friends of the Government."

Mr. FIELDING: I made no allusion to "friends of the Government."

Mr. MEIGHEN: —but in view of what was said last night in the House, the ordinary listener would take it to mean that the hon. gentleman this afternoon was lending colour to the assertion made last night, "that friends of the Government had made a profit out of this transaction."

Mr. FIELDING: I made no such statement.

Mr. MEIGHEN: Nothing whatever was known in London because it was not known here. It was not even expected here ten days ago, otherwise the leader of the Gov-

ernment would not have intimated there was a probability we would prorogue Parliament this week.

5 p.m.

That surely is satisfactory evidence that it was not known even to members of the Government. But on the 10th of October finally there was an understanding arrived at that we could not have predicted, that had been waited for patiently and steadily for over a year. It was arrived at then and then it became our immediate duty to submit the matter to Parliament. The hon. member talks about stock-jobbing and says there is going to be a great fortune made out of the stocks of the Grand Trunk Railway Company. He says he predicts that the stock which is now 40, although it was quoted in Montreal, yesterday at all events, at 55, will go to 90 and it will go to 90 in time, he says, by reason of the impression produced by the Government's guarantee, and he says that certainly there will be great money made by somebody who has acquired these stocks. Well, the stock may go to 90, but it will not go to 90 by reason of the Government's guarantee; under normal conditions it would be over 90 at any time. It was over 90 many a time. Before the war took place it was over 100. It was over 110, it went up three points, at the time of the transaction of the Government in 1903; other stocks went up far more. I have here a table furnished me by the Grand Trunk Company as to what happened to the stock in 1903. The First Preference Stock rose from 112 in 1902 to 115 in 1903; it would not rise so much unless it was considered safe in any event. The Second Preference Stock rose from 98⅛ in 1902 to 103⅛ in 1903. The Third Preference Stock rose from 47½ in 1902 to 55⅝ in 1903. The common stock rose from 16⅝ to 22⅝ or an increase of over 35 per cent. That was the effect of the hon. gentleman's transaction, but I would be sorry to look back and think there was any member, even of the Conservative Opposition at that time, who would stand up in Parliament and suggest that because of an inevitable advance in stock owing to a Government transaction there was corruption over in London or any wrongdoing going on.

Now I want to give the hon. member another fact or so while we are on this question. He complains of the acquirement of the guaranteed stock, or rather he complains that the Government undertakes to see the interest on the guaranteed stock paid—interest that has failed the last two years owing to the war, failed in 1917 largely because of the McAdoo award and the fact that the increase in rates guaranteed by the Railway Commission did not come into effect until the McAdoo award had been in effect for some time and in effect until the conditions had obtained for many months that warranted the increase. War conditions, at all events, were the cause of the abnormal state of affairs in 1917 and 1918, and both in the United States and Great Britain the Governments of those countries came to the railroads and said: "In so far as you are injured by war conditions we will make it up;" and in England they even went to the extent of paying the average pre-war dividends to the roads no matter what they might be earning under war conditions. We have not done anything approaching that but it is only fair that if the Grand Trunk is to be acquired it should be acquired under such conditions as obtained aside from the war, and anything that is done that merely maintains those conditions cannot be said to be unfair either to the country or to the Grand Trunk. But conditions now are not precisely as they were before the war, not because of the war itself, but because of the Grand Trunk Pacific obligations. The Grand Trunk Pacific obligations are now maturing upon the Grand Trunk. They are very severe on the Grand Trunk because the Grand Trunk Pacific does not pay, and cannot pay. We may possibly not be in our graves before it does, but for myself I am getting rather apprehensive that we will. The hon. gentleman (Mr. Fielding) claims that the bargain of 1903 was, as it turned out, a very severe one on the Grand Trunk Railway. So it was—the only people it was more severe on were the people of Canada. Severe it was, because fundamentally unsound from the beginning, built on an insecure foundation, and badly reasoned out. It has resulted in disaster to the Grand Trunk, and even in greater disaster to the people of this country. But notwithstanding that, the very existence of it enhanced at the time the value of stocks of the Grand Trunk in the London market.

He says that we should have gone about acquiring this guaranteed stock in another way, and he has a substitute method. I am going to discuss that in a minute. I stated yesterday as a plan and very evident fact that the reason we had undertaken to guarantee dividends on the guaranteed stock was because it was only by that method we were able to arrive at a result at all. It is true we might have

waited longer—we might have waited for a greater disaster; but we thought it was in the interests of our own people that we should go that far, that it was no more than fair to the Grand Trunk Company, and was not unfair to the people of Canada, that we should offer to treat the guaranteed stock,—which was next to the bonds and which had always under anything like normal conditions received full dividends,—as bonds and undertake to pay the interest thereon. We made that concession in the hope that we could arrive at some result to the negotiations. We failed for the time being, but ultimately after fifteen or sixteen months, they conceded our terms. That is the only reason why that was done. This is a concession made to the company, as to the fairness of which the people of Canada do not and cannot complain.

Now, the hon. member (Mr. Fielding) says we should have done this: We should have offered the holders of this guaranteed stock to take it at a fair value—he suggests at 5 points over the market when he says 50; at that time it was 45—and pay cash for it. Well, if we paid cash we would have to sell 5 per cent bonds at about 95, or 4 per cent bonds at about 80, in order to get the money. "But," I ask "how are you going to make them do it?" "Oh," he says, "you cannot; but you can do this: If they would not agree, you could say to them, 'Just retain your stock as it is, and then we will keep an account of the operations of the Grand Trunk railway while in our hands, and if it pays a dividend we will pay you; if it does not, we will not."

Just let us examine that suggestion—and I take it that is the best suggestion the hon. gentleman can make—as the alternative that was open to us. We might have done that. But is that alternative as good as the course we adopted? "You people who own £12,500,000, or $60,000,000 of guaranteed stock, keep it in your pockets; we will operate the Grand Trunk railway and let you have the rights you now have and account to you for the operation of the railway." The first thing that follows from that suggestion is that we would have to operate the Grand Trunk railway as a separate entity, we could not merge it with the Canadian National Railways, for once we merged it with the Canadian National Railways we would merge the earning powers of the two systems. Perhaps, too, we might dismantle some sections of the Grand Trunk railway and use other sections for the purpose of the Canadian National Railways. We want to merge the two systems, for without that we do not gain our purpose at all. But once we merge the Grand Trunk Railway with the Canadian National Railways we cannot account to its shareholders on any fair basis for the earnings of their system. Is not that clear to the hon. member? If we are going to allow the shareholders to hold their stock, and the dividends to be governed by the earnings of their railway, we must operate it as a distinct and separate entity, and therefore we cannot merge it with the Canadian National Railways. The hon. gentleman smiles. I wonder that he does not see that such a course would be wholly impossible. Suppose he said to these guaranteed stockholders: "We have no dividends this year; it is true we took up your line between certain points as we did not want duplicate tracks, and consequently we lost your revenue on that particular line; it is true we gave the use of your Toronto terminals to the Canadian National Railways; but we had to do it to get advantage of efficient operation and as a result we have no dividends for you." Would not that be a nice answer to give to those shareholders? But that is just the position we would be in if we accepted the suggestion of the hon. member (Mr. Fielding).

But further than that, the holders of this guaranteed stock have a voting power and a measure of control over the Grand Trunk Company. If we told them that they were to simply sit back and expect nothing from us, does he think they would give up that voting power? Does any one suggest they are going to give up something for nothing? Is it not worth while to get them to give up that voting power? Does the hon. gentleman suggest that the Government of Canada should become a partner with about 50,000 stockholders over in England in the operation of the Grand Trunk railway in Canada? Are we going to share control of that road with them, and have to account to them for all we do? Such a thing is a monstrosity; it does not appeal for a moment to any business man. So the substitute plan suggested by the hon. member for Shelburne and Queens (Mr. Fielding) is impracticable, unbusinesslike, wholly unsound and absolutely impossible as a course to be pursued by the people of this country. Perhaps another hon. gentleman would come forward with some other suggestion to see if he could better the plan put forward by the hon. member for Shelburne and Queen's (Mr. Fielding).

We would have preferred to have had everything made the subject of arbitration, but we could not secure that result. We told the Grand Trunk representatives to accept one offer or the other. We allowed them to wait. We told Parliament that we had made an alternative offer, and every hon. member understood that that was a continuing offer, for no other inference could possibly be drawn from the speech of the hon. member for Leeds (Sir Thomas White) who was then Minister of Finance. Further, Parliament understood from the date that that letter of the 11th of July, 1918, was read, and long before that date, that negotiations were going on; and ever since the writing of that letter that negotiations were continuing, with intermissions at times it is true, but that the negotiations had never been closed with the Grand Trunk Company. Why, in the early part of this session the Prime Minister told this House that negotiations with the company were going on. Last session, more than once, members of the Government told the House that negotiations were continuing. Hon. members opposite knew quite well that those negotiations were continuing and that a basic foundation offer had been made the company on the part of this Government, which offer was the basis of the negotiations. If they objected to that offer, if they thought it was unjust to Canada, what was their duty? The letter was read in this House and they knew every line of it. Their duty was to move a resolution asking the Government to withdraw the proposals made to the Grand Trunk Company. Does any hon. member suggest that that course was not open to the Opposition? Well, I heard one hon. member say last night that such a course was out of order. I know a little about the rules of procedure, and I am certain that no hon. member knows so very little as to think for even a minute that such a motion would be out of order. He could have moved such a resolution any day of the week ever since that letter was read. It was open to any hon. gentleman opposite to have moved in this House that the duty of the Government was to withdraw those proposals, or either of them, as being unfair to Canada and over-generous to the Grand Trunk Company. But that was not done. They say: "We would have been told by the Government that the negotiations were closed when our offer was not accepted." How do they know they would have told any such thing? We never told the House or the Country any such thing; on the contrary, we had been constantly telling them the negotiations were on. Even if they had secured a statement from the Government that the negotiations were closed, would not the resolution have been worth while then? There was no reason in the world for hon. gentlemen opposite,—if they objected to any phase of the offer made to the Grand Trunk,—not having moved this House and asked Parliament whether the Government were taking the right and the just course in making the offer they did to the Grand Trunk Railway Company. Having sat here through two sessions and come to this hour with that offer unobjected to on the part of hon. gentlemen opposite, and unobjected to by the press of this country, with no evidence whatever of objection on the part of the people, what position are hon. gentlemen opposite in to come now to Parliament and say: "Your proposals having been accepted, it is your duty now to back down."

Mr. DEVLIN: Would the minister permit me to call his attention to the fact that the letter of which he speaks is not under consideration at the present moment, because the company did not accept the conditions offered by the Government? The sole question is contained in the resolution which comprises an absolutely new proposal, not at all contained in the letter, not one word.

Mr. MEIGHEN: I am glad I have got the hon. gentleman to that point, because it shows that he realizes that as long as we are proceeding on the basis of the letter, we are not only justified in proceeding, but bound in honour to proceed.

Mr. DEVLIN: But we are not proceeding on the basis of the letter at all.

Mr. MEIGHEN: But the hon. member's question indicates clearly that he realizes that if we were proceeding on the basis of the letter, we would be bound in honour so to proceed.

Mr. DEVLIN: No, I am not agreeing to the terms of the letter, nor am I considering the terms of the letter; I am considering simply the resolution which is now before the House. They are two totally different things.

Mr. MEIGHEN: I was giving the hon. gentleman credit for an intelligence that perhaps his comment did not warrant. It must be clear to a gentleman like the hon. member for Wright that upon the acceptance of an offer that stood open and known

to the world as well as to this Parliament for fifteen months, the duty of the Government is to do its constitutional part, to stand up to its offer and to go through with the transaction.

Mr. DEVLIN: If the minister will allow me, in order that I may understand his intelligence, the question as contained in the letter was the purchase by the Government of the Grand Trunk railway with all its branch lines, and the Grand Trunk Pacific railway, the acquiring of the assets and the assuming of the obligations of both companies. The question with which we have to deal now is simply the guaranteeing of certain stocks, the guaranteeing of the four per cent stock, the debenture stock, and the fulfilment of certain conditions as to assuming the pensions under the Grand Trunk Railway system and under the Grand Trunk Pacific Railway system, and further by clause 7 of the resolution, a loan by the Government to the company; but we are not acquiring any of the assets of the Grand Trunk Railway Company. Under section 7 we are simply guaranteeing stocks and undertaking to advance a loan.

Mr. MEIGHEN: I am afraid the hon. gentleman is further behind in understanding what is going on than I thought. In the first place, the letter of July 11, 1918, does not look to the acquisition of the Grand Trunk properties at all; it looks to the leasing of the Grand Trunk properties for 999 years at a rental to be determined in one of two years—not an acquisition of the property——

Mr. DEVLIN: That is playing upon words.

Mr. MEIGHEN: —in one of two ways the leasing of the property for that length of time.

Mr. DEVLIN: Perpetually.

Mr. MEIGHEN: The intention being that an annual sum would be paid to the shareholders of the company, such as would be fair, whether arrived at on a cash basis or by arbitration. The present method looks to the same end, but by a different and more complete plan, more complete because it provides for the acquisition, not the leasing, but the absolute ownership of everything the Grand Trunk has, by means of the ownership of all the stocks of the Grand Trunk, because that means ownership of the property.

Mr. DEVLIN: But is not the Government bound, the moment it assumes that stock, to hand it back, except the stock that is called in at the end of thirty years?

Mr. MEIGHEN: Hand it back! We will never hand it back in this world. I do not know what the hon. gentleman has in mind. What would we hand the stock back for? We get the stock and we own it. There is a difference only in method. The present method is more complete, more definite, more advantageous to the country in every way than the method suggested in the letter of July 11, 1918. We get everything by this method. The hon. member said: You are not abiding by your letter of July 11, 1918; you are departing from it, and the point under discussion was the guaranteeing of the dividend on the guaranteed stock. I answer him that in the letter of July 11, 1918, we undertook to guarantee the dividends on the guaranteed stock.

Mr. DEVLIN: Yes, that is an obligation.

Mr. MEIGHEN: The hon. member agrees to that. So that in that respect we are upon exactly the proposal contained in the letter of July 11, 1918, and, therefore, why should there be any opposition from hon. gentlemen opposite when they did not show any opposition to that proposal for fifteen months during which it was before the country?

Mr. DEVLIN: Is the minister serious in saying that because in the letter of July 11, 1918, there is a clause by which the Government is prepared to treat the 4 per cent guaranteed stock as an obligation of the company, because of that one thing, with all the other elements different, the letter of the 11th July is simply carrying out, so to speak the terms that are now before Parliament? My hon. friend is not serious.

Mr. MEIGHEN: I do not know if I have caught my hon. friend's point, but I am sincere in saying that in respect of that feature of the letter, there is no change whatever. Whatever may be wrong in it now—I do not say that there is anything wrong; I believe there is nothing wrong in it; I believe it is fair and reasonable—was wrong in it then. If it was objectionable then, it is objectionable now. Then, what is the objection to it now if it was not objected to then? I think I have made my point as clear as any words can make it.

Mr. McKENZIE: Does the minister say to this committee that his proposition of July 11, 1918, was accepted by the company, and that that is the matter we are discussing?

Mr. MEIGHEN: Yes, it was accepted. The form of it is changed.

Mr. McKENZIE: That is not the point. Were the exact terms of the letter accepted, and is that what we are discussing now?

Mr. MEIGHEN: It is not a lease; it is better in every respect for the Government of Canada.

Mr. McKENZIE: It is a different proposition.

Mr. MEIGHEN: It is not different; there is no substantial difference at all.

Mr. McKENZIE: Is it the same?

Mr. MEIGHEN: We get into a far better position, and therefore there is all the more reason for accepting it, and it would be all the more disgraceful if we retired from it. Because it is better for us is surely not a reason why we should retire from it. Would the leader of the Opposition (Mr. McKenzie) have us say to the Grand Trunk: We made you an offer in the month of July, 1918; we let it stand open until now; now you come forward and accept it and give us a little better terms. If you had accepted it before, we would have taken it, but as you did not accept it before, and now that you give us a little better terms, we will not accept it.

Mr. McKENZIE: That is neither law nor business. The moment the Grand Trunk people refused the offer of July 11, 1918, that was the end of the transaction, and we were not bound by it any longer.

Mr. MEIGHEN: I do not contend that we were bound.

Mr. McKENZIE: Then, why is the minister saying that we should take it?

Mr. MEIGHEN: Because we left the offer open. We could have retreated or withdrawn from it at any minute.

Mr. McKENZIE: It was closed. We made an offer; it was not accepted; that is the end of it; it is not open any longer.

Mr. MEIGHEN: It is not open unless we leave it open.

Mr. McKENZIE: It is not open. We made them an offer; that is all we could do about the matter. The company refused it; that is the end of it in law.

Mr. MEIGHEN: It is, unless they know that we are keeping it open, and they knew it by the negotiations. The hon. gentleman knew that, and I will tell him why. In the speech of the Minister of Finance of that day, he made it clear that the position of the Government at that time was

represented in the letter of July 11, and that was months afterwards. Therefore, the hon. gentleman knew that the offer was open.

Mr. McKENZIE: I have stated my position and my position is right; that is the end of it.

Mr. MEIGHEN: There is more Scotch finality than Scotch logic in the hon. member

Mr. DEVLIN: Now that that point is settled, will the minister allow me to revert to my question of a moment ago, in answer to which he said: We are not going to transfer any of the stock that the Government is going to acquire. Did I understand him to say that?

Mr. MEIGHEN: That is right.

Mr. DEVLIN: Then what is meant by clause 5 of the resolution:

> That the value, if any, of the first, second and third preference stocks and the common or ordinary stock of the Grand Trunk now issued and outstanding to the face values above mentioned (hereafter together called the "preference and common stock"), shall be determined by a board of three arbitrators, one to be appointed by the Government, one by the Grand Trunk, and the third by the two so appointed, or, failing agreement, by judges to be designated in the said agreement. No guaranteed stock, to an amount not exceeding the value, if any, so determined, carrying a dividend as hereinbefore authorized shall be distributed among the holders of the preference and common stock, upon the transfer to or vesting in the Government of such stock, in proportions which shall be determined by the arbitrators.

Then by a subsequent clause the Government may call in at par, after thirty years and upon six months' notice, any of the stock it desires. The purpose of the Government in taking over this stock is simply to turn it into a new form of stock to be called the new guaranteed stock, which the Government intends to guarantee and then transfer it to the holders of the common, first, second and third preference stocks.

Mr. MEIGHEN: I have no objection at all to the hon. gentleman asking me a question but he should not make so long a speech as to half empty the House before I get through with mine.

Mr. DEVLIN: Thank you, I will come back.

Mr. MEIGHEN: What the hon. member asked me first was whether we were going to transfer to somebody else the stock that we acquired.

Mr. DEVLIN: No. The minister said a moment ago that the Government was not

going to transfer any of the stock that they acquired.

Mr. MEIGHEN: That is absolutely true. We acquire the voting stock, the controlling stock that makes us the owners of the whole Grand Trunk system. We keep that right here in the possession of the people of Canada. The holders of that stock, if they are awarded anything by the arbitration receive from us new non-voting certificates, or non-voting stock. But, surely, issuing a new stock is not transferring the old stock. The new stock is a different one altogether. We only issue a 4 per cent stock, which to-day would sell in the neighbourhood of 70, and we issue it only for the value of the stock we acquire. The difference is clear profit to the people of Canada. I hope the hon. member understands that. He surely sees that the issue of the new non-voting stock to men who were the holders of the controlling interest-bearing stock is not transferring the old controlling interest-bearing stock—far from it.

Mr. CAMPBELL: How is it proposed to get the holders of the guaranteed stock to release their voting power?

Mr. MEIGHEN: They must do that before the transaction is binding upon the Government. The guaranted stockholders must themselves surrender that power, and until they do so the guarantee of the Government does not go into effect.

Mr. CAMPBELL: There is a great number of them.

Mr. MEIGHEN: Yes, and it is a difficult matter. The voting power is an element of value highly prized, I am advised, by the holders of that stock, and the same is true of all the stocks in connection with the road. In lieu of surrendering this voting power they get the guarantee of the Government only for their 4 per cent dividend.

Mr. CAMPBELL: What would be the situation if some of them refused to surrender their voting power?

Mr. MEIGHEN: Until that is done the agreement would not take effect. As I apprehend the legal position, it must all be surrendered before the agreement can take effect. We could not agree that we would go ahead and guarantee in respect of those who surrender their voting power and leave others in partial control of the road.

Mr. CAMPBELL: One man might hold up the whole deal?

Mr. MEIGHEN: He might, I could not say: but I do not think it is probable.

Mr. JACOBS: Is provision made for any delay?

Mr. MEIGHEN: Not yet, but that will be a subject to be taken care of in the agreement itself. Hon. gentlemen will see from the very pertinent query of my hon. friend (Mr. Campbell) that it is important that some special inducement be given to the holders of the stock who have this special element of value in it, the voting power, in order that the transaction will not be impeded or wholly destroyed by the obstinacy of some shareholders. Any voting power that is now resident in the holders of the debenture stock must also be given up. They in turn get perhaps a slight accretion to their stock, because it also is guaranteed. So the transaction is fair in every respect. Those men who inevitably get a little accretion of value to their stock have to give up in lieu thereof all the control they heretofore exercised in connection with the enterprise. That control is much more highly valued in the Mother Country than it is in Canada.

Now I come to another phase of the remarks of my hon. friend (Mr. Fielding). He is afraid, he says, of arbitration. Well, what plan does he suggest to get at the value when we cannot agree upon it? He is afraid of arbitration. Arbitration is not only the method employed in the past in similar transactions, one of which he referred to, but it is the method embedded in the legislation of this country everywhere in the case of acquirement of land or property. It is universally and historically recognized as the best, fairest and the only way for determining disputed claims. Why is he afraid of an arbitration in connection with the Grand Trunk? What is the special reason attending the acquisition of the Grand Trunk railway that makes arbitration unsuited for the solution of the problem?

Mr. JACOBS: Why not liquidation instead?

Mr. MEIGHEN: Liquidation? Well, the leader of the Opposition told us yesterday that it was a shameful and disgraceful thing to let the Grand Trunk Pacific go into a receivership. If that was disgraceful, what would he say of letting the Grand Trunk go into a receivership?

Mr. McKENZIE: I said the methods by which it was done were disgraceful, not the letting it go into a receivership. If my hon. friend will read my statement he will see I said I was not afraid of a receivership.

Mr. MEIGHEN: I have repeated exactly what he said, that letting the Grand Trunk go into a receivership was disgraceful.

Mr. McKENZIE: Not at all.

Mr. MEIGHEN: My hon. friend (Mr. Jacobs) says, why not let the Grand Trunk go into a receivership? Well, if hon. gentlemen will take that stand, and we know exactly where they are at, it is worth discussing. Why not let the Grand Trunk go into a receivership? Does the hon. gentleman know what would almost inevitably result if it did?

Mr. JACOBS: It would save us many millions of dollars.

Mr. MEIGHEN: It would for us at the moment, and perhaps make many millions for the Canadian Pacific Railway. That would be one very probable result.

Mr. JACOBS: We would acquire the company.

Mr. MEIGHEN: Why would not the Canadian Pacific acquire it?

Mr. JACOBS: We could acquire it better.

Mr. MEIGHEN: We can pay more for it than they?

Mr. JACOBS: We are the Government of the country.

Mr. MEIGHEN: We would acquire it by main force?

Mr. JACOBS: No, by law.

Mr. MEIGHEN: That is main force. Before discussing that further I said a moment ago that I quoted the leader of the Opposition correctly, when he said that letting the Grand Trunk Pacific go into a receivership was disgraceful. Here is what he said:

> Mr. Rowell: That is what your argument leads to.
>
> Mr. McKenzie: Not at all. The President of the Council as a member of the Government put it in the hands of the receiver and we say that was a disgraceful and unbusinesslike thing to do. But once it is in the hands of the receiver it must be dealt with in a business-like way.

There is nothing about method there. The hon. gentleman said that putting it in the hands of the receiver was a disgraceful and unbusinesslike thing to do.

Mr. McKENZIE: If the hon. gentleman will read further he will see that I said the Government had not the machinery to deal with such a matter and that it should have gone into the courts where there was proper provision for it. The whole drift of my statement was that the Government should not appoint the receiver.

Mr. MEIGHEN: The Government was the principal creditor and consequently it was the proper thing that a member of the Government should be apointed receiver.

Mr. McKENZIE: The receiver was appointed under the War Measures Act. At least, we were told so a thousand times by the Government.

Mr. MEIGHEN: Certainly, but it went through the courts, and the whole transaction and administration of the Grand Trunk Pacific is done through the Exchequer Court just the same as any other receivership.

Mr. McKENZIE: The receiver was appointed by the Government themselves, which is absolutely without precedent in the history of any country.

Mr. MEIGHEN: Does the hon. gentleman suggest that the Government of Canada, which was not only the majority creditor but by far the greatest creditor of the Grand Trunk Pacific, should have sat by and let some one else be appointed receiver, responsible for the operation and management of the Grand Trunk Pacific? What kind of Premier would he make who would allow that to be done?

Mr. McKENZIE: Does the hon. minister think that he can play on conditions of that kind? Supposing there are two creditors of any concern in Canada—and we have an Insolvent Act to-day—one of them with a claim of $10,000 and the other $100. Does my hon. friend mean to say that the creditor with the claim of $10,000 can appoint himself receiver?

Mr. MEIGHEN: No, but I say the courts would appoint him receiver ahead of the other whose claim was $100.

Mr. McKENZIE: The court would appoint him receiver, certainly.

Mr. MEIGHEN: In this case, the right receiver is the Government of Canada, is it not?

Mr. McKENZIE: Not at all.

Mr. MEIGHEN: Again I compliment the obstinacy of the leader of the Opposition. Now, I was going on to the statement of the hon. member (Mr. Jacobs). His idea is that we should have let the Grand Trunk proceed into liquidation.

Mr. JACOBS: I was merely asking the simple question why it was not done in that

way. I shall express my own views later without the assistance of the minister.

Mr. MEIGHEN: Perhaps the hon. gentleman will answer my question. I shall answer him first: I am not in favour of that proposition. Is he in favour of it or not?

Mr. JACOBS: I will express my opinion in regard to that later on. I am trying to marshall my arguments.

Mr. MEIGHEN: So that the House has very little information as to where the hon. gentleman stands on the question of a receivership for the Grand Trunk.

Mr. JACOBS: And I do not think that the House has any information as to the minister's position either.

Mr. MEIGHEN: I stated my position; I said I am opposed to it. What more does he want?

Mr. JACOBS: Because the minister is afraid of the Canadian Pacific Railway acquiring the road?

Mr. MEIGHEN: That is one powerful reason.

Mr. JACOBS: That was not the reason that actuated my hon. friend when he took over the Canadian Northern.

Mr. MEIGHEN: It was one powerful reason there as well. Is that frank enough?

Mr. JACOBS: I beg your pardon, I meant to say the Grand Trunk Pacific.

Mr. MEIGHEN: There is no danger of the Canadian Pacific Railway acquiring the Grand Trunk Pacific alone. The hon. gentleman knows more about the business acumen of the Canadian Pacific Railway Company than to think that they would acquire a limping, halting, utterly bankrupt institution like the Grand Trunk Pacific and leave the Grand Trunk free of obligations.

Mr. JACOBS: Inasmuch as the minister, as I understand, used to act as solicitor for the Canadian Pacific railway he would know more about their methods than I do.

Mr. MEIGHEN: On no occasion in the world have I ever acted as solicitor for the Canadian Pacific railway. I am afraid there are very few more holes for the hon. gentlemen to fall into. Now my hon. friend evidently has in the back of his head exactly the practical business objections to a receivership of the Grand Trunk railway. The same objections obtained in the case of the Canadian Northern, but they obtain with greater force in the case of the Grand Trunk. The policy of standing by and letting the wreck proceed was a policy of drifting the whole institution into the mouth of the Canadian Pacific Railway.

Now, it is said that this is too favourable for the Grand Trunk's shareholders. Well, it will appeal to any one of ordinary forethought and independent opinion that if this was a very favourable proposition for the Grand Trunk Company they would not have waited sixteen months to accept it. I should like hon. members to read the comments of the president of the Grand Trunk,—comments dictated by and undoubtedly in accordance with the sentiments of the Grand Trunk directors and shareholders—on the offer made by the Government on the 11th July. Did they think it was a favourable offer? Throughout Great Britain the cry of confiscation was raised, and at a meeting of the shareholders of the Grand Trunk—indeed at more than one,—the epithets hurled at the Government of Canada for their parsimony, unfairness and lack of generosity to the shareholders of the Grand Trunk were far from complimentary to this country. They were, in my opinion, wholly unjustified. But whatever may be the ideas of hon. gentlemen opposite in regard to the generosity of the offer, now that it is accepted, they are very, very antithetical to the opinions of the Grand Trunk Company,—president, directors and shareholders alike. The company waited eighteen months before giving even an intimation that there was a probability of acceptance. One condition after the other was tried, and does any one suggest for a moment that indications were that the transaction was closed? I recall myself an editorial in the Toronto Globe—and in newspaper after newspaper throughout the country the same thing was urged—calling upon the Government to stand firm by its offer. The Government were called upon not to move. They were told: "All you have to do is to stand firm; your offer is fair; stand right to it and the Grand Trunk will have to come to terms." Did that indicate that everything was closed? Never for one day was there any intimation given or impression left that negotiations with the Grand Trunk were closed or that any offer made by the Government was modified or withdrawn. The country knew, and has known since July, 1918,—yes, and before—that negotiations were proceeding and that the Grand Trunk turned them over time and again, and that there was no modi-

fication in the position of the Government. The hope was universally expressed that there would be no modification, and the hope of the people of Canada is realized to-day; and——

Mr. JACOBS: Can the minister tell me if the Grand Trunk was ever in negotiation with the Canadian Pacific Railway looking to the acquisition by that company of the Grand Trunk?

Mr. MEIGHEN: I know of no negotiations. It would not likely be through the instrumentality of a member of the Government, nor would such negotiations be even known to a member of the Government. That is not the way in which great companies negotiate. They do not negotiate through the medium of a competitor.

Mr. JACOBS: I am asking my hon. friend if he has any personal knowledge.

Mr. MEIGHEN: I have no personal knowledge. It would be wholly improbable, indeed, wholly inconceivable that I should have.

Mr. JACOBS: As a purchaser the minister, I should think, would have obtained some information as to whether this company was being offered to another concern.

Mr. MEIGHEN: The Canadian Pacific Railway never vouchsafed me any information on the subject. I do not know whether they favoured my hon. friend with information.

Mr. JACOBS: Mr. Smithers did not?

Mr. MEIGHEN: Now, the hon. member for Queen's and Shelburne (Mr. Fielding) is very distrustful of arbitration, and in the course of his remarks to-day he made some reference to the procedure of the Government in referring the Canadian Northern outstanding shares to arbitration some two years ago. He told us that the Drayton-Acworth report found these shares to be valueless and he said that we should not have paid anything for them.

The Drayton-Acworth report recommended the Government to submit the value of these shares to arbitration. The Government pursued the recommendation of the Drayton-Acworth report. In any event would the hon. member suggest to this House that the Government would be justified in taking the report of officers appointed and paid by themselves upon evidence respecting which the Canadian Northern had no right and no duty to appear and show the value of the shares; in other words, to take an ex parte report, as far as the shareholders were concerned, and, acting upon that report, to declare that there was no value in these shares? To do so would be to put the Government of Canada in a position that they never could defend to the shareholders, to the country, or to the world at large. When a man's property is taken a fundamental principle of British justice is that he shall have a tribunal before which he may go and prove the value of his property if he can. There was no such tribunal until the board of arbitration was appointed. The Drayton-Acworth commission was no such tribunal. The shareholders cut no figure and had no place before that commission. It was not within the purview of the commission to hear the shareholders as to the value of their shares and they did not hear them. Consequently it would have been a flagrant and gross injustice on the part of the Government to have declared no value and to have expropriated by brute force the property of their citizens. Instead of doing that they appointed a board of arbitration and a board of high standing. My hon. friend does not for a moment impugn the high standing and probity of any member of that commission through whose examination and determination the amount to be paid was arrived at.

The same thing will be done in this case. The same procedure is proposed in this resolution. It is honourable procedure; it is British procedure; it is fairness; it is justice and it is no more.

If these resolutions and the Bill are passed this country will have a real system; it will have a rounded system; it will have a complete system; it will have a system one-half giving its tribute to the other half, ane gathering traffic in one part of Canada which will be transported over the road of the other and the other gathering traffic in the other part of Canada for interchange.

It will save this country in capital investment $100,000,000 in five years. The interest on this that will be saved, at even the present rates, will be far more than sufficient to take care of the obligations in all probability that we will be under as a result of the award of the board of arbitration. With respect to the money that will be saved to Canada by amalgamation, the money that otherwise we must invest in additions to the present Canadian railway system, the money that will be invested in duplication and consequently wasted, the money that will be saved by reason of the acquisition of the Grand Trunk railway, this country

will save in annual interest more than will be sufficient to pay the award of the arbitration and the interest on the guaranteed stock and besides in all human probability, it will possibly save the country some millions more. Is that not a good transaction? Is that not fair business? Is it not right and proper that economies and amalgamations should be made? Is it not right and proper that duplicate capital investment should be avoided? Is it not right and proper that an inchoate system should be made complete? Is not arbitration the proper way? That is in a nutshell the proposal of this resolution and with the utmost confidence I commend it to the consideration of the House at this session of Parliament. This is just as valid, just as good a session as any other; it is a session in which every hon. member who draws his indemnity from the country should feel it his duty to give a reasonable proportion of his time to the public business. At this session it is only right and just that hon. members should give their attention to this question and devote to it all necessary time to enable them to come to a just conclusion.

Mr. FIELDING: I commend the lecture of my hon. friend respecting absentees to the men who should occupy the seats behind him. There are one or two points in the observations of my hon. friend to which I should make a passing allusion. First in regard to arbitration. The point I made concerning arbitration was that when a stock, known to be not worth any money, was capable of being adjudged for the reasons presented by an honourable board of arbitration as worth $10,000,000 or $11,000,000 we had some reason for anxiety as to what might be the outcome of an arbitration in respect to these voluminous stocks of the Grand Trunk Railway Company which had some money value at some time. Therefore I suggested that the House ought not to be left in doubt as to the extent of the obligations and the risk we are assuming under those obligations and that the award of the arbitrators should be subject to the approval of the House of Commons of Canada.

Mr. MEIGHEN: Will the hon. gentleman suggest that it should be subject to the approval of the shareholders?

Mr. FIELDING: They are not bound to accept it if they do not want to.

Mr. MEIGHEN: But they are.

Mr. FIELDING: I would not force it on the shareholders. I would not force the shareholders to take any value for it that they did not want to take.

Mr. MEIGHEN: Then what is the good of arbitration?

Mr. FIELDING: Well, my hon. friend can answer; he is proposing arbitration. What is the good of the whole proceeding in view of the understanding which has been arrived at?

Mr. MEIGHEN: An arbitration held under such conditions that the result is binding on nobody has no sense at all, but an arbitration on the principle that the result binds both is an arbitration that is final and has some object in view.

Mr. FIELDING: My answer is that the people of Canada, through their representatives, will say that Parliament should be called upon to vote for any necessary sum of money with a full knowledge of what that sum is.

Mr. MEIGHEN: And the shareholders should not be given the right to say whether they would accept it or not?

Mr. FIELDING: I have no objection to the shareholders standing out for a different report.

Mr. MEIGHEN: Then you will have no arbitration.

Mr. FIELDING: With reference to the 4 per cent guaranteed stock, if my hon. friend wants to buy anything and he finds what the market value is he will be doing no injustice to anybody if he gets it at that value. The market value of that stock in London was 45. There would be no injustice to anybody if you had arranged with a broker and he had bought that stock at 45, 46 or 47.

Mr. MEIGHEN: That was considered and found to be absolutely impossible.

Mr. FIELDING: There was nothing impossible about it at all.

Mr. MEIGHEN: The dealing in the stock of the Grand Trunk during the last five years has been almost infinitesimal. I have that from the officers of the Grand Trunk themselves. Because of the market conditions in Great Britain to-day it is impracticable. The proportion of these stocks that has been dealt in during the last five years is negligible. The ratio to the whole amount of the stock is very small and these stocks are owned not by thousands but hundreds of thousands of people.

Mr. FIELDING: My hon. friend has reached the conclusion that in order to induce these people to part with their stock we must pay them $20,000,000 or $30,000,000 more than the market value.

Mr. MEIGHEN: We do not.

Mr. FIELDING: We are going to convert the stock into a stock guaranteed by the Government of Canada and paying four per cent. In normal times a four per cent government guaranteed stock is worth par. I do not think it would be worth that at this moment. Even with the guarantee of the Government of Canada I have estimated it at something less than 85 or even 90. I assumed it might go to 90 not long after this thing is consummated, but suppose we take it at 85, the difference between the 40 quoted a few days ago and the 90 or 85, say, that the stock should be worth at no distant date will be 40 points.

Mr. MEIGHEN: Will my hon. friend permit a question?

Mr. FIELDING: Yes.

Mr. MEIGHEN: Without the impression produced by the Government's guarantee at all that stock stood at 106¼ not long ago.

Mr. FIELDING: How long ago?

Mr. MEIGHEN: It was at 101⅛ in 1904 and in 1902 it was at 106¾.

Mr. FIELDING: What has that to do with the question?

Mr. MEIGHEN: In 1906 the first preference stock stood at 123. It is a matter of the rate of interest.

Mr. FIELDING: It is a matter of market value. Here is stock which the Government desire to secure quoted on the money market at 45, later on at 48, and hon. gentlemen opposite, by this legislation, are causing it now to reach a value of 85 or 90. Does my hon. friend say that the guaranteed four per cent bonds of Canada are not worth 85? Will he say that?

Mr. MEIGHEN: I do not think the stock has sold for that at all.

Mr. FIELDING: The hon. gentleman thinks it may reach 85?

Mr. MEIGHEN: Without the guarantee at all it was worth that much. Then if money comes down in value—

Mr. FIELDING: If it was worth that much before the guarantee it will be worth more after the guarantee.

[Mr. Meighen.]

Mr. MEIGHEN: It depends on the rate of interest.

Mr. FIELDING: The rate of interest now is exceedingly high, but I am allowing for that. I say that to-day in all probability the stock will be worth 85 or 90; you are going to raise it to that value when you put your government guarantee on it, and you are converting a thing worth 45 a little while ago into 85 and the difference of 40 points on that stock amounts to $20,000,000 or $30,000,000 at least. The Government of Canada are arranging to pay that amount additional to somebody. My fear is it is not going to be paid to the old Grand Trunk stockholders but other people may get hold of it. However, that is none of our business.

My hon. friend, and it is not a new thing on his part, went out of his way to say that I had suggested corruption on the part of the Government in this transaction. It is easy to raise a man of straw for the purpose of knocking him down; it is not the first time my hon. friend has adopted that method. I made no suggestion of corruption, I made no charge that anybody on the inside had given any information; I read from the London papers a statement that in consequence of an announcement that it was the intention of the Government to put this thing through, the stocks were advancing on the London market. My statement is on record to speak for itself. I submit that if hon. gentlemen opposite wanted to buy this railway in a businesslike way, they could have got it at a fair market value, and if they could not they could have left it in the possession of the stockholders. But, says my hon. friend, "that would have been ridiculous, that would have prevented the merging with the Canadian National railways, you could not do such a thing." Does my hon. friend not know that the great railway companies of Canada to-day have subsidiary companies and that every one of those companies, even though they are merged in a common system, have to keep a separate account and keep separate stockholders? What is to prevent the Grand Trunk, although merged in the National Railway system of the country, from keeping a separate account and determining what the earnings of that company would be, just as much as do the subsidiaries to the Canadian Pacific railway?

Mr. MEIGHEN: It is an easy matter when you have a small road to merge it because you do not in any way detract from the earning power of that road, but where you have a great system, and where it prob-

ably will be necessary to dismantle lines, you do detract from the earning power—

Mr. FIELDING: It is a matter of common notoriety in our railway circles that you have to take certain sections of the road and keep separate accounts as to their earnings. For example, the Minister of Railways has entered into an agreement with a railway company down in New Brunswick which is going to be practically merged with the government system and going to be operated by the Government, and he has got to account separate and apart for the earnings of that company. If my hon. friend says it is utterly impossible, that the thing cannot be done, I must express my amazement, that one who has had such a long experience in railway matters as the hon. gentleman has, should make such a statement.

There is only one point more. My hon. friend finds it exceedingly difficult to discuss any question without introducing a little party politics. I have not made any allusion to party politics, and I have not sought to make any party capital. My hon. friend could not talk about this matter without bringing in the story of the original transaction with the Grand Trunk Pacific —" an utterly unsound and rotten proposition." He did not use the word " rotten," I forget what his term was; at all events, he denounced it. I am not going to spend any time at this hour, six o'clock, in defending that transaction, but the hon. gentleman can read the speech of his colleague, the President of the Privy Council, who yesday declared it was one of the greatest triumphs in the life of Sir Wilfrid Laurier and for which he would be remembered.

At six o'clock the Committee took recess.

After Recess.

The Committee resumed at eight o'clock.

Mr. CAHILL: Would the minister in charge inform the committee what, exclusive of the arbitration award, will be the total obligations to be assumed by the Dominion when the transaction is completed?

Mr. J. D. REID: That information will be found in this sessional paper. We will assume the interest on the debenture stock, amounting roughly to $7,000,000 annually, and the interest on the guaranteed stock, amounting to about $2,500,000 annually. Of course, we can credit against that the revenue of the Grand Trunk, which has been in the past, and we believe will be in the future, sufficient to pay the two amounts I have stated as well as any additional amount that might be awarded by the arbitrators.

Mr. CAHILL: I mean the total bond obligations against the undertaking?

Mr. J. D. REID: We do not assume any bonds at all; they are a charge against the road.

Mr. CAHILL: That is what I mean, the bonds against the road.

Mr. J. D. REID: But those bonds continue in perpetuity, so the only liability we assume is the interest on them.

Mr. J. H. SINCLAIR: But the interest falls due.

Mr. J. D. REID: Yes. We assume that, but we do not assume the principal. For instance, the bonds on the Grand Trunk Pacific fall due in a certain number of years, but these other bonds of which we have been speaking are in perpetuity.

Mr. CAHILL: But, Mr. Chairman, there is a statement in this book giving the total amount of liabilities, and it is useless for the minister to quibble in that way. Can he tell me the amount of obligations the country will assume, without taking into account the amount the arbitrators may award?

Mr. J. D. REID: The only amounts that we assume or are liable for are interest—

Mr. CAHILL: Interest on how much?

Mr. J. D. REID: We assume the interest on the debenture stocks as set out in the resolution:

Five per cent (5%) Grand Trunk debenture stock..	£ 4,270,375
Five per cent (5%) Great Western debenture stock..	2,723,080
Four per cent (4%) Grand Trunk debenture stock..	24,624,455
Four per cent (4%) Northern debenture stock..	308,215
	£31,926,125

Those figures will also be found on page 37 of the sessional paper. We assume the interest on those debenture stocks amounting to $7,000,000 annually. We also assume the interest on £12,500,000, or $2,500,000 per annum.

Mr. CAHILL: Will the country also assume this item of unsecured notes payable amounting to $35,000,000, and equipment trust notes amounting to $6,000,000?

Mr. J. D. REID: The equipment bonds are against the equipment—cars, engines, etc. We do not assume them; they are liable themselves.

Mr. CAHILL: Who is "liable themselves"? The equipment is not going to pay out any money. The company will naturally have to pay interest on the equipment and pay off the bonds. The equipment is not the company itself.

The CHAIRMAN: Shall the resolution carry?

Mr. CAHILL: I think the minister is getting ready to answer me, Mr. Chairman. I notice that $504,000,000 in one place and $707,000,000 in another place are given as the liabilities that are being assumed. I want to know whether the Government understands that that is the total obligation to be assumed by the country?

Mr. J. D. REID: I must repeat that the only liability the country assumes is to pay in perpetuity the interest of $7,000,000 on the debenture stock and of $2,500,000 on the other stock. The other liabilities take care of themselves. For instance, the mortgage on the equipment; we are not assuming any liability in regard to that other than is covered by the equipment bonds. The interest, of course, becomes due on that mortgage, but we are not making the Government liable for the principal.

Mr. CAHILL: I think the minister will agree with me that the new company or the old company is liable for all the amounts set out here as chargeable to the company. In that connection there is an item of something like $210,000,000 in respect of the Grand Trunk Pacific. If we deduct from that the amount owing to the Dominion we arrive at one basis of ascertaining how much greater obligations the country is assuming in taking over this undertaking. We know that we are not getting it for nothing; we are assuming obligations. What is the sum total of the obligations as figured by the Government?

Mr. J. D. REID: That information is given on page 37 of this sessional paper. It shows the assets and liabilities, but we are only assuming the interest on those liabilities. While it shows a total of $124,000,000 of guaranteed stock and 4 per cent first, second and third preference stock, that is to be the subject of arbitration. Whatever amount the arbitrators decide, if any, as the interest on that stock, we of course will assume. The funded debt I have just mentioned to the hon. member, we assume a liability of $7,000,000 on that. While it shows $155,000,000 as the total amount of that funded debt, yet we do not agree to pay that amount in any number of years hereafter, we only agree to pay the interest on it in perpetuity. Then, of course, we do the same in regard to the guaranteed stock. As to the equipment notes and these other items, they are loans against the equipment.

We shall have to pay interest on the equipment bonds, but that is not any permanent liability. I do not know how to explain to the hon. member in any more detail than is shown on this statement which was made out by auditors and which to me is as plain as it can be made and easily understood.

Mr. CAHILL: As clear as mud. If it is so plain to the minister, how does he get $7,000,000 interest on $155,000,000 worth of bonds? The President of the Council (Mr. Rowell) speaks about $200,000,000 being spent in the first, second and third preference common stocks, and in these letters from the company we find they have spent less than $100,000,000. I am endeavouring to bring these wild statements down to something concrete. I should like from the Government a statement as to what they estimate from their own figures as the amount of the total liability on which interest will have to be paid, call it in perpetuity or what you will.

Mr. J. D. REID: The hon. gentleman wants to know what the principal is on which interest will have to be paid. If he will turn to page 38 he will find that the total stock, preference, common and guaranteed, amounts to $241,257,658.27, of which $60,833,332.51 is guaranteed stock. On the latter we shall have to pay in perpetuity interest at the rate of 4 per cent, and the arbitrators will decide as to the value of the balance of the $241,257,658.27. That is, they will decide the value of the first, second and third preference and the common stock, and on whatever valuation they place on those stocks the Government will pay 4 per cent interest. That disposes, so far as I can explain the matter, of the $241,257,658.27. Then we come to the funded debt $155,373,806.20. That is the original debenture issue for the construction of the Grand Trunk and the purchase of the Great Western and the Northern railway forty or fifty years ago. We shall pay on that interest which in round figures amounts to $7,000,000 per annum. Those two amounts represent the capital on which we shall have to pay interest, we shall not have to pay interest on any other capital in connection with the Grand Trunk railway. In addition to that there is a large amount of money in equipment, and bonds have been

issued against equipment. That is a part of the operation of the road and interest will have to be paid on the equipment bonds, together with the principal that falls due from year to year. That is explained in the statement, and I do not know that I could give it in any more detail nor explain it any better than it is explained here.

Mr. J. H. SINCLAIR: That is not included in the arbitration?

Mr. J. D. REID: Yes, it is included. The arbitrators will have to take into consideration the physical condition of the road, equipment of all kinds, in fact, everything owned and controlled by the Grand Trunk Railway Company. The equipment is worth so much money less the amount that is against it. That is the way in which the equipment must be taken into consideration, just the same as any other liquid assets the company might have.

Mr. J. H. SINCLAIR: The minister is endeavouring to be clear, but he is not very clear to the committee. To begin with, we all understand that the country pays interest on the guaranteed stock. It also pays interest, whatever happens, on the debenture stock of which there are four kinds. We stop there. The rest, my hon. friend says, is to be settled by arbitration. Supposing the arbitration is held, and the arbitrators, let us say for the sake of argument, give the company $1,000,000 for the balance, and we pay that $1,000,000. Do we then become owners of the road without any mortgages or any claims of any kind, either on the road or on the common stock, excepting the interest to which I have referred in regard to the guaranteed stock and the debenture stock?

Mr. J. D. REID: To me, the matter is plain, and I think it has been explained many times in this House.

Mr. J. H. SINCLAIR: My question can be answered by "yes" or "no."

Mr. J. D. REID: I do not know that you can answer it exactly by "yes" or "no." The hon. member has, I understand, asked this question: Supposing the arbitrators decide to give an award of $1,000,000 over and above the $7,000,000 and the $2,500,000, what happens then? What happens is this? The first, second and third preference and the common stocks must all be handed over to the Dominion Government; they are our property. In return we issue non-voting stock to the amount that will give $1,000,000 per annum rental. We shall then have all of those stocks, and we shall be the owners of the road, being the sole shareholders of the Grand Trunk Railway Company.

Mr. J. H. SINCLAIR: But have we a clear title?

Mr. J. D. REID: Certainly we have a clear title, to this extent, that we are the owners of the stock subject to the payment of the interest in perpetuity.

Mr. J. H. SINCLAIR: What about the equipment?

Mr. J. D. REID: The Grand Trunk Railway Company owns the equipment, and we are the owners of the Grand Trunk Railway Company; therefore, we own the equipment.

Mr. J. H. SINCLAIR: But the equipment is mortgaged.

Mr. J. D. REID: Of course, we take the equipment subject to whatever may be against it.

Mr. J. H. SINCLAIR: Then we shall have very heavy liabilities in addition to the $1,000,000 that we shall have to meet when we begin to operate the road. The minister has the blue-book on his desk. Last night, I endeavoured to get some explanation about the contents of page 51, and I failed to get it. I should like to know from the Minister of Railways whether the stocks of the various subsidiary companies mentioned on page 51 will be transferred to the Government on the settlement by the arbitrators.

Mr. J. D. REID: The stocks of those subsidiary companies are now owned by the Grand Trunk Railway Company.

Mr. J. H. SINCLAIR: On lease?

Mr. J. D. REID: Some may be lease-owned, but as regards whatever interest in those companies rests at present in the Grand Trunk Railway Company, when we take the stock of the Grand Trunk Railway Company, we shall stand in the same position as that company does now. Therefore, we become owners in that way.

Mr. J. H. SINCLAIR: In some of these companies, the Grand Trunk Railway Company has guaranteed the principal and the interest on certain bonds. Will the Grand Trunk Railway Company, after the Government gets possession of it, be liable for the guarantees that have been given by that company on those bonds?

Mr. J. D. REID: The Grand Trunk Railway Company are liable to-day; they will be liable in the future just the same.

When we become the stockholders of the Grand Trunk we shall become liable.

Mr. J. H. SINCLAIR: How much will that liability amount to?

Mr. J. D. REID: The hon. member will find the figures for each road on page 34 of the memoranda. I do not think the total is given.

Mr. J. H. SINCLAIR: It is not, and I should like to have that information.

Mr. J. D. REID: I will get that.

Mr. JACOBS: I have a clipping before me containing some figures which I should like the minister to confirm. The clipping reads:

> In the proposed deal the Government pledges itself to pay 4 per cent on all Grand Trunk debentures, 4 per cent on all guaranteed stock and 4 per cent on the arbitrated value of all other Grand Trunk securities.

Is that correct?

Mr. J. D. REID: Interest on the debenture stock and 4 per cent on the guaranteed stock.

Mr. JACOBS: It goes on:

> The first item means an annual interest charge of about $6,000,000; the second a charge of approximately $2,250,000. The third is a variable quantity. The nominal value of the unguaranteed Grand Trunk securities is about $170,000,000. Figuring on the basis of average stock market quotations for the securities, this value is reduced to less than one-quarter, requiring about $1,350,000 in interest charges. That makes a total of annual obligations in addition to running the road, of about $9,600,000. Subtract the net earnings of the Grand Trunk under company ownership and you have an annual loss of $6,600,000.
>
> If the Government fails to operate the road as economically as the company, this loss will grow. But even on the basis of the Government's own figures and hopes, the Canadian tax-payers are buying, not a profit, but another white elephant for the hungry herd fattening on their diminishing treasury.

Mr. J. D. REID: Who wrote that out for you?

Mr. JACOBS: It has been handed to me. I fancy it was in the Montreal Star, which is usually a pretty good Government supporter, but they balk at this. There are limits beyond which a newspaper supporting the Government cannot go.

Mr. MEIGHEN: I should like the hon. member to ridicule that as it ought to be ridiculed. The idea of a man making a guess at what the arbitrators will award, without anything to go on, and taking that figure to be absolutely found and established, and then proceeding to argue what the deficit will be! More simpering nonsense can scarcely be conceived, although I have read some in the press that compares with it almost identically. What is the value of reading that out to the Committee? There is nobody here so unintelligent and dense as to be influenced for a second by rubbish of that sort.

Mr. JACOBS: From what I can gather, the minister is not in agreement with the article I have read.

Mr. MEIGHEN: I should think not.

Mr. J. D. REID: Nor anybody else.

Mr. CAHILL: From my reading of these figures, I come to the conclusion that we are undertaking to pay interest on a total capitalization of $470,000,000 in connection with this transaction. Am I nearly correct?

Mr. MEIGHEN: No, the hon. gentleman is wrong.

Mr. CAHILL: What is the correct figure?

Mr. MEIGHEN: The hon. gentleman has been told it at least seven times, and three or four times this evening since eight o'clock.

Mr. CAHILL: I am asking the question again because I did not get it answered. You do not mean to say that you are going to pay interest on the $707,000,000. You say yourself you are going to arbitrate, and if you arbitrate you are taking into account the whole $707,000,000. I am trying to make a deduction to arrive at what will not be arbitrated upon.

Mr. MEIGHEN: The resolution that has been before the hon. gentleman for two days, indeed, since last Friday, sets out definitely in figures that a child could read the exact debenture stock and the rate of interest on it which we undertake to pay, also the exact guaranteed stock with the rate of interest. That is all there is to it. There is no deduction necessary. It is all there in black and white.

Mr. CAHILL: Where is it?

Mr. MEIGHEN: It is in the resolution, and in the letter read in the House last Friday.

Mr. CAHILL: I do not see any mention of it in the resolution at all.

Mr. MEIGHEN: On the top of page 10 of to-day's Orders of the Day my hon. friend will find the debenture stocks, and on page 9 the present capital stocks. The letter that was read in the House last Friday says that we pay four per cent on the guaranteed

stock, and interest on the various debenture stocks set out at the top of page 10. There are no deductions to be made. Why ask this question fifty times over?

Mr. CAHILL: For the simple reason that there is no person in the Government with sufficient intelligence to answer the question as it should be answered. If the minister, who apparently does not wish to commit the Government as to the extent to which they are being obligated in this transaction, would look at page 39 of his own memoranda he will find that there are notes secured and unsecured amounting to $35,000,000. That is not mentioned in the resolution at all. Then there are the Grand Trunk Pacific bonds mentioned in the resolution, so if the minister has read the resolution and the list of other obligations he must know what should be deducted.

Mr. MEIGHEN: When the hon. gentleman says "obligations," I hope he means obligations. The obligations I have already told him, and if I stood here six months I could not tell him any more plainly. It was just as plain as if I had told him that two and three are five. There are other debts of the company, and we take the assets subject to those debts. They are all set out on that page. We do not assume those obligations. The 4 per cent interest on the guaranteed stock becomes our obligation. We take the stock of the Grand Trunk. The company's properties are subject to certain obligations, which are all set out there.

Mr. CAHILL: What do they amount to?

Mr. MEIGHEN: The figures are there. Cannot the hon. gentleman read? Do I have to read them over to him?

Mr. CAHILL: Cannot you total them up?

Mr. MEIGHEN: It is all made up here, but if the hon. gentleman says he cannot read I will read it for him. It is in English, not in Italian or Greek.

Mr. CAHILL: Nor in code.

Mr. MEIGHEN: The hon. gentleman might be more familiar with it if it was in code. These are the figures.

Grand Trunk 5% debenture stock	$ 20,782,491.38
Grand Trunk 4% debenture stock	119,839,012.69
Great Western 5% debenture stock	13,252,322.48
Northern 4% debenture stock. ..	1,499,979.65
Total debenture stock..	$155,373,806.20

That is the debenture stock upon which we oblige ourselves to pay the interest. Let us proceed. On the same page we find 4 per cent guaranteed stock $60,833,332.51. That is the guaranteed stock on which we pay interest. That is all we oblige ourselves to do. Then there are other debts which the company holds its property subject to, and when we are stockholders the company will hold its property subject to them the same as now. The hon. gentleman wants to know what these debts are. Well, I shall read them to him; they are in English:

Second mtge. equipment bonds 6%..	$ 1,814,779.97
Northern third mtge. 6%.. ..	70,566.67
Canada Atlantic 4% bonds..	16,000,091.77
Wellington, Grey & Bruce bonds..	295,893.34
Matured bonds unpaid..	3,406.67
	$18,184,738.42

Then there are other liabilities of the company. They follow in order and I may read them if the hon. gentleman thinks it sounds better for me to read them than for him to read them himself. There are current liabilities, reserves and advances to controlled companies. I do not think reserves and advances to controlled companies could be described as liabilities, but the current liabilities are:

Interest on capital account accrued..	$ 3,123,755.42
Sundry outstanding accounts	15,409,985.97
Wages unpaid at Dec. 1918. ..	3,132,851.84
Overdraft at bank..	1,134,881.12

Against those, all the assets on the other side of the balance sheet are the property of the company. What, then, is the difficulty?

Mr. CAHILL: Does the minister say that we are assuming a capital of $500,000,000 on which we must pay interest?

Mr. MEIGHEN: No; not at all.

Mr. CAHILL: Then what is the amount? Surely that can be answered. I also want to know what amount is being assumed on account of the Grand Trunk Pacific.

Mr. MEIGHEN: I do not know what I can do. I am afraid I must give it up.

Mr. CAHILL: Surely some member of the Government can answer the question.

Mr. MEIGHEN: I have answered it.

Mr. J. R. WILSON: The hon. gentleman (Mr. Cahill) is somewhat confused. He seems to view the matter as an outright purchase. If I understand the subject, we are assuming a liability of interest on a certain amount of securities which to all intents and purposes will be a rental. But there are these last-named securities mentioned by the minister. I understand that

that will stand as a claim against the stock that is still held by the Grand Trunk Pacific. That is what I understand.

Mr. CAHILL: Ask the minister if that is what he understands.

Mr. TOBIN: He will not answer.

Mr. CAHILL: The hon. member (Mr. J. R. Wilson) states his view of the situation. Perhaps the minister will enlighten him.

Mr. J. D. REID: The whole matter is very plain, and it has been explained so many times that I do not think there is anything that I can add. The Minister of the Interior explained the situation with regard to the Grand Trunk Railway. The Grand Trunk Pacific is a subsidiary of the Grand Trunk, and when we take over the system we shall assume the liabilities in connection with the Grand Trunk Pacific. When we take over the Grand Trunk railway we shall assume the interest on all the bonds.

Mr. CAHILL: Amounting to how much?

Mr. REID: I would have to look it up, but it is probably $6,000,000 or $7,000,000 per annum. Until the war the Grand Trunk Pacific was able to meet operating expenses; the loss has been practically on interest only. During the last two or three years, owing to the war, there has been some loss also on account of operating expenses. The loss on the Grand Trunk Pacific has been, in round numbers, $7,000,000 during the last few years, and that was practically on interest.

Mr. CAHILL: What capital amount does that represent? Surely you can tell us that. It is absurd to think that we are undertaking an enterprise of this kind and no one can tell us what obligations we are assuming. The Government is afraid to say that we are assuming obligations for fear that it might interfere with our credit. I am not asking them to say that. But what capital amount are we assuming?

Mr. MEIGHEN: On page 38 it is given exactly in several items.

Mr. CAHILL: What is the amount?

Mr. MEIGHEN: I have told the hon. gentleman half a dozen times that you cannot lump these figures all together unless you want to deceive the House. Whether the hon. gentleman wants me to do that I do not know. Certain of these obligations we assume and agree to pay; the rest we do not. I have read both. I told the Committee what we agreed to pay and what the Grand Trunk Company had to, which we had not assumed at all. The totals are: Capital stock, $60,833,332.51. The interest upon that at 4 per cent we guarantee to pay. Funded debt, $155,373,806.20. The interest on most of that is at 4 per cent and some at 5 per cent, which we agree to pay.

Mr. CAHILL: What is the total?

Mr. MEIGHEN: I am giving it to you now, but I will venture the prediction that the hon. gentleman will want it at least six times more before we are sure. I have stated what we agree to pay.

Now, the property is subject to the list of obligations, that I read in detail and that amount to $18,184,738.42, of the nature of bonds, etc., on properties they acquired. Then it is subject to other obligations amounting to $5,344,,207.54 in the nature of trust notes on equipment; other obligations in the nature of short-term loans amounting to $35,548,235.08, and other obligations in the nature of current liabilities. The property is not subject to these last. They belong to another distinct class again that we do not assume in any way but which the fixed assets must be liable for before there is any equity. These current liabilities amount to $22,801,474.35. To say that we must pay interest on all of that is merely to talk humbug, because on the other side of the balance sheet are current assets enough to discharge these obligations. Surely the hon. gentleman understands a balance sheet. It has been before him. There are current assets in the nature of sundry outstanding accounts amounting to $43,838,831.44 which, as the hon. gentleman knows, stand off against the current liabilities. There are outstanding traffic accounts, amounting to $1,581,852.15 and materials and supplies on hand, $6,407,195.57, all standing against current liabilities. Then there are "advances to controlled companies", and so on,—that appears on both sides and these items are not liabilities,—"Traders sidings bearing interest", and so on;—the assets and liabilities are there. they stand against each other. What is important is: What are the assets upon which we assume liability? What is funded against the property? I have given to the hon. gentleman the actual figures three or four times tonight.

Mr. CAHILL: What about the Grand Trunk Pacific?

Mr. MEIGHEN: I have given him the Grand Trunk Pacific. We find a balance sheet showing exactly the same thing in

respect to the Grand Trunk Pacific, page 42. As I have explained what a balance sheet means in regard to the Grand Trunk I need not add that it means exactly the same thing in regard to the Grand Trunk Pacific.

Mr. CAHILL: The minister is not proposing that we shall assume interest payments on our own loans to the Grand Trunk Pacific? What is the amount of our loans to be deducted from the obligations of the Grand Trunk Pacific that we assume?

Mr. MEIGHEN: Our loans are all set out on page 42 and the figures are just as plain as my words could be. The Grand Trunk Pacific is subject to all these liabilities. It has certain assets. In my opinion the assets are not at all equal to the liabilities but I am not responsible for that. So far did the liabilities exceed the assets on the Grand Trunk Pacific as a going concern that last year's deficit, including fixed charges, was over $10,000,000. There is something in the nature of a monument. I would call it a monumental folly.

Mr. J. H. SINCLAIR: I presume the Government intends to hold the Governments of Saskatchewan and Alberta liable for their guarantees of bonds?

Mr. MEIGHEN: These governments are liable in relation to certain guarantees. The Dominion Government has not relieved them. I do not know that the matter of their liability is a serious one as far as the provinces are concerned, for the reason that the Government, although it does not assume the liability as an obligation of the Crown, it does, as a matter of practice take care of the road as a going concern. Consequently, I think these provinces are justified in believing that their position is improved by the Government taking over the road.

Mr. J. H. SINCLAIR: Have they paid any interest?

Mr. MEIGHEN: No. The Grand Trunk Pacific paid its own liabilities because the Government of Canada has lent it the money with which to pay. Consequently, the provinces have not been called upon to pay.

Mr. J. H. SINCLAIR: I understand the Grand Trunk Pacific defaulted some time ago. Have the provinces not been called upon since then?

Mr. MEIGHEN: My hon. friend the Minister of Railways (Mr. Reid) informs me that since the Grand Trunk Pacific went into the hands of a receiver the two Governments have had to pay the maturing interest.

Mr. J. D. REID: The governments of Saskatchewan and Alberta have had to take care of the interest.

Mr. FOURNIER: I asked the Minister yesterday how much the Grand Trunk had expended per mile of road for maintenance in comparison with the Canadian Pacific during the years 1915, 1916, 1917, 1918. Is he able to give me the information?

Mr. MEIGHEN: Yes, I have the information here. It will be remembered that yesterday the complaint was made that the road had not been maintained, and comparative figures were asked for as to maintenance payments made by the Grand Trunk and Canadian Pacific in various years per mile of road. These are the figures:

COMPARATIVE STATEMENT OF ANNUAL EXPENDITURES PER MILE OF ROAD FOR MAINTENANCE OF C.P.R. AND G.T.R.

CANADIAN PACIFIC RAILWAY.

Year Ending.	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 31, 1916.	June 30, 1916.	June 30, 1915.	June 30, 1914.	June 30, 1913.	June 30, 1912.	June 30, 1911.	June 30, 1910.	June 30, 1909.	June 30, 1908.
	$	$	$	$	$	$	$	$	$	$	$	$
Maintenance of Way and Structures	1,690	1,345	1,331	1,135	921	1,389	1,627	1,645	1,504	1,354	1,020	1,104
Maintenance of Equipment	2,111	1,802	1,460	1,292	914	1,405	1,513	1,263	1,165	1,247	1,122	993

GRAND TRUNK RAILWAY CO.

Year Ending Dec. 31.	1918.	1917.	1916.	1915.	1914.	1913.	1912.	1911.	1910.	1909.	1908.
	$	$	$	$	$	$	$	$	$	$	$
Maintenance of Way and Structures	1,948	1,498	1,103	1,217	1,303	1,552	1,304	1,343	1,318	1,241	1,122
Maintenance of Equipment	3,601	2,341	1,828	1,703	1,665	2,009	1,863	1,912	1,771	1,537	1,103

Now these figures would show that adding the two classes of maintenance together the Grand Trunk would be better than the Canadian Pacific for every year back to 1908. I do not want any one to gather from that that there was any failure to maintain on the part of the Canadian Pacific. I do not know how to account for it, but these are the official figures given.

Mr. FOURNIER: I have asked several questions of members of the Government but the answers given by them are so confusing I have come to the conclusion that they do not know any more about railway affairs than I do. I propose to deal with the question in regard to the Canadian National railways and our national debt.

The railway situation in Canada since the beginning of the war has changed rapidly, and instead of an era of private initiative and private profit in railway enterprise, such as we witnessed before 1914, we have entered upon a period in which government activity in this direction is regarded by some as the panacea for all our ills in transportation. The Government on October 1, 1917, took over the Canadian Northern Railway through the purchase of 600,000 shares of the stock then outstanding at a price of $10,000,000. When this transaction took place the amount of the company's liabilities was such as to increase our funded debt by $327,000,000. In the summer of 1918 negotiations were carried on by some members of the Government with the Grand Trunk Railway Company in London, looking towards the acquisition of this line and its subsidiary the Grand Trunk Pacific Railway, but such conferences were fruitless of results and left the whole matter in a very unsatisfactory condition. On March 4, 1919, the Grand Trunk Pacific Company notified the Government that on account of insufficient funds it could not continue to operate beyond March 10, and upon receipt of this letter an Order in Council was passed on March 7 appointing the Minister of Railways as receiver of the Grand Trunk Pacific in order to keep the line in operation. Hon. gentlemen may remain in their seats, take a sheet of paper and pencil and figure the matter out, and I challenge any of them to say that my statement is incorrect.

First of all, let us look into the condition of the Grand Trunk's finances and its bonded debt obligations. Some of these have matured, but those that are outstanding constitute a heavy burden. Changing the pounds to dollars at the rate of one pound to five dollars these obligations are listed as follows:

1. Grand Trunk railway perpetual debentures, five per cent	$ 21,351,875
2. Grand Trunk railway perpetual consolidated debentures, four per cent	123,122,275

Hon. gentlemen will notice that additional amounts of these has been pledged for security of No. 9-10, and I will enumerate them later on.

3. Grand Trunk second equipment, six per cent		$ 1,865,000
4. Great Western perpetual debentures, five per cent		13,615,400
5. Northern Railway of Canada, 3rd preferred debentures, six per cent		72,500,000
6. Northern Railway of Canada, perpetual debentures, four per cent		1,541,075
7. Canada Atlantic, first mortgage, four per cent		16,438,450
8. Grand Trunk railway equipments, four and a half per cent, Series A	$2,167,000	
Series B	2,016,000	
Series C	1,572,000	
Total for the Grand Trunk railway equipment, four and a half per cent		5,755,000
9. Grand Trunk railway five and a half per cent secured notes unmatured		12,050,000
10. Wellington, Grey and Bruce bonds		312,000

There are also the following issues:

11. Matured bonds not presented for payment	$ 3,500
12. Collateral Car Trust, five per cent, due Whipple Car Co., guaranteed by Grand Trunk railway	225,000
13. New England Elevator Company, first mortgage, 3½ per cent, guaranteed by Grand Trunk	250,000
14. Montreal Warehouse first mortgage, four per cent guaranteed by Grand Trunk railway	1,000,000
Total	$208,312,875

This is exclusive of the Grand Trunk Pacific securities which are $97,301,252. If we add these two together we get a total of $305,614,127 as the amount of the Grand Trunk Railway Company's bonded obligations for its own system and the Grand Trunk Pacific.

Let us look now into the large sums that are essential to put the property into good operating condition and bring these facilities to standard requirements. Maintenance has been neglected very much. Despite the fact that the Minister of the Interior has cited

figures in regard to the expenditure of the Grand Trunk Railway Company for maintenance per mile of road, I must say this to him, that in 1915-16 the Grand Trunk Railway spent only $1,335 per year per mile for maintenance while the Canadian Pacific Railway spent $5,061 per mile. These figures are taken from the Railway Statistics of 1915-16, page 92.

Mr. MEIGHEN: The hon. gentleman is wrong.

An hon. MEMBER: Who is right?

Mr. FOURNIER: I invite my hon. friend to look at page 92 of the Railway Statistics of 1915-16.

Mr. MEIGHEN: Published by whom? By the Railway Department?

Mr. FOURNIER: Yes, published by the Government.

Mr. MEIGHEN: All right.

Mr. MICHAUD: From whom did the minister get his information as to the cost per mile?

Mr. MEIGHEN: The figures were handed to me by the Deputy Minister of Railways.

Mr. J. D. REID: Taken from the official records in the department.

Mr. FOURNIER: I take issue with my hon. friend. Then, if we refer to the statement of President Kelley submittted in 1917 to the Railway Inquiry Commission, we find that he declared that a

9 p.m.

sum of about $21,000,000 and odd would be necessary to bring the railway up to par. My hon. friend will find it in the report of the Railway Commission at page 33. If this amount had been provided by the Grand Trunk Railway in the ordinary course of operation it would have been a charge against revenue. If the Government has to do it it will form part of its capital expenditure. The Commission in 1917 reported that the existing plant was inadequate for traffic requirements and that a capital expenditure of $30,150,500 was necessary to make the requisite additions. My hon. friend will find that in the report of the Railway Inquiry Commission at page 34. If we add these two amounts together we have $51,500,000 added to the above amount of the Grand Trunk Railways bonded obligations for itself and its subsidiary, or a total of $356,945,972 as the amount for which the Government would have to become responsible if it had taken over the Grand Trunk Railway at the end of 1916. With the additional sum required for the rolling stock now, it will represent an expenditure fully one half more than the programme would have cost before the war, and should the method of arbitration proposed be adopted as in the case of the Canadian Northern Railway, the amount will have to be increased and the Dominion Government will have to assume capital obligations to the extent of $400,000,000. I know, Mr. Chairman, that it is rather tedious to have to deal with figures, but I aver they are correct.

Let us now look into the annual capital charges which must be borne by the Government when it acquires the road. Changing the pound to dollars at the rate of one pound sterling to five dollars, we have:

1	For the Grand Trunk perpetual debentures 5%..	$1,067,594
2	For the Grand Trunk perpetual consolidated debentures 4%..	4,924,891
3	Grand Trunk second annual equipment bonds 6%..	111,870
4	Great Western perpetual debentures 5%..	680,770
5	Northern Railway of Canada 3rd preferred debentures 6%..	4,350
6	Northern Railway of Canada perpetual debentures 4%.. ..	61,643
7	Canada Atlantic First Mortgage 4%..	657,538
8	Grand Trunk equipment bonds 4½%..	258,975
9	Grand Trunk Railway secured notes unmatured 5½%..	687,500
10	Wellington, Gray and Bruce bonds..	12,855

The interest on these bonds varies, but I am giving the interest paid in 1917 as contained in the report of the Grand Trunk Railway Company for that year at page 10.

11	On matured bonds. (There is no interest paid on them.)	
12	Collateral car trust 5%..	11,250
13	New England Elevator Co. First Mortgage 3¾%..	9,375
14	Montreal Warehouse First Mortgage 4%..	40,000

There is also annual interest sanctioned but unexercised amounting to $500,513. These figures are taken from the Grand Trunk Annual Report for 1917, at page 11. This makes in all a total of $9,029,184, to which we must add:

(a) Rental due for leased lines (Annual Report of the Grand Trunk Railway Company for 1917, page 32)..	$ 776,030
(b) Interest on $15,000,000 First Mortgage 4%..	600,000
(c) Interest on Grand Trunk Pacific bonds guaranteed by the Grand Trunk Railway as follows:—	

1	4% Series A Second Mortgage Bonds, due 1955	$ 408,240
	4% Series B Second Mortgage Bonds, due 1955	398,520
2	Dominion Government Loans 1909-1913 at 4%..	1,000,000
3	5% Secured notes..	486,000
4	4% Perpetual debenture stock ($34,874,252.86) Interest charges..	1,395,170
5	4% Lake Superior Branch bonds interest..	301,320
	Total..	$14,394,404

Item (b) above is taken from Moodie's Analysis of Steam Railroad Investments, 1917, page 1243. This amount of $14,394,404 of annual interest and rental charges is not all. The Grand Trunk has guaranteed interest upon Central Vermont Railway First Mortgage 4 per cent Bonds ($10,732,000 outstanding) to an amount not to exceed 30 per cent of the gross earnings from the interchange of traffic between the two railroads. These figures are taken from Moodie's Analysis of Steam Railroad Investments, 1917, page 48. This would probably give a variable amount from year to year, but no mention is made of it in the financial statement of the parent company. Then, there are dividends upon £12,500,000 guaranteed stock, which at the rate of 4 per cent will net $2,500,000. These figures are taken from the Grand Trunk Railway Company's report, 1917, page 27. Adding this to the foregoing figures, $14,394,404, we get $16,894,404 as the annual fixed charges to be met by the Grand Trunk Railway, exclusive of the guarantee to the Central Vermont Railway and the dividends to be paid upon the three classes of preferred stock.

If the Government acquires the Grand Trunk railway the annual charges of the latter would have to be assumed by the former, and if the Government takes the road on the basis of a yearly rental payment, the amount of this would increase the above figure by a sum which would make the obligation on account of this railway at least $20,000,000. (Hansard March 20, 1919. Page 692).

It would be interesting to find out what is the earning power of the company. The income account for the years 1911-17 shows that, after the payment of operating expenses, interest on bonds and debentures, rental of leased lines and a dividend of 4 per cent on the guaranteed stock together with a 5 per cent rate on the first and second preferred stock and a nominal rate of return on the third preferred stock (excepting the years 1914-15, when no dividend was declared on any of the preferred stock), the surplus in any case was very small, and during this period, there have been at least two years of deficits. The largest surplus was in the year 1917, which was £26,279 sterling. This means that the revenue of the company are but little more than enough to pay the expenses of operation, and the fixed charges of capital. It is to be remembered also that maintenance expenses for line and equipment are greatly in arrears; that no depreciation fund has been set aside to take care of equipment, and that nothing has been done to establish a fund as a reserve for contingencies. According to former President Chamberlin, 5 per cent of the cost of the equipment should have been set aside annually for replacement of this capital and for the Grand Trunk. This would have necessitated an annual contribution out of the operating revenue equal to about $3,000,000. Were even this outlay provided for, it is evident that the surplus of the year 1917 would be converted into a heavy deficit. Moreover, if the operating ratio of the Grand Trunk railway under Government management should increase, as is the case with the Canadian Northern railway since it came under the Government, it is not difficult to foresee that in the near future the disbursements from the Dominion treasury will have to make good inevitable deficits in operation

Turning now to the case of the Grand Trunk Pacific, I will give the great outstanding facts concerning the finances of that company. It is well enough for hon. gentlemen to say that these things are known by everybody. I have come to the conclusion that very few people know about the Grand Trunk Pacific railway. Its contract with the Dominion Government required the latter to guarantee its bonds for the prairie section to an amount not exceeding $13,000 per mile and for the mountain section, to an amount equal to three-fourths of the entire cost of that section. The bonds guaranteed by the Government were secured by a first mortgage covering the undertaking from Winnipeg to Prince Rupert, and the company's bonds, guaranteed by the Grand Trunk Railway Company, were secured by a second mortgage. It was thought that the proceeds of those two bond issues would be ample to complete the Grand Trunk Pacific, and under the agreement the latter was then to lease and operate the National Transcontinental which had been built by the Government, on payment of a rental (after the first seven years) equal to 3 per cent of the cost of construction. Because of the

company's lack of funds in 1909 the Dominion Government, on the guarantee of the Grand Trunk, advanced the Grand Trunk Pacific $10,000,000 at 4 per cent. But even the proceeds of this loan, which the Government bought at par, proved insufficient. That is from the report of the Railway Inquiry Commission, page 23. In 1913, the Government made a further loan guaranteed by the Grand Trunk to the extent of $15,000,000 at 4 per cent. As in 1909, the Government bought the bonds at par, as per report of the Railway Inquiry Commission, page 18. Then came a change in the Grand Trunk policy when it declared that its financial position would not permit it to guarantee any further loans by the Government to the Grand Trunk Pacific; but as the latter was still unfinished, the Government came to its rescue and guaranteed a further issue not exceeding $16,000,000 of the company's 4 per cent bonds without Grand Trunk Railway security. Part of these were sold, and another part, $7,500,000, was issued and pledged to the Government as security for a cash loan of $6,000,000, as per report of the Railway Inquiry Commission, page 19. The company also issued $9,720,000 of 5 per cent loan guaranteed by the Grand Trunk railway and further secured by a deposit of $14,580,000 worth of debenture stock.

In 1916, the Government voted an $8,000,000 loan to the Grand Trunk Pacific railway on a mortgage. This was to pay the interest on the company's securities which had been guaranteed by the Government, and the deficit in operating expenses of the Grand Trunk necessitated that the latter should not be called on to make up anything for the operating expenses for its subsidiary, as per Hansard, March 20, 1919, page 686.

In each of the years 1917 and 1918, Parliament voted $7,500,000 to make up the operating deficit and to pay the interest on bonds which had been guaranteed both by the Government and the Grand Trunk. These loans of 1916, 1917 and 1918 are secured by a blanket mortgage on the Grand Trunk Pacific, but were not guaranteed by the parent company. It would seem from that, as I have said, and from the fact that the Grand Trunk has requested the Government to continue this yearly, that the Grand Trunk directors virtually desire to wash their hands of the Grand Trunk Pacific and to let the Government care for it, as per Hansard March 20, 1919, page 687.

Here is a tabular arrangement showing the liabilities of the Grand Trunk Pacific and the nature of guarantees under which they were issued:

I.		
3 per cent. first mortgage bonds (due 1962), bought by the government		$ 33,048,000.00
3 per cent. first mortgage bonds (due 1962) outstanding		34,992,000.00
4 per cent. sterling bonds (due 1962) outstanding		8,440,848.00
4 per cent. bonds, issued and pledged to government in 1914 as security for a cash loan of $6,000,000		7,500,000.00
		$ 83,980,848.00
Government loans to Grand Trunk Pacific on Grand Trunk Railway guarantee:—		
1909	$10,000,000 at 4 per cent	
1913	15,000,000 at 4 per cent	
		25,0000,000.00
Government loans to Grand Trunk Pacific, secured by Grand Trunk Pacific mortgage:—		
1914	$16,000,000	
1916	8,000,000	
1917	7,500,000	
1918	7,500,000	
		$ 39,000,000.00
Total guarantees of Dominion government and loans by the government to the Grand Trunk Pacific (i.e., total interests of the government in the Grand Trunk Pacific		$147,980,848.00
II. Saskatchewan government guarantees:—		
4 per cent. bonds, due 1939	$11,347,848.00	
4½ per cent. terminal bonds, due 1943	1,882,240.00	
		13,230,088.00
III. Alberta government guarantees:—		
4 per cent bonds, due 1939	$ 2,430,000.00	
4 per cent. coal branch bonds, due 1942	1,159,596.00	
		3,589,596.00
IV. Grand Trunk Railway guarantees for Grand Trunk Pacific:—		
4 per cent. Series A second mortgage bonds, due 1955	$10,206,000.00	
4 per cent. Series B second mortgage bonds, due 1955	9,963,000.00	
Dominion government loans to Grand Trunk Pacific on Grand Trunk Railway guarantee:—		
1909. $10,000,000 at 4 per cent., due 1919		
1913. $15,000,000 at 4 per cent., due 1923		
	$25,000,000.00	
5 per cent secured notes (secured by pledge of 4 per cent. debentures), due 1925	9,720,000.00	
4 per cent. perpetual debenture stock	34,879,252.86	
4 per cent. Lake Superior branch bonds	7,533,000.00	
		$ 97,301,252.86

Summarizing these, we find:—		
Dominion government guarantees of Grand Trunk Pacific securities..	$147,980,848.00	
Less amount of these guaranteed by Grand Trunk Railway..	25,000,000.00	
Net amount of Dominion government guarantees..		$122,980,848.00
Saskatchewan guarantees of Grand Trunk Pacific securities..		13,230,088.00
Alberta guarantees of Grand Trunk Pacific securities.. ..		3,589,596.00
Grand Trunk Railway guarantees of Grand Trunk Pacific securities..		97,301,252.86
Total guarantees of Grand Trunk Pacific securities..		$237,101,784.86

By taking over the Grand Trunk, the Government assumes a capital obligation of about $400,000,000 and annual charges of $20,000,000. In acquiring the Grand Trunk Pacific its capital obligation would be increased by about $300,000,000, and its expenses by at least $8,000,000. This means that by such a proposed course of government ownership, the enormous debt of Canada would be increased by one third of its present amount. When we take these facts into consideration, in connection with the annual deficit of at least $20,000,000 in the case of the Canadian Northern, which has been acquired by the assumption of $434,312,747 of liabilities, including a bonded debt of $327,000,000, and the deficit in operating expenses of the Canadian Government railways, amounting in 1916 to $6,000,000 and over, without the payment of any interest on capital, it can easily be seen that the drain upon the Dominion treasury will soon make heavy calls upon the taxpayers of this country.

The ex-Minister of Finance (Sir Thomas White) stated to Parliament on April 3, 1919, that if the Government should exercise its right of foreclosure on the Grand Trunk Pacific on the basis of its first mortgage, and offer the road for sale, it could buy it at a much lower price than is represented by all the securities which have been issued in respect of it (Annual Report to Department of Railways and Canals, 1917, p. 6). He acknowledged then that if the liabilities of the Grand Trunk Railway on behalf of the Grand Trunk Pacific were fully taken into account, the value of the Grand Trunk shares, that is, the shareholders' equity in the property, would be practically nil (Hansard, March 20, 1919, p. 701). The Government, therefore, has come to the conclusion that the value of the assets in these cases is not a determining factor in the proposed change from private to public ownership. In other words, the Government encourages the allegation that it is a case for generosity, and not for exacting the full pound of flesh. I may add that the full pound of flesh will be exacted from Canadians.

The ex-Minister of Finance also said that if the Government should take over the Grand Trunk, and the same thing applies to the Grand Trunk Pacific, it would take it on the same basis as the Canadian Northern, that is, it would still be a corporation with power to issue securities when necessary. As a corporation, its object would be to finance itself as much as possible. In this way, it seems, the Government is endeavouring to make the people think that they will not be obligated to the extent I have shown, but that all the financial strain will rest upon the existing corporation, which is in control of the properties. This confusing of the issue is wholly derogatory to democratic government, which rests upon full and accurate publicity. Does the Canadian Northern still do all its financing by the issuance of its securities and their sale in New York and London? I pause for an answer.

Mr. J. D. REID: It does part of its financing, selling equipment bonds, for instance, in New York or any other market it wishes.

Mr. FOURNIER: Far from it, and the Government knows it well. Then, why should this blind be held out, as a consequence of which many of the electorate are deceived? I have not argued either for or against public ownership, but have sought to give the figures and the financial status of the railways in an unprejudiced manner, and the people of this country can draw their own conclusions.

It is regrettable that the Government has seen fit to bring down this railway legislation. Sir, we met here to approve of the Peace Treaty, and we have approved of it, even the Austrian Treaty which we have not seen and which was never presented to us. However ridiculous this session has been regarding the Peace Treaty, we wanted to finish with the war junkers, and work again once more in peace and harmony. To me this session appears like a hopeless joke. It was only planned to fool the people with another railway deal. Just as soon as a glimmer of light was beginning to penetrate the war gloom, and at the very time when the country needs wise discernment and

patriotic endeavour in its counsels, more so than at any other time since Confederation, the Government sees fit to force Parliament to grant them a blank cheque to crowd huge financial obligations on this country, on top of our enormous debt which now runs into the billions.

Sir, this is not the first time that the Government has outraged decency. It is not the first time that this beautiful Unionist aggregation, with its majority, has sacrificed Canada's interest to enrich speculators and rescue imprudent backers of that Bolshivish financial clique of Toronto. It is not the first time that the Canadian people have been swayed by the sophistries of this unscrupulous Government.

It is not very long ago that we had to listen to stock arguments of all hon. gentlemen on your right, Sir, telling us about the glorious memories of Vimy, Courcelette, Ypres, and Passchendaele, the bravery of Canadians on the battlefields and their gallant fights for freedom. "The last man; the last dollar"—this was the war-cry. The soldiers have come back, and no more a sound shall we hear from those sweet lutes. Ofttimes have we heard even the ex-Minister of Finance, whom we delight to hear, as we heard him this afternoon, mention the soldiers. But that nightingale also has been silenced. He went up to the soldiers' committee and told them that there was no more money for the boys. But, Sir, there is money for the Toronto clique. This legislation may go through or not by means of the gag-machine; it matters not. We know very well that this Government will never put railway legislation through without applying the gag rule. But, Sir, when the next Budget is made public the people of Canada will realize in a shocking way that we are navigating troubled waters and that the currents on which we are drifting sweep over more debts and deficits to the rocks of calamity and disaster. Hon. gentlemen opposite may have shaken hands to carry on the war to a successful end. That was a noble cause, but if they have formed a sort of family compact to drive Canada to the rocks of bankruptcy to enrich speculators, then, I say to those hon. gentlemen that individual greed should not govern this country any longer. I crave your pardon, Mr. Chairman, if I have trespassed unduly on the time of the committee, but I have endeavoured to express in my humble way my opinions on this subject.

Mr. DENIS: With the indulgence of the members of the Cabinet, there are two or three more questions which I shall ask, and then I hope I shall be through. The first point I should like to have elucidated is this: Taking the present net earnings of the Grand Trunk railway and the interest which we shall have to pay upon the debenture stock and guaranteed stock, which amounts to between $9,000,000 and $10,000,000, what is the deficit, subtracting the net income for the year 1917-18 from the interest which we shall have to pay upon the debenture stock and guaranteed stock? Is my question clear?

Mr. MEIGHEN: It is clear, but why does the hon. gentleman pick out two of the worst years in the company's history? Would it not be fair to pick out ten?

Mr. DENIS: I am taking only the last two years.

Mr. MEIGHEN: Yes, because they were war years when no railway in the world made anything. Then, again, they were the years in which the McAdoo award took effect, and in this country the increase in rates did not take effect until much later. The hon. gentleman will hardly argue that it was fair to any invested capital, be it Canadian or foreign, to assume that it would stay in such an abnormal condition as that, or that any country would be justified in allowing it to do so. If the hon. gentleman takes, as the Drayton-Acworth report asks should be done, ten years, and even includes in them certain war years, then there will be more than sufficient to pay all obligations, all debts, interest on guaranteed stock, and more besides.

Mr. DENIS: Can the minister inform me why the Grand Trunk Railway has altogether suspended the payment of dividends on the guaranteed stock and debenture stock for the last two years, as appears in this booklet?

Mr. MEIGHEN: They did not. They paid interest on debenture stock. Guaranteed interest was not paid in 1917-18 for the reasons I have given, because there was no money to pay it with. There was a small surplus but they did not declare dividends for very clear reasons which I have given. The hon. gentleman should not assume that any company was a failure merely because it had paid no interest on certain portions of its capital stock last year and the year before. If so there would be scarcely a sound railway in the world; there would not be one in the United States or in England, as I am informed. There would be in Canada, on account of the tremendous land assets and the very strong position of the Canadian

Pacific railway, a position very largely due to the extraordinary generous treatment received at the hands of this Dominion.

Mr. DENIS: I do not want the inference to be drawn that the company would be insolvent for that reason. I suppose the failure to pay interest must be attributed to the decrease in the earnings and the increase in the runing expenses.

Mr. MEIGHEN: No. I think the hon. gentleman will find that the earnings were the greatest then that they ever had and that the amount of traffic was the highest. The amount of service rendered this country was the greatest that the Grand Trunk ever rendered. But owing chiefly to the McAdoo award as to the wages applying in Canada by virtue of our law, and to the increased cost of operation generally, due to increased cost of supply, the entire earnings of the company were eaten into except to the extent of a small surplus.

Mr. DENIS: Is the minister taking any stock in the Drayton-Acworth report, which says that in 1917 the sum of $21,000,000. was necessary to put the road in good condition and for improvements generally?

Mr. MEIGHEN: No. The Drayton-Acworth report would not say that because it was published in 1916.

Mr. DENIS: Well, whenever it was published.

Mr. MEIGHEN: The hon. member wants to know if I am taking any stock in the report in that respect?

Mr. DENIS: Yes.

Mr. MEIGHEN: Our contention will be that the report is right. The Grand Trunk, however, strenuously contend that it is wrong, and brings considerable evidence forward to that effect. They certainly have not convinced Sir Henry Drayton, who was largely responsible for the report. As to where the exact line lies, I am not competent to say. The arbitration board will have to determine that.

Mr. DENIS: The Minister of the Interior said a moment ago that we did not in any way assume the liabilities of the company. This is absolutely right. But, on the other hand, I think his statement calls for explanation. I shall express my view of the situation and should like to be corrected if I am wrong. Technically speaking the Dominion of Canada is not by any means assuming the liabilities of the company, but it is making an investment to the amount of $216,000,000 by becoming responsible in perpetuity for the payment of the interest on the debenture stock and the guaranteed stock, which together represent a capitalization of $216,000,000. Now, in the agreement we say that we are going to pay forever the interest on this sum.

For the sake of argument we may say that we are making an investment of $216,000,000. Besides that we shall be making an investment to the extent of the amount of the award of the arbitrators. If the award is for $10,000,000 we shall invest that sum because we shall give stock for it. By making ourselves responsible in perpetuity for the payment of the interest on the debenture stock and the guaranteed stock we are making an investment of $216,000,000. If the award is $10,000,000 our investment in the Grand Trunk railway will be $226,000,000 and it is so much of an investment that, suppose through some calamity the Grand Trunk railway system should disappear from the face of the earth, we would be losing $226,000,000. If the physical property should disappear we would owe the shareholders the interest forever just the same as we owe the interest on the mortgage on a house after the house has been burned. There is no getting out of it that we are making an investment of over $200,000,000.

Of course, there are on the other side, assets which we must take account of as the hon. the ex-Minister of Finance (Sir Thomas White) said this afternoon. We are not assuming the other liabilities of the company, but by becoming the most interested party in this concern, we are practically assuming the other liabilities because we could not afford to let the road go into liquidation or insolvency. Let us suppose that the $22,000,000 current liabilities, as they appear at page 39 of the booklet, should not be paid, and that the holders of these securities should ask the company to be put into liquidation and into the hands of a receiver; the Government could not afford to let the company go into the hands of a receiver because, if it should be sold far below its value, the Government would be in danger of losing the $226,000,000 which it has invested. Consequently, we are in the same position as the man who would take a second mortgage of $5,000 on a $10,000 house. He might very well say, "I am not interested in the first mortgage; I have nothing to do with it." That is true. He is not assuming any responibility as to the first mortgage, but in reality he is responsible for the first mortgage if he wants to save his own second mortgage. We are not assuming the other liabilities of the

company but because our interest goes with these liabilities, because we have to secure the interests of the company and because we have to save the company, we make ourselves responsible practically for the whole of the liabilities of the company. That is my point of view and if I am mistaken I should like to be corrected.

Mr. MEIGHEN: The speech of the hon. gentleman convinces me that he very clearly understands the situation. I do not say that he expresses it quite correctly, but I believe that in his own head it is just as clear as it can be in the mind of any hon. member. While it is not quite correct to say as he says that we are making an investment of $216,000,000 because we are agreeing to pay the interest on that amount already invested, still the very statement of that shows that he understands just what we are doing. We are agreeing to pay interest on that money which is already invested. That differs from investing it in this very important feature that we do not have to find the money and we could not find it to-day without an expenditure of considerably more than that amount. It is much more advantageous to us than if we had to find $216,000,000 and invest it. If we had to find and invest it on a four per cent basis, it would cost us more than $216,000,000. It might cost us about $250,000,000. While the hon. member evinces a clear understanding of the situation he does not put it in a correct way, but I know that he understands clearly that as I am stating it to him now I am putting it in the correct way. As to what he says about other obligations—obligations standing against the properties of the Grand Trunk Railway Company which we are taking over—his conception in that regard is quite correct. They do not become an obligation of the Government, but the Grand Trunk would have to take care of them in order to protect its own interests, and the Government is the stockholder of the Grand Trunk. What the hon. member has in mind is quite right. That is the position of the Grand Trunk has been in all these years. It is the position that every road in the world is in. There is not a road in the world that owns its properties subject to nothing. Against properties taken over there are perpetual obligations. We are going to be in that position when we take over the Grand Trunk. It is a pleasure to answer any question put by my hon. friend because there is some result in the answer.

Mr. CRONYN: From the discussion last night I got the impression, which perhaps was an entirely wrong one, that the market price of the stocks of the Grand Trunk might play some part in fixing the value which the Government would be called upon to acknowledge by way of new guaranteed stock. Reading over the report in Hansard, I am not certain that the inference is correctly drawn, but I believe that certain other hon. gentlemen in the House are under the same impression, and I thought it would be well to have it set right by a direct statement from the minister. To my mind the market prices of these stocks to-day, or six months, or a year from to-day, can have nothing whatever to do with the value of the property. I presume—I may be quite wrong—that the board of arbitration will inquire into the physical assets of this corporation, its right of way, terminal facilities, equipment and so forth, will set up against these various obligations that may exist in one form or another, and will strike a balance on this basis: After these obligations are met what is the equity to be assigned to the various preference and common stocks? It is well known that for years Grand Trunk stock on the London market has been a speculative counter. The market has been rigged more than once more or less on current newspaper information, and it would be easy, particularly when there is such a large number of shareholders, to cause a violent fluctuation in any one class of these stocks. So that, to my mind, it would be entirely misleading should the idea go abroad that the market price of the stocks has anything to do with their value.

Mr. MEIGHEN: The view expressed by the hon. gentleman (Mr. Cronyn) is almost identically my own. The market value, in my judgment, if it is to be considered a factor at all—that is a subject for evidence—would be a very minor matter before the arbitration tribunal. It is quite true, as the hon. gentleman says, that market value on the stock exchange is a very poor guide as to what the real value is, because the quotations are influenced by speculative considerations so very largely that it would seem to me it would be next to valueless evidence as to what the stocks were really worth. While that is my opinion, the answer would not be complete unless I added that according to the resolution and according to the letters both of July 18th and October 10th, the arbitration tribunal necessarily must be itself the judge as to

what evidence is and as to what weight is to be attached to evidence when admitted. That is to say the arbitration tribunal is the judge as to what kind of evidence can be admitted to prove value. It would have power to wholly strike out all evidence as to market value, and if it decides that the evidence can be admitted it is the sole judge as to what weight can be given to it. So, while in my opinion, the arbitration tribunal should give very little, if any, weight at all to it, and perhaps should not admit it, that is altogether for it to say—the matter is in its hands, and rightly so.

Mr. DENIS: Will there be an appeal from the award of the arbitrators?

Mr. MEIGHEN: There will be if the award is not unanimous, but only on a question of law. If the other side claims that the arbitrators adopted a wrong legal principle in coming to their conclusion, then they have an appeal to the Supreme Court in the event of the award not being unanimous.

Mr. DENIS: If the arbitrators are unanimous there is no appeal either on a question of law or on a question of fact?

Mr. MEIGHEN: No.

Mr. McKENZIE: Notwithstanding the view expressed by the hon. gentleman (Mr. Cronyn) I find it very difficult to understand how an arbitrator, whose duty it is to place a value on stock, can shut his eyes to the market value of the stock which he is arbitrating; I think the evidence that any lawyer representing the owner of the stock would hasten to submit to arbitration would be the market value of the stock. He would put on the stand brokers who were handling the stock and prove that for the last month, or for the last year, this stock was selling on the open market in the hands and under the judgment of financiers, in London for instance, at a certain figure. I profess, Mr. Chairman, to have the ordinary common sense of the ordinary man, and with that some training as a lawyer, and I must submit to the Government that I feel now, with what information I possess, that I would be obliged to take cognizance of evidence as to what the market value of the stock was, just the same as if I were arbitrating the value of a lot of land in a field. The owner of the field could come and say: "You have to arbitrate this lot. I have sold twenty-five lots just alongside of this in this very field, and for each of them I have received $5,000; I can sell this for $5,000 and sell lots all around it for the same amount." I might not think that the lot was worth $5,000 but I could not, as an arbitrator or as a judge, shut my eyes to the fact that this was the market value of the man's land; I think I would have to give cognizance to it, and if I did not I do not think my award would stand. For these reasons, Mr. Chairman, I think it would be very dangerous ground for the Canadian people to take, or for the Government to take, in calculating what the award would be, to imagine they can separate the market value of the stock from its intrinsic value. I do not think we can calculate on that at all, and if anything depends upon it I would certainly think that we must govern ourselves to a very great extent by what this stock is. A great many people handle stocks not for the interest that it brings at all but just for the purpose of speculation—buying stock and selling it, turning it over; making a business of that. It is only a comparatively small number of people who buy stock and put it in their safe, say nothing further about it, and wait from year to year for dividends. There are such people but they are not the ones who are usually found making a business of handling stocks. The man who makes a business of handling stocks cares very little about the intrinsic value if he thinks it is a taking stock in the market; that he can turn it over and make a profit of it, and when that is going on from day to day the opportunity is presented of making money. So while it is true that the Minister of the Interior professes to agree with the hon. gentleman (Mr. Cronyn), I submit that, even for the minister, it would be hard sledding and difficult arguing to show that an arbitrator is to take no account whatever of the market value of the stock which he has to arbitrate. I do fear, Mr. Chairman, that the man in the street, of whom we talk so often, does not very well understand the situation that we are in in respect to this property that we are taking over. I submit, Sir, that the man in the street thinks that when we buy the stocks which are set forth in the resolution we are buying the property; that is the way the transaction appeals to the ordinary man. There is a string of stocks given in the resolution in two different lots. One total is £49,573,492, and another aggregation is £31,226,125. The ordinary man thinks that when we dispose of that stock—that is, when we satisfy the owner of it and buy it out absolutely and take that stock over—we own the road.

10 p.m.

That is the way it appeared to me in the first instance—I thought that was so. But it has come out from the reading of this little blue book which the Government has put in the hands of members, that that is only a small part of the obligations which we have to pay in order to own this road. That has been made perfectly clear by the hon. member for Joliette (Mr. Denis) who spoke a moment ago in connection with these two mortgages. A man can buy a house, or buy what we call the reversionary interest or equity in a house, from a mortgagor—a man who has mortgaged his house, which is worth $15,000 for $10,000. The man buys it for $5,000 but there is a $10,000 mortgage on it. Surely he does not for a moment make himself believe that he owns that house? He owns it to the extent of $5,000, but he must clear off the $10,000 mortgage before he becomes the owner.

If you apply that principle to this railroad, it will be found that we buy the stock, and that that stock gives us certain rights. But the stock is nothing at all without the road-bed, the rails and the rolling stock; those are the things of value. The stock has no value at all except as the road-bed and the equipment and the earnings of the road give it value. We find that every physical asset in connection with the road is mortgaged to the hilt to the extent of millions of dollars. Now, if we are to own the road we have to clear off those mortgages. Very few of us have given very much attention to that point I imagine. Speaking for myself, I had not until to-day understood it; my attention having been called to a great many other things I did not have time to closely read this pamphlet. I did think that when we bought the stock we owned the road. But it is well for hon. gentlemen to consider that that stock only begins to give us some interest in the road, and that if we are to consider, as the representatives of the Canadian people, the kind of transaction we are entering into, we must know the extent of the mortgages on the railway that we are buying. We do not care about the stock; we want the road-bed and the equipment that will be of service in giving us a revenue. We are just as much bound to inquire as to what we will have to pay to clear off this equipment as we are to inquire how much we shall pay for the stock, because the holders of those mortgages, bills of sale, and other liens against this equipment can get judgment whenever they want to, and under the sheriff's execution can take possession, in which event we must go to the rescue or lose the use of that equipment and, through it, the use of the railway. So we must bear in mind that whatever amount stands against the equipment we are liable for and must pay when demanded if we are to save the property that we are buying.

A good deal has been made of the assets. It is said that we have the assets against the liabilities which appear, for instance, on page 38 of this Sessional Paper. I would bring to the notice of the Government that I regard some of these assets as very questionable. For instance, "Sundry outstanding accounts $43,838,831.44." It is supposed that we are getting something there in the way of assets worth that amount of money, nearly $44,000,000. I would not care to have the contract of collecting these sundry accounts that are possibly forty years old and have been carried along in this way to make a showing, and are now passed over to us as a good asset. This company, Mr. Chairman, has been in dire distress for many years. If the company had an asset to its credit of $43,000,000 surely an effort would have been made to collect it and apply it to the financing of the company. Instead of that, the company comes begging to the Government for money. I would bring to the notice, particularly of financial members, that I doubt very much whether this asset of nearly $44,000,000 is of any value. Many of the other assets that we are asked to consider seriously are of the same age. We are told that there are outstanding calls on capital stock not collected. If the company goes to pieces and the road is sold I would not like to have to try to collect those calls. And yet they are set out seriously as an asset that the Canadian people can collect.

I submit to you, Mr. Chairman, that this is a very much bigger transaction than hon. gentlemen are disposed to regard it, and that we should give it our most earnest consideration. Perhaps it has been too often asked, but I do not think it would be unreasonable in view of what has been said about this transaction to ask the Government if they have looked it up—that is, apart from the stocks altogether, for I can understand that they cannot say exactly how much they have to pay for the stocks, as part of them are to be arbitrated—but the claims against the physical assets of the road are laid down in black and white, and the Government ought to know exactly how much they are. I think they should tell the committee and the people how much exactly these outstanding claims against the material assets of the company amount to in dollars.

Mr. ROWELL: I must confess to a feeling of surprise at the principle my hon. friend (Mr. McKenzie) has laid down with reference to the ownership of property. I have always been under the impression that I owned a house, but I have never held it free from mortgage since I bought it. Notwithstanding that I have never had any doubt about my ownership, nor has anybody else so far as I am aware.

Mr. McKENZIE: Does not my hon. friend know, as a lawyer, that the legal estate in that house is absolutely in the mortgagee?

Mr. ROWELL: I know that, technically, the legal estate goes to the mortgagee.

Mr. McKENZIE: Absolutely.

Mr. ROWELL: But that does not change the fact as to who is the real owner of the property. The mortgagee has only his claim upon the house, which may be paid when it becomes due. Therefore all that my hon. friend has said amounts to this, that we are buying a property which according to this statement represents an investment in road and equipment of $434,990,999; that there are certain charges and obligations upon that property; and that in acquiring the stock of the company we get the benefit of the equity, that is, the difference between the value of the assets and of the liabilities. That is perfectly true, and no one has said anything to the contrary. There is not a railway on this continent, I do not think there is a railway in Great Britain, that is not in exactly the same situation. I do not know of any railway that has not bond issues outstanding. The Canadian Pacific Railway has such issues. It is the regular method of financing a road. The result is that there are of course these obligations outstanding against the road; but, as my hon. friends, the Minister of Railways (Mr. Reid) and the Minister of the Interior (Mr. Meighen) pointed out so clearly yesterday, in valuing the stock the arbitrators must take into consideration the obligations of the company as well as its assets, because the stock has no value until all obligations are discharged.

If the company were liquidated, all these claims must be paid before the stockholders would receive a dollar. Therefore, in estimating the value of the stock, the arbitrators must take into consideration all the outstanding obligations, and they would find a value in the stock only if they reached the conclusion that, after considering the value of the assets, putting opposite them the value of the liabilities, there was still an equity in the road which would be represented by the stock in the road, and they would fix the value of that equity. That seems to be a perfectly clear position as has already been outlined by my colleagues. That is the situation in this case. The arbitrators are to determine, after considering the assets and the liabilities, what value attaches to those stocks which give us control of the road, and they must consider every one of the items which are set out in this schedule. My hon. friend has referred to one particular item, and he has questioned whether that asset is worth a hundred cents on the dollar. I do not know the details of that item, but what I say to my hon. friend is that the arbitrators must go into that; they must look into those assets and those liabilities, and evidence will be submitted by the Government with reference to this. The agreement will provide that the Government shall have full access to all the books of the company, and to all its accounts, in order that the Government may prepare its case. In addition, during the period that intervenes between the execution of the agreement and the making of the award, the management of the company will be in the hands of a committee of management, two of the members of which will be appointed by the Government and two by the Grand Trunk, these four to appoint a fifth. Therefore, the Government will have the fullest opportunity to investigate the value of all these assets, every item in the schedule, to investigate all the liabilities, to check them up, to ascertain if they have been fully disclosed and to lay all this information before the arbitrators in order that they may find the value of the stock. Then a further provision has been inserted in the letter, and will be embodied in the agreement to protect the Government against any possible liability cropping up after the award is made. While the Government will have an opportunity of some months to investigate all the books, to check up every liability, to see that everything is fully disclosed, yet, even after the award is made, if they find within three months, when they are in full possession of the road, any liability which has not been disclosed—the matter is referred back to the Board of Arbitrators, which is kept in existence for that period—for reconsideration, and it will be their duty to modify their award in so far as they feel that this liability calls for a modification. Therefore, the Government has protected

the situation on every point to meet the case which my hon. friend has suggested.

Just one word with reference to the evidence which would go before the arbitrators. My hon. friend has said that he thinks the arbitrators would be bound, I judge from his observations, to determine value on the market value.

Mr. McKENZIE: I said that would be evidence.

Mr. ROWELL: I think it is open to argument that it is evidence that can be submitted to the arbitrators. Personally I do not question that. I think it is open to the arbitrators, as the Minister of the Interior (Mr. Meighen) has said, to receive any evidence which they believe will enable them to ascertain value. But I point out to my hon. friend, in addition to the considerations presented by the Minister of the Interior, why that evidence would be unreliable, why that evidence would not be good evidence on which to base an award. The price at which you can sell 100 shares or 200 shares or 500 shares of stock on a market is absolutely no criterion as to the price at which you can sell $100,000,000 in shares. You may have a market that will absorb a few shares; but if you commence to put tens of thousands of shares on the market, you completely demoralize it, and the price sinks down, as any one who knows anything of the conditions of a stock market will realize.

Mr. McKENZIE: My hon. friend knows that you can glut any market of anything.

Mr. ROWELL: If you are selling a few shares of stock, say 100 shares, then I will concede to my hon. friend that the selling price on the stock market might be a very important consideration; but when you are selling shares involving nearly $200,000,000, you have a wholly different proposition. The price at which 10, or 100, or 1,000 shares might be sold on the market is no criterion of the market price of this larger block in case you put it on the market. What I would submit to my hon. friend is that the real evidence as to the value of the shares will depend upon two considerations; first, the value of the assets as against the liabilities, and second, the earnings of the company. Because it is only out of the earnings, present or prospective, that dividends can be paid. Therefore, the question of earnings would be the most important consideration which the arbitrators would be called upon to take into account in determining the value of the stock, plus the value of the assets and the liabilities. As my hon. friend has mentioned, the arbitrators would be the judges of the evidence to be admitted to enable them to arrive at a determination of value.

Just one or two other observations and I am through, not in answer to my hon. friend, but in answer to an observation of the hon. member for Shelburne and Queen's (Mr. Fielding).

Mr. McKENZIE: I understand the President of the Council stood up to answer my question. His speech is very nice, but I should like an answer.

Mr. ROWELL: I understood my hon. friend had finished.

Mr. McKENZIE: I had finished, but I had finished by asking a question.

Mr. ROWELL: I was going to answer an observation of the hon. member for Shelburne and Queen's.

Mr. McKENZIE: And come back to my question?

Mr. ROWELL: I thought I had answered my hon. friend's question.

Mr. McKENZIE: My hon. friend must have forgotten what I said, or I must have been very stupid. What I asked my hon. friend was: How much money have we to pay to get a clear title to the physical assets of the road that we are going to buy?

Mr. ROWELL: If the Government wanted to clear off the obligations existing, so as to have a road wholly free from any obligations, and that no railway in this country possesses——

Mr. McKENZIE: The Intercolonial is absolutely free. Put this road in the position of the Intercolonial.

Mr. ROWELL: My hon. friend will find the obligations set out on pages 38 and 39.

Mr. McKENZIE: I am not paid for adding up those obligations, as the minister is.

Mr. ROWELL: I am under the impression that my hon. friend is better paid than the minister. I think if my hon. friend will undertake that addition, the compensation will be equal to the work, and he will find all the obligations set out on those pages.

Mr. McKENZIE: That is the best answer the minister will give?

Mr. ROWELL: I cannot give any more. The liabilities are all set out on those pages.

Mr. McKENZIE: Any ordinary man looking over these figures cannot be sure he has got them right, because things are so mixed up that there is danger of making a mistake, but if we can get the information from a member of the Government we can assume that it is right.

Mr. ROWELL: My hon. friend is just as capable as I am of reading English, and perhaps some other language in addition. Take the 4 per cent guaranteed stock, for instance. There is no necessity for our ever redeeming that. All we have to do is to pay the 4 per cent on it, but if we desired to redeem it we would have to pay such a price as the holders would be prepared to accept. We are entitled to redeem this stock at par at any time after a period of thirty years.

Mr. McKENZIE: That is not what I was speaking of. Take the first item on page 39, for instance, second mortgage equipment bonds. That is against the equipment, I suppose. What would it amount to if we had to pay off that?

Mr. ROWELL: My hon. friend will see that the first item of $241,257,000 we do not have to pay. We will have to pay, of course, 4 per cent on whatever amount the arbitrators fix for the first, second and third preference and the common stocks. That is all we will have to pay on these items. The funded debt of $155,000,000 is a permanent obligation. If we wished to retire it, and the parties were prepared to accept par for it, we would have to pay $155,000,000. It may be they would be prepared to take less than par; I cannot say. It is a funded obligation perpetual in its character, bearing a certain rate of interest. Nobody could say what we could get it for at the present time, but there is a provision in the agreement whereby we can retire it at par at the end of thirty years, or any time thereafter if we wish to do so. Then the next item, second mortgage equipment bonds, Northern third mortgage, Canada Atlantic bonds, and so on, amounting to $18,000,000 odd—we could redeem those in accordance with the terms of the securities. The next is an advance by the Canadian Government. That is an obligation of the company to us. The other obligations we could retire in accordance with the terms set out on the face of the securities. I cannot add them together without taking into consideration the character of each. You cannot give a total in that sense, because the nature of the obligation is different, as the Minister of the Interior so clearly pointed out this afternoon; but all the information is contained there.

[Mr. Rowell.]

Coming now to the observation of my hon. friend (Mr. Fielding) he said he believed the people of this country were against the Government going on with this proposal. I notice in to-day's issue of the Toronto Globe a short editorial entitled "Liberalism and Public Ownership," and my hon. friend (Mr. McKenzie) and possibly some other members on the other side may be interested in hearing what the Globe says.

Mr. McKENZIE: It has no effect on me.

Mr. ROWELL: The editorial says:

> The general feeling of opposition to public ownership in Quebec, which is largely responsible for the opposition of the Liberal party to the acquisition of the Grand Trunk, is utterly at variance with the feeling of Liberals in Ontario and the western provinces. The people of Ontario, irrespective of party lines, are strongly in favour of the coupling up of the Grand Trunk with the Canadian National system.

I believe that fairly represents the opinion of the people of Ontario and Western Canada.

Mr. McKENZIE: That is the opinion of one man sitting behind a curtain at a little desk in the Globe office. We do not know who he is at all.

Mr. ROWELL: Quite so, but as the paper supports my hon. friends on the other side of the House it is an indication of the feeling in Ontario. This is the feeling in Ontario and Western Canada—I do not profess to speak for the feeling of the province of Quebec——

Mr. McKENZIE: The Globe does not always speak for Ontario, I am sorry to say.

Mr. ROWELL: No, sometimes it is right, and sometimes it is wrong. In this case I believe it is right.

Mr. TOBIN: What about the Montreal Star?

Mr. ROWELL: The editorial proceeds:

> The country has on its hands a great mileage of unprofitable railways on the borders of settlement which may not in our time earn interest upon the capital invested. The only hope of preventing a continuous drain of the national revenue for the payment of railway deficits is by the incorporation in the National railway system of a road such as the Grand Trunk, which taps the rich traffic-producing areas of Quebec and Ontario, and has an established long haul traffic between the seaboard and the interior of the United States and Canada.

I believe that statement fairly represents the feeling of the great majority of the people of Ontario and Western Canada, ir-

respective of party. Liberals and Conservatives alike recognize the national necessity of acquiring this road, and are prepared to support the policy of the Government in acquiring it. There are only three possible alternatives. First, the liquidation of the road. The Grand Trunk could go into a receiver's hands as the Grand Trunk Pacific has, that is a possibility, because the Grand Trunk has admitted it cannot continue to discharge its obligations in respect of the Grand Trunk Pacific. I do not believe the people of Canada are prepared for that or desire to see it brought about. Second, there is the possibility of the road going into the hands of the Canadian Pacific. I do not believe the people of Canada are prepared to have their whole railway system in the hands of one corporation, no matter how efficient that corporation may be.

Mr. McCREA: Why not?

Mr. ROWELL: The people of Canada are not prepared to have the whole transportation system of this country from the Atlantic to the Pacific in the hands of any one corporation and be subjected to the control that that corporation might exercise over the people by controlling all our transportation system. The third course is government ownership, the taking over of this road by the Government. Those are the only three courses open, and the last one is the one in the national interest and I believe has the support of an overwhelming majority of the people of this country.

Mr. McKENZIE: I asked, with the very best intentions and with a sincere desire for information to be enlightened, as to how much we have to pay in order to put this new road, if we are going to acquire it, in the same position as the Intercolonial. I mention the Intercolonial because there is no difficulty in understanding the situation there. The road is owned by the Government and there is no claim of any kind against it. My hon. friend (Mr. Rowell) made a very clever speech, as he always can make, but, as we say in common parlance in Nova Scotia, kept away from the pig as far as he could. On page 39, if I can trust my knowledge of figures, I find that we have to pay $504,629,211.93. We have to pay that anyhow before we have the road clear.

Mr. ROWELL: No, my hon. friend will see that included in that figure is all the preference and common stock. There is $116,000,000 of the common stock alone, and the first, second and third preference, amount in all to about $63,000,000 or $64,000,000. So that you commence with $184,000,000 taken off. We do not have to pay that. All we will have to pay is whatever the arbitrators may fix as the value of that $184,000,000 or $185,000,000 of stock. You take that off to start with.

Mr. MEIGHEN: And then take off the current liabilities and the advances to controlled companies. All these things are balanced on the other side. They are just cross entries. Even in the case of the Intercolonial there are current liabilities, but there are current assets against them. The same is true here. There are current liabilities of some $22,000,000, and on the other side current assets of some $51,000,000. So that we do not have to pay out of the Treasury of Canada that $22,000,000. If we wanted to clear the road off, which we could not likely do as the bonds are perpetual, we would have to pay the $35,000,000 odd, the $5,000,000, the $173,000,000 and the $60,000,000.

Mr. CAHILL: What is this item of $43,000,000? Would that include the claim of the Grand Trunk against the Grand Trunk Pacific on account of advances?

Mr. MEIGHEN: Scarcely, because it is an asset.

Mr. CAHILL: I am referring to the claim of the Grand Trunk against the Grand Trunk Pacific.

Mr. MEIGHEN: I do not know what the details of that $43,000,000 are but I presume it would include any claim provided it was not a set-off. It will also include cash on hand and amounts owing for other than traffic. In a word, the company's gross earnings in a year would be somewhere in the neighbourhood of $60,000,000. At any single time there are tremendous current assets. A detailed statement could be given of the $43,838,000 current assets, showing just what they are. Perhaps it is in the book, but if it is not the statement can be secured.

Mr. CAHILL: That is very important. It is quite an item, and if that $43,000,000 is merely an offset against the Grand Trunk Pacific it would not be considered as an asset in connection with the assets of the Grand Trunk, because there would be no possibility of collecting it. Another item is outstanding traffic accounts, $1,500,000. That would be freight receipts not in yet; but the $43,000,000 could not be current traffic items. It is a large amount. If it

means Grand Trunk Pacific obligations it is of very little value in this transaction, and when you talk about liabilities you must take into account the Grand Trunk Pacific liabilities.

Mr. McKENZIE: From the amount of $504,629,211.93, which I mentioned as appearing on page 39, the minister says there is something to be deducted. But on page 51 of the blue-book there appear obligations that must be paid off. I read from the book:

Besides the guarantees to the Grand Trunk Pacific, the Grand Trunk Railway Company have guaranteed the following:—

Atlantic and St. Lawrence railroad—5% on Capital Stock of $5,484,000 as rental.

Buffalo and Lake Huron railway—£70,000 or $340,666 rental, £42,500 or $206,833 of which takes precedence to Grand Trunk railway 1st mortgage bonds, and balance after 2nd mortgage bonds.

Central Vermont—The Grand Trunk railway guarantee the interest on the bonds by traffic contract up to an amount equal to 30% of the gross receipts from interchange business.

Southern New England railway—Under construction. Information at hand is very incomplete. In May, 1916, the Central Vermont railway got authority to issue $30,000,000 of bonds, bearing guarantee of Grand Trunk Railway Company, but what portion, if any, of this issue was made, it cannot be said.

Detroit, Grand Haven and Milwaukee railway—The Grand Trunk Railway Company guarantees, principal and interest of all the 6% bonds (consolidated and equipment) of which $4,763,000 are held by the public. The rest are owned by the Grand Trunk Railway Company.

Grand Trunk Western railway—The Grand Trunk Railway Company have guaranteed unconditionally the interest on the $14,999,720 1st mortgage 4% bonds of this company, and have assumed all the $3,872,000 5% bonds of the Grand Trunk Junction railway, of which they have exchanged £606,000 or $2,949,200 worth for Grand Trunk railway 4% consolidated debenture stock, which leaves $922,800 worth in the hands of the public.

Pontiac, Oxford and Northern railroad—The Grand Trunk railway have assumed the $400,000 of 6% 1st mortgage bonds, due July 1, 1916, of this company. It will be noted these have matured and stand unpaid. The interest of these still appears in the income account of company, so it is assumed these securities are standing in statu quo pending settlement.

Detroit and Toledo Shore Line railroad—Jointly and severally with the Toledo, St. Louis and Western railroad the Grand Trunk Western railway have guaranteed the $3,000,000 of 4% 1st mortgage bonds of this company for principal and interest. This is not a direct guarantee of the Grand Trunk Railway Company, but might affect them as such, through their ownership of all stock, part of bonds, and guarantee of all bonds of the Grand Trunk Western railway.

Chicago, Detroit and Canada G.T.R. Junction railway—The Grand Trunk Railway Company guarantee, under a lease of this road, interest on bonds of this road, but they (the G.T.R.Co.) own all these bonds; also guarantee interest of 4% on the $1,095,000 capital stock issue, but the Grand Trunk railway own $522,315 of this stock, which leaves $572,685 of the stock in the hands of the public, carrying the Grand Trunk railway's guarantee for 4% interest. Fixed rentals for roads leased, which do not imply guarantees are not included above.

There is a long string of guarantees running up into the hundreds of millions of dollars which are claims against this property that we are going to buy and which, I think, we should very well consider and know something about before rushing into this great bargain which the President of the Council tells us we must hasten to grasp.

I must point out to the committee the language of the president of this company as to their financial standing. We must not shut our eyes to the estimate which this company put on their own standing a short time ago. If we have railways that are not paying in the Grand Trunk Pacific, the Canadian Northern and the Intercolonial, I do not know that we are going to better our position very much by taking another road which does not pay. This is a letter written to the Prime Minister of Canada by the president of the Grand Trunk Railway Company bearing date the 13th August, 1918:

Grand Trunk Railway Company of Canada,
Dashwood House, 9 New Broad Street,
London, E.C. 2, 13th August, 1918.

Dear Sir Robert Borden.—In reply to your letter of the 9th instant I need not say that my colleagues and myself are very disappointed at the expression of your opinion that neither of our offers is likely to be accepted; offers which were only made in the expectation that the Government would assist us in meeting payments falling due in October.

I should be obliged if you would kindly tell me before you leave for Canada what in your view can be done to meet the serious position in the company's finances which will arise at the end of September, which has been fully explained to you and which must be dealt with in the beginning of that month.

Yours faithfully,
Alfred W. Smithers.

The Right Hon. Sir Robert L. Borden,
Savoy Hotel, Strand, W.C.

This is the great bonanza that we are told the Canadian people are going to get—a company which was on the verge of bankruptcy a year ago and, as far as I know, is on the verge of bankruptcy to-day, a company which is not making any money. And we are told, forsooth, that this is the saviour of the systems that we have on hand. As reasonable men representing the Canadian people we have a right to get all possible information that we can in connection with this matter be-

fore we bind the Canadian people to the bargain. I am sorry to say that an effort is being made on the part of the Government to frighten hon. members on this side of the House, if they make any criticism, by directing this discussion into political lines altogether. We are to be frightened away from saying anything. "Oh, you are against public ownership!" Whether I am for or against public ownership I have the duty, standing here representing a portion of the people, of ascertaining what this business is and whether it is good or bad business. I am not now expressing any opinion on public ownership. Then they say: "Oh, you are for the Canadian Pacific; we know where you are; you are representing the big interests and you want to monopolize the whole thing for the Canadian Pacific." Nothing of the kind. That does not detract from any honest opinion that should be expressed on the floor of the House. Public ownership I suppose is good enough in its way but is it not wise for the people in anything they undertake to profit by the experience of their neighbours and by their own experience?

We have on hand now the Intercolonial, the Transcontinental, the Canadian Northern and the Grand Trunk Pacific. As my hon. friend from Shelburne and Queen's (Mr. Fielding) said this afternoon, that is certainly a sufficient mileage with which to experiment and to get some knowledge as to whether public ownership is a good thing or not. I have no opinion to offer on the subject just now, but it seems to me that my duty to my people is to get for them the very best service available at the least possible cost. That is my conception of my duty to my constituents—the best public service at the least possible cost, not by paying high rates or exorbitant amounts for the mere whim of saying we own a railway. It will not keep the pot boiling for one minute, it will not bring any consolation or happiness to any home in Canada to say that we own a railway. I think that the principle I have laid down —the best possible service for the least possible money—is the principle to be followed.

After asking for certain information I do not propose at this stage to detain the Committee any longer. I would ask the Government, before we reach a further stage, to give us the result of the last railway year of the Intercolonial. I understand that the railway year and the financial year are two distinct things. I believe that the railway year is the calendar year whereas the financial year begins on the first day of April. Therefore, I would ask for the result of the last railway year of the Transcontinental, the Canadian Northern, the Grand Trunk Pacific, including the portion of the railway year when we had it ourselves under receivership. It should not take long to get that information. It is information which will enable hon. gentlemen to know what sort of a business we are launching upon and what sort of a business we have been doing for at least one year. This would include what we have expended in betterments, the ordinary working of the roads and the earnings of the roads, and would show exactly how we stand on these operations. If that information is given I will have no occasion, as far as I am concerned, to detain the progress of the Committee any further.

Mr. J. D. REID: The information that the hon. gentleman asks for I will have for him to-morrow, but I hardly think it would be fair to take the last season's operations in connection with the Intercolonial, the Grand Trunk Pacific and the Canadian Northern and use them as arguments as indicating the position of any of these railways in normal times. During last year all of the railways were subjected to very high operating costs owing to the McAdoo award. The increased cost of labour was very high. It was not only the labour; it was fuel and every item that one could mention in connection with the operation of railways, and the cost was very much higher than in normal times.

And the freight rates were not increased. In fact, if I remember rightly, part of the time, I think it was last year, as a result of the McAdoo award and other causes, the cost of operating the roads was increased, whereas the freight rates were not increased at all. It would hardly be fair to take the cost of the operation of those roads for the past year and on that basis judge what is likely to happen in the case of the Grand Trunk, the Canadian Northern, and the Grand Trunk Pacific in the future. So far as the Intercolonial is concerned, prior to the war it was doing very well. The same condition was true of the Grand Trunk and the Canadian Northern, but for reasons I have stated conditions last year were abnormal and it should not be taken as a fair year in discussing this matter.

With reference to the Grand Trunk railway I want to emphasize this point: I have taken the matter up with the president of that company personally and have had him

state in writing the condition of the Grand Trunk Railway system. That letter is as follows:

Montreal, October 16, 1919.

Replying to your inquiry of this morning: the Grand Trunk Railway system, including both Canadian and American lines, is in excellent physical condition, in respect to track, bridges, and buildings, and will, in the immediate future, require only normal expenditures for its maintenance. The same remarks apply to the condition of its motive power and equipment. The condition of the Grand Trunk Railway system in these respects will compare favourably with that of any railroad, either in Canada or the United States, having the same character and density of traffic.

Yours faithfully,
(Sgd.) Howard G. Kelly.

Mr. McKENZIE: Did my hon. friend expect him to say anything else when he was selling the road?

Mr. J. D. REID: This statement is in writing over his own signature, and he will have to prove it before the arbitrators. In addition to that, I may say that our own Canadian National railway experts have been travelling over the Grand Trunk and they report in verbal conversations to me that the system is really in good condition and would compare with any of our own systems. It must be remembered that the Intercolonial ran down during the last four or five years for the reason that we could not get rails or ties. Neither could we get the men necessary to keep the road in the condition in which it was prior to the war.

Mr. McKENZIE: So much the worse for government ownership.

Mr. J. D. REID: However, we kept the Intercolonial in as good a state as the other roads, which could not get rails either.

With reference to the information that the hon. gentleman has asked for, I can get it for him in a very short time in the morning, and I therefore wish to ask 11 p.m. if he entertains any objection to the committee reporting the resolution so that the Bill may be introduced forthwith. The measure has to go through its first and second readings and then be considered in committee when the matter, of course, can come up for discussion again, but by the acceptance of my suggestion the proceedings can be advanced. That will not interfere with the getting of any information which has been requested; there is no desire at all to hurry the Bill; I merely make the suggestion with a view of advancing the proceedings.

Mr. McKENZIE: I may say to the minister that I usually have a great deal of trouble in getting any information after I have allowed him to cross the bridge.

Mr. J. D. REID: Not intentionally, I hope.

Mr. McKENZIE: I allowed the Bill to go through the other day with the promise of the leader of the Government that I would get certain information from the Minister of Railways. I got some of that information, but only about five per cent of what I was looking for. Now I am afraid, if I put myself in the same position again and allow the resolution to pass there will not be very much rush in the minister's office to get the information sought.

Mr. J. D. REID: The Bill will have to be considered in committee and we shall be exactly in the same position, as regards discussion, that we now are, because the measure contains the same clauses that are in the resolution. I think I can assure the hon. gentleman that I will send a messenger down by twelve o'clock to-morrow with the information he has asked for this evening. Moreover, I will not ask that the Bill be reported from committee until the hon. gentleman is perfectly satisfied that all the information he has asked for, or that he may want at that time, is given to him.

Mr. PELLETIER: In rising to speak on this important question, I wish to state at the outset that I shall be very brief, and that I shall speak upon my own personal responsibility and not assume to voice the views of the Liberal party as a party. A few months ago the House of Commons was the scene of many interesting incidents during the discussion of the Bill by which the Canadian Northern railway was to become national property. That Bill was discussed at length and the Government saw fit to apply the closure in order to put it through. I sincerely hope that we shall not have the same experience this year, though this measure is no better than the one I referred to, and is absolutely along the same lines. It calls for the taking over by the Canadian Government of a certain amount of stock of the Grand Trunk Railway Company, together with the outstanding and other liabilities that the Government proposes to create for the benefit of those who feel they can no longer operate the railroad without being compelled to show a deficit. In other words, this measure provides for the granting to certain individuals, as in the case of the Canadian Northern, of certain sums of money for the supposed value of stocks in an enterprise which is on the verge of

bankruptcy. That is to say, the Government seemingly has contracted for the rescuing of all the unfortunate railway companies in Canada by taking them over and compelling the country at large to pay a bonus to their shareholders. In the case of the Canadian Northern, the legislation enacted made provision for the granting of a certain sum of money to the shareholders; it amounted, through appraisal by arbitrators, to the sum of $8,000,000—whereas in this case, lest the shareholders be prodigal, the gratuity is to be given in the form of a pension. The Government will pay four per cent on the value specified by the arbitrators. Mr. Chairman, we need not worry; those people will not be fleeced, and they will realize that the Grand Trunk's remains will be worth more than its living body was.

The resolution under discussion specifies that the Government shall pay interest at four per cent on £12,500,000 of guaranteed bonds; and the same rate of interest on £31,000,000 of debentures.

Further, the arbitrators who will determine the value of the stock to be bought will force the people to pay another sum of about $90,000,000, which means a total of about $210,000,000 on which we will have to pay interest at the rate of 4 per cent for 30 years, with the understanding that after that period everything will be paid at par value. This means $8,400,000 of interest to be added to the ordinary amount of interest that we have to pay on our consolidated debt.

There will be an annual deficit on all the lines, for it is a recognized fact that a government cannot operate a railroad without loss; and when the country is overloaded with debts of all kinds is it conceivable that the Government would throw this additional enormous responsibility upon the shoulders of the people? Why is the Government contemplating buying the Grand Trunk as it did the Canadian Northern? Because the Grand Trunk cannot be operated at a profit; because, as the Grand Trunk Pacific did a few months ago, the company will throw up its hands and say: "Take the railway; we can no longer operate it without loss, we can do nothing with it." In the case of the Grand Trunk Pacific the liabilities were already the Government's and there was no risk on the part of the company in throwing up its hands; but in this case it is quite different. There are financiers who want to get something for their stocks, and that explains the different mode of procedure. For over a year negotiations have been going on in England, and people, knowing how those negotiations would end, have been buying stock in order to receive a pension from the Government, as I stated a few minutes ago.

I am aware, Mr. Chairman, that all discussion is absolutely useless, the Government having decided to put the Bill through on account of so many of its friends being interested, and that notwithstanding all opposition the measure will carry. However, as the responsibility that will be thrown upon the shoulders of the people will be felt for generations, I wish most earnestly to protest against such squandering of public funds. The country has not the means to rescue companies unable to pay dividends on their watered stock. Our national debt is large enough to-day to teach us to be prudent and economical, and we should not consider the nationalization of our railways at the present time.

The nationalization of public utilities is a dangerous move for three reasons: First, because it is a step towards Socialism; second, because it is a guarantee of inefficiency; third, because it is ruinous to the country. We cannot turn around without meeting some one propounding the utterly foolish possibilities of Socialism. The state of war between capital and labour—which the National Industrial Conference will not change into peace—opens a wide path to all excesses of Socialism. We already have in this country a party having in its platform the nationalization of all the natural sources of wealth and the public ownership of all public utilities. That means more than the Government is doing at present, but the actual movement of the Government is the beginning of the realization of that most dangerous policy. All the revolutionary movements that the world witnesses to-day are fomented by the fervent advocates of public ownership and nationalization. I understand perfectly, Mr. Chairman, that this Government does not intend to go that far—at least I hope so. I realize that the taking over of the Grand Trunk is only a particular detail in a carefully laid plan to relieve a certain number of financiers in straits and anxious to get rid of a non-paying business. Unfortunately the method adopted by my hon. friends to your right, Mr. Chairman, is precisely an encouragement to the socialistic platforms elaborated by certain organizations.

The nationalization of railways in this country will serve as a precedent for further steps in that direction, and if carried out as planned, efforts will be made to

nationalize the telegraph and telephone systems; then will follow the mining lands; water powers will become the state's property—and perhaps after that achievement the advocates of public ownership will try to bring the farming lands, as the largest source of wealth, under the control of the state. Evidently this will not be done within a year's time, but in these matters when it begins nobody knows when and where it will end. The Government started the movement by the nationalization of the Canadian Northern, notwithstanding the opposition from my side of the House. That transaction was asolutely detrimental to the best interests of Canada, and future generations will have to bear the whole weight of that piece of political railroading. A second stone will be added to our socialistic edifice by the taking over of the Grand Trunk. With those two as precedents all our social reformers, our public ownership advocates, and our nationalizers of natural sources of wealth and public utilities will set to work and make a propaganda that will at some future date open the eyes of the Government.

And what is the practical result of this nationalization? Inefficiency, patronage increase, and a heavier burden on the people's shoulders. We have had national railways for many years. The Government has operated its own railways, and the service cannot be compared with that given by private companies. Other countries have national railways and, generally, those railways are from every point of view the worst. In France, there are six different railway companies, and of the six the state-owned lines are the worst. The service is bad and the relations between passengers and employees are absolutely uncordial, for the railway employees being civil servants, know that the complaints of an ordinary client will fall on deaf ears. In Italy the railways are generally state-owned and the service is absolutely inadequate. In Germany the railways are state property, but up to the time of the Peace Treaty the whole service was under military rule, and you may imagine, Mr. Chairman, the respect and kindness shown by the military officers to the civilian passengers. On all except international lines passengers are treated like animals, locked in their respective compartments, and the doors thrown open only at destination. In Belgium, where the state railways are administered with the greatest care, the service is not up to the standard and a deficit is shown at the end of the fiscal year. And those countries are old, their population is dense, the amount of traffic per mile is much greater than in Canada, yet everywhere the service is bad and the practical results are indicated by deficits.

But it is not necessary to go abroad to see how state railways are administered. Let us consider our own roads. I know that on the Intercolonial Railway, which is owned and operated by the Canadian Government, complaints are filed by the hundred to which no satisfactory answers are given. Let me state one instance, Mr. Chairman, where a carload of butter left a certain station and when it reached destination a certain number of boxes had disappeared; a claim was filed, the ordinary official red tape began to work, and the claimant never received a satisfactory answer. This is not an extraordinary occurrence, but it happens every day.

It is only natural; it is inherent in every Government-owned and operated public service; it is the case in every country in the world, and it would be childish to think that it could be better in Canada where the patronage evil is perhaps worse than anywhere else and the political red tape more intricate. To have good service on a railroad or on any public utility, to make it pay, to avoid leakage and graft, to have efficiency and competence, the private company's administration is required, because the private company has a direct interest in the revenues of the public utility. Under the Government's administration, it is the "don't-give-a-damn" habit with the necessary results.

Finally the nationalization of railways is ruinous to the country. Even if the taking over of these roads was done on sound business principles, it would be ruinous in the end on account of the deficit that every fiscal year would bring about. But when the roads are taken over under conditions such as those under which the Canadian Northern was taken over and those under which the Grand Trunk will be taken over, it is more than ruinous, it is almost criminal.

Let us review briefly the overwhelmning liabilities of the country. Our debt is actually $1,900,000,000. Our estimated revenue for the current year will be $282,000,000. We shall have to pay $115,000,000 in interest, and there will be about $40,000,000 in pensions and many other permanent necessary expenses. The Budget for the current year amounts to $610,000,000. We may admit that war expenses will not be as heavy next year, but interest, pensions, cost of

administration, and the usual railway deficits will amount to more than our revenues. The Grand Trunk will cost about $200,000,000, and the 4 per cent interest to be paid upon that amount will still further increase the amount of interest to be paid. The report of the Department of Railways and Canals for last year shows that the total Canadian National railway expenditure was $70,113,667.61 while the total revenue amounted to $27,240,956.87. If I understand these figures, they show a deficit of $42,872,710.74. Yet we heard the Minister of Railways say just a few minutes ago that the Intercolonial had done nicely prior to 1914. Can we expect that the coming year's operations will be more successful? Can we expect that the Grand Trunk lines, which a private company has not been able to operate successfully, will bring a revenue to the Government? Can we expect that the railway deficit will decrease by our acquiring non-paying lines? Surely no one expects that result. On the contrary, we all know that the deficits will be larger and that we shall have a poorer service. What can be done to solve the problems with which we are confronted to-day? The Government is giving millions to individuals residing abroad for a railroad on the verge of bankruptcy.

During the war the Government said that there was and would be nothing too good for our soldiers; that their sacrifices would be appreciated; that they and their dependents would be properly taken care of. Now that the war is over, they come to the Government and say: Make good your promises; we need a certain sum of money to re-establish ourselves and our families. What shall we do? Shall we refuse their request on the ground that the Canadian people have too heavy a load of debts to carry? Shall we tell them that we would be glad to grant them what they want, but that the finances of the country could not permit such an outlay of funds? We may give them this answer; but they will say that if we can find millions of dollars to rescue failing railway companies which have received enormous grants from the Government in order to enable them to pay dividends to their shareholders, we may find a few millions to repay the services of men who have offered their lives and blood for the country's good name and liberty.

In conclusion, Mr. Speaker, let me say just one thing. The Government is forcing upon the people of Canada a liability that will overburden them for years to come; it will use a majority that represents neither the majority nor the mind of the people, and this will aggravate the unrest actually existing; it is bound to increase the cost of living by increasing the burden of taxation and crippling considerably the operation of an important railroad. For these reasons, Mr. Chairman, I most earnestly protest against the taking over of the road; and considering that it is against the interests of the people, I shall take pleasure in voting against the adoption of this resolution and the passage of the Bill.

Mr. McKENZIE: I want to have a distinct understanding from the minister as to when we may expect the information for which I am asking, and I would like to add to what I have already stated that I think it would be well to put in concise form the real obligations of the road under consideration, apart from the stock altogether, that is, the obligations that appear on pages 38 and 39, and also on pages 51 and 52 of the blue-book which was put into the hands of hon. members yesterday. What is the real amount in dollars and cents of the obligations we are assuming in connection with the other liabilities against the road, should this transaction go through? The minister will remember and will find in Hansard the other question that I asked. The minister said that it was not a fair comparison; that those were not favourable years. I am sure that he is submitting his evidence, at all events as far as the hon. gentlemen sitting on your right are concerned, to a favourable and sympathetic jury, and I am sure they will take fully into consideration every element in the facts that can be construed favourably to the minister. Whether the facts are agreeable or disagreeable, whether we are making money or losing money, nothing should be concealed from the House or from the people in regard to the business of the people, particularly as concerns those roads. If the case is bad, we ought to know it; if a patient is sick unto death, it will be well for him to prepare for his eternal rest and know exactly his position. If this country is on the verge of a smash by reason of bad financing, we might as well know it and prepare for the worst. I think it is only fair to let us know just exactly how we stand in connection with the information for which I am asking. If the minister will undertake that at the opening of the House to-morrow we shall have that information, I have not the slightest inclination to interfere with the progress of this Bill. Knowing all the time that I am against

it and purpose voting against it at every stand, I do not wish to take up time beyond what is necessary.

Mr. J. D. REID: The hon. member is very clear in what he has just suggested, and I can assure him that I will get all the information and hand it to him before the House meets to-morrow; otherwise I will not ask him to proceed with the matter any further. He is absolutely right that the House is entitled to all information in connection with the operation of the roads that he has mentioned, or any other roads.

The information has all been made public, and it is simply a question of getting it from the records. It would take only a few moments' time. I would ask the hon. member if he has any objection to this: He will remember that I gave notice to-day of an amendment to this resolution, as follows:

That the following proposed amendment be referred to the Committee of the Whole on the proposed resolutions in respect to the acquisition by His Majesty of the Grand Trunk Railway Company of Canada:—

"12. That the Government may make, out of any unappropriated moneys in the Consolidated Revenue Fund, any expenditure necessary in the preparation for, and conduct of, the arbitration proceeding herein provided for."

In the resolution as it stands we omitted to make monetary provision for the arbitration proceedings as we went along, and I therefore gave notice of the amendment I have just read. I am advised by the Deputy Speaker that in order to have this amendment embodied in the resolution now before us it will be necessary to move that the Committee rise, report progress, and ask leave to sit again this day, when I will move:

That the order of the House that the House do go into Committee of the Whole to-morrow to consider a certain proposed amendment to the resolutions in respect to the acquisition by His Majesty of the Grand Trunk Railway of Canada be rescinded.

If my hon. friend has no objection, I now move that the committee rise, report progress, and ask leave to sit again this day.

Mr. McKENZIE: One very serious objection I have to the proposed amendment is that it provides for moneys being utilized by the Government without having first been voted by Parliament. Now we have always fought against that. We have said that every dollar expended by the Government should appear in the Estimates and receive the sanction of Parliament. The minister will remember that a year or so ago he was obliged to withdraw a resolution of this kind and abandon the idea of getting money out of the consolidated revenue fund without it being specifically voted for the purpose for which it was to be expended. That, I think, is the right principle, that no moneys shall be expended except upon a vote of Parliament. The principle of the proposed amendment is that we should give a free hand to the minister to take money out of the consolidated revenue fund without any specific vote, and I am opposed to that.

Mr. J. D. REID: Under the circumstances I shall not press the matter further, but will found the Bill on the resolution now before the committee.

Resolution to report progress withdrawn.

Resolution for acquisition of the Grand Trunk Railway system agreed to, on division, reported, read the first and second time on division, and concurred in.

Mr. J. D. REID thereupon moved for leave to introduce Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system.

Motion agreed to, and Bill read the first time.

On motion of Hon. Mr. Doherty the House adjourned at 11.35 p. m.

Friday, October 17, 1919.

The House met at Three o'clock.

SENATE BILL—FIRST READING.

Bill No. 32 (from the Senate) for the relief of Arthur LeRoy Eastcott.—Mr. Green.

OPIUM AND DRUG ACT AMENDMENT.

On motion of Hon. Newton W. Rowell (President of the Council), the House went into Committee to consider the following proposed resolution,—Mr. Boivin in the Chair.

Resolved, That it is expedient to provide that every person who imports into or exports from Canada any coca leaves, cocaine or any of their salts or preparations, or any opium or its preparations or any opium alkaloids or their salts or preparations, without first obtaining a license therefor from the minister who is presiding over the Department of Health, shall be guilty of an offence, and shall be liable upon summary conviction to a fine not exceeding one thousand dollars and costs, or to imprisonment for a term not exceeding one year, or to both fine and imprisonment, and that these provisions shall be read as one with the

Opium and Drug Act, chapter seventeen of the statutes of 1911, and anything in the said Act which is inconsistent with this resolution be repealed.

Mr. McKENZIE: Perhaps the President of the Council will explain if any material departure is suggested by this resolution from what the law now is, and if any particular thing gave rise to this new legislation.

Mr. ROWELL: As hon. members will recall, we now have an Act which was passed in 1911, which prohibits the importation of opium and drugs of the character mentioned in this resolution, except for scientific or medicinal purposes, and which provides certain penalties if they are imported without reasonable excuse. That Act has been very beneficial in its operation, but conditions have arisen which require further legislation. The United States have adopted very stringent regulations with reference to the importation of these drugs, and they are administering their Acts very strictly. Great Britain has done the same, and Japan and China have also taken strong action in connection with these matters.

It has appeared that the quantities imported into Canada have shown a very marked increase in recent years as the figures given to the House the other day indicate. In view of the situation and in order to exercise greater control over the importation and export of these drugs, in consultation with the Imperial Government, this Government in the month of May last passed Orders in Council prohibiting either the importation or the export of these drugs except under license granted by the Department of Trade and Commerce. By reason of the licenses which were thus provided for, a measure of control over the importation of these drugs has been secured which has proven highly beneficial, and it is the intention when this resolution is adopted, to found a Bill upon it to amend the existing Acts so as to provide that there shall be no importation or export of these drugs except under license to be granted by the proper Governmental authorities. The committee will be interested to learn the effect of requiring a license on the importation of these noxious drugs. The conclusion which the officers of the department have reached is that large quantities of these drugs which have been imported in recent years have not been imported for consumption in Canada, and that these large quantities do not indicate a corresponding increase in consumption, although there may be some increase in consumption. It is suggested that the object of importing through Canada is to get easy access into the United States, because of the strict regulations against importation into that country, and because it is easy to smuggle these drugs across the international boundary line.

I will give the House the figures showing the effects of the control exercised under license. As regards cocaine, for the fiscal year ending 31st of March 1919, 12,333 ounces were imported, whereas for the first three months under license, July August and September of this year, the quantity was only 1,544 ounces. The committee will see what a great reduction that means. As regards morphine, the quantity imported for the fiscal year ended the 31st March, 1919, was 30,087 ounces, whereas during the three months of license the quantity was reduced to 2,695 ounces, or approximately 10,000 ounces per year as compared with over 30,000 ounces. As regards crude opium, the quantity imported for the fiscal year ended the 31st March, 1919, was 34,263 pounds, and for the three months under license, 1,110 pounds, or approximately 4,440 pounds for the year as compared with 34,263 pounds. As regards opium powder, there is not so much of a change because only a small quantity was imported. For the fiscal year ended the 31st March, 1919, the quantity imported was 123 pounds, and for the three months under license, 23 pounds. Not only has the quantity of these drugs imported been, by the requiring of a license, remarkably reduced as the figures disclose; but the measure of control which the license gives over the druggist who imports the drug enables the department to follow the matter up and to require the druggist to show how he has disposed of the drugs imported. Moreover, even with this greatly reduced importation some druggists have not been able to show how their purchases have been disposed of. These cases will be followed up in order to see that any who are violating the law are punished in accordance with the provisions of the law.

At the Dominion Council of Health last week, representing the health departments of all the provinces of Canada, a strong resolution was passed urging the Government to take action in this matter. They went to the extent of urging absolute Governmental control, but that involves a great many considerations which would require careful thought. All we are asking for at the present time is legislation which will continue in effect the existing Orders in Council which were passed under the War Measures

Act and which require a license either to import or to export these particular drugs.

Mr. J. H. SINCLAIR: The Government is not in favour of public ownership of drugs?

Mr. ROWELL: If a proper system of handling can be worked out that would not be expensive, there may be a great deal to be said in favour of the Government's absolutely controlling the importation and export of these drugs.

Mr. J. H. SINCLAIR: Is it true that the use of these drugs has largely increased in Ontario during the past year?

Mr. ROWELL: We have no evidence of that, and my advice from the officers of the Health Department is that there is no ground for concluding that the increased importation is due to any laws recently enacted in Ontario.

Resolution concurred in.

Hon. Newton W. Rowell thereupon moved for leave to introduce Bill No. 34, to amend the Opium and Drug Act.

Motion agreed to, and Bill read the first time.

MEAT AND CANNED FOODS ACT AMENDMENT.

On motion of Hon. Mr. Maclean the House went into Committee on the following proposed resolution, Mr. Boivin in the Chair:

Resolved, That it is expedient to amend The Meat and Canned Foods Act, Chapter twenty-seven of the statutes of 1907, as amended by chapter thirty-three of the statutes of 1917, by providing (a) for the more exact definition of dry lobster meat and dry meat; (b) for a true and correct description of the contents of cans of fish or shell fish including the vernacular name and the minimum weight, to be plainly printed thereon and the name of the place where the same was packed; (c) for the size of cans for canning lobsters, the weight of content thereof, and that no other size is to be used without written permission first obtained; (d) for the correct labelling of all cans of fish or shellfish imported into Canada so as to indicate the kind and quality of their contents, the minimum weight of the contents, the place of origin, and the name and address of the person, firm or corporation by whom they are packed or by whom they are imported, provided that canned fish or canned shell-fish imported into Canada to be exported again need not be so labelled.

Mr. DUFF: Explain.

Mr. A. K. MACLEAN: It will be remembered that a resolution in practically the same form as this was before the committee last session. The purpose of the resolution is to amend two sections of chapter 33 of the Acts of 1917 which prescribe the weight of lobster which can be packed in certain cans. One of the sections as it stands reads as follows:

A one-pound can, fourteen ounces, avoirdupois;
A three-quarter pound can, ten and one-half ounces, avoirdupois;
A half-pound can, seven ounces, avoirdupois;
A quarter-pound can, three and one-half ounces, avoirdupois.

The terms of the section I have just read were the result of a compromise on a Bill introduced in the House in the session of 1917. They did not represent the departmental view, nor the views of those engaged in the canning of lobsters, and it has been demonstrated, to the satisfaction of the department at least, that it is inadvisable to continue this section in its present form. It is stated in the Bill that a pound can shall contain fourteen ounces. The packers object to that, because they feel it gives a wrong impression to the public, and in many instances it has been charged that it permits fraudulent practice upon consumers. The Bill founded on this resolution will provide that lobsters must be packed in bona fide sized cans, 3, 6, 9, 12, or 16 ounces, and that the label on the can shall indicate the net minimum weight of the lobster meat contained in the can.

My investigations lead me to the conclusion that the amendments are desirable, and give only justice to those engaged in the industry. The canning of lobsters is much different from the canning of other fish. For instance, the packer always endeavours to put one or more whole lobsters in the can, with claws and tail, whereas in the case of tinned salmon or herring the contents may represent the meat of any number of fish. About 25 per cent of the cans of lobster packed in Canada represent three ounces of dry meat, and 60 per cent, 6 ounces of meat. The packers' experience extending over a great number of years is that cans containing 3 and 6 ounces best suit the public's needs, and any departure from that will work an injury to the industry, and be of no particular benefit to the public. The Bill before the House last year was referred to a committee, but for some reason which I do not know the committee never reported to the House. I hope the legislation will be accepted this session, and that we shall not be obliged to send the Bill to a committee. I might add that the legislation of 1917 required the adoption of a new size of lobster can. Now, lobster cans are standardized, and are made for that par-

ticular business. A lobster can is not made of the same material as a vegetable can, for instance. For the present season it has been impossible for the packers to get cans of the size required by the statute of 1917, and in any event leave will have to be given them for this season to continue to use the same sized cans as they used prior to 1917.

Mr. FIELDING: I think the existing law of 1917, mentioned by my hon. friend was found so embarrassing to the trade that the Government were obliged to make what practically amounted to amendments, by way of regulation, to conform to the custom of the trade. Then last session the matter was brought before the House with the view of enacting practically what is now proposed, or substantially the same thing. A committee had the matter under consideration. There was some difficulty about it, and they had not reached a conclusion when prorogation took place. One of the difficulties has been that under the existing law you use the expression "pound," "half-pound," and so on, and when you say a pound can shall contain only fourteen ounces you are practically saying something which it is not possible to carry out. It was alleged in some cases that you were deceiving the public. I think the general feeling of the committee and of the House will be that we are not so much concerned in the weight of the can, as that it shall be correctly stamped. Here we are getting away from the words "pound" and "half-pound" and adopting the present standards of packing without describing the tins as pound, half-pound, or anything else. The bulk of the trade is export, the market is well established, and the weight of the can is pretty well known. I think this legislation will meet the conditions of the trade, and is in the right direction.

Mr. DUFF: This resolution evidently does not refer to canned lobsters alone. I see it calls "for the correct labelling of all cans of fish or shellfish imported into Canada."

Mr. A. K. MACLEAN: The Bill will also provide that all cans of fish imported into Canada shall comply with the requirements as regards the description of the contents. That is only right. Another provision will be that the contents of the can shall be stated on the label in respect of fish that is not shellfish.

Mr. J. H. SINCLAIR: What is the legal weight of a can of salmon?

Mr. A. K. MACLEAN: I do not think I can give my hon. friend that information just now. I shall endeavour to obtain it for him on the second reading of the Bill.

Mr. J. H. SINCLAIR: We should have that information. This relates to all fish, and if we are going to change the usual weights of salmon—

Mr. A. K. MACLEAN: Oh, no; we are not changing the usual weights. This Bill does not propose any change in the weight of the contents of cans containing fish other than shellfish.

Mr. CAHILL: Will the present size of the can be altered? Will you use the can which in more honest days was reputed to contain a pound of lobster, and stamp on it "12 ounces," or will you alter the size of the can, so that a 12-ounce can shall be smaller than the 16-ounce can?

Mr. A. K. MACLEAN: The purpose is that lobsters shall be put up in five different sizes of cans,—three, six, nine, twelve and sixteen ounces,—and they shall not be packed in cans of other sizes. The Bill also provides that the label must disclose the net weight of lobster meat contained in the cans.

Mr. CAHILL: Is the can now to be used for twelve ounces of lobster to be the same size as the can which has always been used to contain sixteen ounces of meat?

Mr. A. K. MACLEAN: The twelve-ounce can must contain twelve ounces of meat. That must be the net weight of the meat, and if the can is not at present large enough it must be made larger.

Mr. FIELDING: The object, I take it, is to prevent any change in the sizes of cans, because the cans are standardized, and that is not merely a matter of convenience. These cans are of an established standard in the foreign markets. The essence of the Bill, I understand, is that the weight of the contents of the can shall be stamped on the can itself and not merely on the label, because in the trade the foreign dealer likes to put his own label on the cans. Lobsters are usually shipped in cans without labels. The intention is that the dry weight of the meat shall be stamped on the can, and if that is done, I do not see that there can be any injustice. The same standard of cans is retained for convenience, but there can be no attempt to deceive the public if the weight of the meat is correctly stamped on the can.

Mr. CAHILL: But you are using what was always regarded as a pound can. At least that was the case until 1917 when it

was reduced to fourteen ounces, and now twelve, and probably next year ten ounces, according to the extent to which we may be able to deceive the buying public. We are going to use a pound can for twelve ounces and, as I understand the Bill, somewhere on the can "twelve ounces" will be stamped. But people who have been for years buying lobster in cans supposed to contain sixteen ounces, will now get the same sized can containing only twelve ounces.

Mr. DUFF: In the past, although people thought they were buying a pound of lobster they were really buying anything from fifteen to eleven ounces. That amount was contained in the same size of can which is now proposed, if I understand the lobster packers correctly. They do not intend to change the size of cans which have been used for forty years in the trade —three, six, nine and twelve ounces—but they intend to make a larger can to contain sixteen ounces.

Resolution reported and concurred in.

Mr. A. K. MACLEAN thereupon moved for leave to introduce Bill No. 35, to amend the Meat and Canned Foods Act.

Motion agreed to, and Bill read the first time.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

Hon. J. D. REID (Minister of Railways) moved the second reading of Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system.

Mr. McKENZIE: Will the minister explain, please.

Mr. J. D. REID: I promised the leader of the Opposition last evening that I would procure certain information for him. I sent it to him this morning, and so far as I know it is satisfactory. Any further information that may be required I will endeavour to obtain at the earliest possible moment. When I introduced the resolution on which this Bill is founded I made a statement regarding the entire situation, and I do not think that I can add anything now to what I said on that occasion. Any further remarks I may have to make I shall reserve until we are in committee on the Bill, which is practically word for word the same as the resolution. The House is therefore possessed of all the facts.

Mr. J. H. SINCLAIR (Antigonish and Guysborough): This is a proposal to purchase and operate another great railway system consisting of 8,173 miles of railway, of which 1,665 are in United States territory. The total capitalization, according to the blue-book which has been distributed to hon. members, is, on paper, $707,929,817. The Government purpose to guarantee the existing bonds of the Grand Trunk Railway to the amount of over $200,000,000. Whether the system is worth that amount of money or not it is difficult at this stage of the discussion for us to decide. The whole question is a very complicated one. The arbitrators are supposed to settle the value of the stock and to protect the country in this transaction. But the House has very meagre information in regard to the value of the property. When we get the stock it is weighted down with guarantees, liens, mortgages, equipment notes and all kinds of liabilities. In order to show you the difficulty of dealing with this matter, I would like to select just one case out of this blue-book as a sample. If you have the book before you, and if you will turn to page 51, you will find a large number of subsidiary railways listed, the stock of which is guaranteed by the Grand Trunk Railway Company. Let me read:

> Besides the guarantees to the Grand Trunk Pacific, the Grand Trunk Railway Company have guaranteed the following:
>
> Atlantic and St. Lawrence railroad—5% on capital stock of $5,484,000 as rental.

We are not told in this book whether the guarantee lasts for one year or for more than one year. It may be for years and it may be forever, but there is nothing in the blue-book to indicate how long that guarantee is to last. It is very difficult for me to form an opinion with this information as to the liability in regard to that guarantee. If you turn to page 54 of the blue-book, you find how this railway is losing money. I am speaking of the branch line that I have mentioned, namely, the Atlantic and St. Lawrence railway. On page 54 you will find that in the last seven and a half years this railway has been meeting a large deficit:

Atlantic and St. Lawrence railway.

1910-11	June	$ 646,500
1911-12	"	653,394
1912-13	"	610,688
1913-14	"	432,554
1914-15	"	421,136
1915-16	"	179,067
1916	June to December	266,565
1917	December	1,272,496

Showing that for the last seven and a half years this railway, the Atlantic and St. Lawrence, whose bonds the Grand Trunk Railway Company have guaranteed perpetually, as appears from this book, has been losing money at the rate of over half a million a year. It is difficult for me to estimate what that railway should be valued at as an asset when we purchase it. That is only a sample of a large number of other railways the stocks and bonds of which are guaranteed by the Grand Trunk Company.

I submit that the House should not be asked during the dying hours of the present session, and in the present disturbed financial condition of the country, to deal with such an enormous proposition as that involved in this transaction. Another session is to be called, we are told, within about three months and the whole of the time would be required by members of this House to acquaint themselves with this proposition and to consult the people in regard to it. No interest would suffer by the delay. We want to know whether we are purchasing a solvent or an insolvent concern. The Minister of Railways says that if we enforced the Grand Trunk Pacific guarantees against the Grand Trunk, the Grand Trunk would have to go into liquidation. That is not a good reason for pushing this forward so rapidly because this is all in our own hands. We can take the other course; we can decide not to enforce the guarantee against the Grand Trunk at the present time and allow the Grand Trunk to go ahead and carry on the business until the country recovers from its present financial difficulties and decides the best course to be taken.

We should also have information in regard to the physical condition of the road. We are told in the report known as the Drayton-Acworth report, made in 1917, that the road was run down at that date; and that it would require the large sum of $51,000,000 to put it in a state of repair. In order that there may be no question about this, I will read from the Drayton-Acworth report, or the "Report of the Royal Commission to Inquire into Railways and Transportation," dated 1917. It says at page 34:

> The $21,000,000 dealt with above represent the money in which the responsible officers of the company estimate to be required to put the existing plant into good normal condition. This is a revenue liability. But the existing plant is quite inadequate for existing traffic and requires large additions, for which new capital must be raised. The estimates of necessary capital expenditure submitted to us are as follows:

Requirements for rolling stock, shops and machinery..	$26,150,000
Requirements for automatic block signals (main line in Canada only)..	3,533,000
Requirements for installing rock ballast crushing plant..	467,500
Total..	$30,150,500

> Putting together revenue and capital expenditure, we find that the Grand Trunk railway, in the opinion of its own officers requires over $51,000,000 spent upon it to put it in a position to meet the requirements of its to-day's business. We see no reason to expect that under existing conditions this necessary money will be provided.

That was the opinion of the present Finance Minister of this country two years ago and we have no reason to believe that the Grand Trunk system is in any better position physically to-day than it was at the time that report was written; in fact, we have reason to believe that it is not in as good a condition as it was three years ago. Mr. Speaker, the Minister of Railways himself has admitted that he has not made any inspection of the road. He tells us he has travelled over the road—I suppose in his private car, smoking his cigar.

Mr. J. D. REID: No, I do not smoke.

Mr. J. H. SINCLAIR: Well, then he was not smoking but found that the road was very comfortable and he tells us that it is all right but he did not think it worth while to secure the opinion of his own engineer, or of any other engineer in regard to the physical condition of the road before pledging the country to purchase it.

Now, Mr. Speaker, I submit that the reckless and haphazard way in which the Government is dealing with these big questions is to say the least of it, alarming. On July 11, the Minister of the Interior made a written offer to the Grand Trunk Company that apparently he did not understand himself; he admits now that the offer was impracticable and had to be withdrawn. One would expect, to say the least, that in a proposition involving $400,000,000 every detail would have been thoroughly studied before a written offer was made to the company. I submit also that some consideration should be given to the financial condition of this country. The people of Canada, at the present time, are doing a good deal of thinking in regard to the future of our financial affairs, and the time has arrived when the Government should also give this question some thought. In 1911 the Consolidated Revenue Fund was turned over to the present administration in very good shape. If you look at the accounts

of that year you will find that all commitments were provided for and that a surplus of some thirty millions was in the treasury. In less than two years the present administration had reached and were scraping the bottom of the strong box, and ever since that date they have been piling up huge deficits, very large deficits indeed.

Mr. MEIGHEN: In the second year of the period to which the hon. gentleman refers we paid off $25,000,000 of the national debt.

Mr. J. H. SINCLAIR: Yes, but you did not have a surplus.

Mr. MEIGHEN: We paid the debt instead.

Mr. J. H. SINCLAIR: At the close of the second year, as I understand it, the deficits began to accumulate—

Mr. MEIGHEN: Oh, no.

Mr. J. H. SINCLAIR: —and they have been accumulating ever since.

Mr. MEIGHEN: Not until the war broke out.

Mr. J. H. SINCLAIR: The Canadian Northern Railway expenditure was not for war. Now, Mr. Speaker, the ex-Minister of Finance (Sir Thomas White) himself admits that we have a net debt at the present time of two billions of dollars, or six times as much as it was in 1911. I admit that a very great portion of it is due to the war, but a large part is also due to the reckless extravagance, or something even worse than that. We now have on our hands four great railway systems into which money is being sunk day by day. From the nearest estimate that I can make, we are losing money at the rate of about $100,000 per day on the four existing railway systems. Since the Government took over the Canadian Northern, the Grand Trunk Pacific and the Transcontinental, the railway rates have increased and the deficits have become larger. I submit, Sir, that we will have the same experience when we acquire the Grand Trunk system. Speaking for myself, while I have an open mind on this question, I am in favour of private ownership and public control. That question was solved, and I think rightly solved, by the Government of Sir Wilfrid Laurier when they provided for a Railway Board. That board have full power to deal with rates, with the exchange of traffic, with duplications of routes, and with all those questions that arise in connection with our railway management. In this connection I would like to cite the opinion of Mr. A. H. Smith, one of the royal commissioners, who failed, as you remember, to sign the Drayton-Acworth report; he held a different view from his colleagues in regard to that matter, and I am strongly inclined to think that he was right. Mr. Smith is a well-known authority, one of the very highest in America, and this is what he says on this question:

> I am unable to join my colleagues in their recommendations. They propose that practically all of the railways in Canada, except the Canadian Pacific and the American lines, shall be turned over to a corporation to be managed by a board of trustees appointed by Government. They insist that this board is to be permanent and self-perpetuating. I do not know by what means one Parliament can bind its successors to a given policy, especially in so simple a matter as changing the organization of a government board. My friends seem to avoid government ownership and operation, in fact condemn it as inadvisable, but propose a plan which contains so many elements of danger in the direction which is sought to be avoided, that I am unable to join them.
>
> Their plan would add about a billion dollars to the direct debt of Canada. The interest on this is about forty millions, adding very largely to government expenses. Judging from the experience Canada has had with its government railways, it is fair to assume that this would remain a permanent burden. Operated by private companies, this interest would ultimately be borne by the companies without recourse to the government funds, and at the same cost of service to railway patrons as would obtain under government operation.

Then he goes on to say:

> The recommendation creates a Dominion Railways Company, owned by the Dominion Government, to take over those roads. There are about 7,000 miles in the United States controlled by Canadian companies. The Canadian railways depend for no inconsiderable portion of their revenue on United States traffic. A fundamental defect of the plan, therefore, is in placing the Government in the railroad business, not only in Canada, but also in operating railroads in the United States, subject to both federal and state regulation.
>
> Through private railway management Canada has obtained about one mile of railroad for each $30,000 of Government aid of guarantees, which is but a fraction of the cost of government railroad undertakings. In some instances, a large proportion of the aid was in land, the value of which produced by the building of the railroad and the settlement thereby made possible. Compared with the total outlay involved in producing railroads by the Government itself, as, for instance, the case of the Intercolonial or the Transcontinental, from three to six times that amount have been used to realize equal results. This shows distinctly the value of enlisting and retaining private enterprise.

That is the opinion of Mr. Smith on this important question. Now as to public ownership, while, as I said before, I am not saying that it is not possible of solution,

my objection to it is that as a business proposition our experience is that it does not work out well and that it does not pay. We have our own experience so far in the Intercolonial. We also have the experience of Great Britain and of the United States, and they all point one way, namely, that the operation of railways by the Government means higher rates and larger deficits. The best example that we have is that of the Intercolonial which has now been in operation for some forty years.

The explanation that has been given is that the failure of the Intercolonial railway was due to patronage. But patronage, we are told has been abolished for about eight years, yet the Intercolonial does not seem to be making any more progress than it did before patronage was abolished. With such an able and energetic Minister of Railways as we have at the present time, one would have expected that if it was at all possible to do so, the Administration would have made a financial success of the operation of this railway system. I have held the opinion for some time that the Intercolonial railway has retarded the progress of the country through which it runs, especially the Maritime Provinces. There has been a constant refusal to construct branch lines for the purpose of directing traffic to the main line. When the Canadian Pacific was built the promoters of that system projected branch lines all over the country wherever they were required, in order to feed the main line. But that was never done in the case of the Intercolonial; and in the policy which was followed in that respect both parties were alike. In the old days when Sir John A. Macdonald was in power, his view was that the Government could not afford to project one branch line, because if it did, it would be swamped with applications for the construction

4 p.m. of other branch lines. The same policy prevailed under the late Liberal administration until about 1910, or about the time they were driven out of power, and up to this time the Intercolonial has not embarked to any considerable extent upon the construction of branch lines. But branch lines had to be constructed, and the people in the different localities in New Brunswick and elsewhere where such lines were needed themselves embarked upon the construction of these branches. The consequence is that these lines have been unprofitable. Overhead expenses were large; repair shops had to be provided for each little branch line—and all this could have been avoided had the work been undertaken by the Intercolonial; but it was not done, and now the Government have to take over those lame ducks at a very heavy cost to the country.

I say that for political reasons the Intercolonial failed to build branch lines. The pressure was not sufficient from the Maritime Provinces, and Parliament did not vote the money. Moreover, vessels were not provided on the Atlantic coast to collect traffic. Early in its history the Canadian Pacific embarked upon ship-owning and provided vessels at various places on both coasts for the purpose of collecting traffic for their line. The Intercolonial, on the other hand, could scarcely be induced to furnish the necessary ferryboats. For fifteen or twenty years traffic was carried across the strait of Canso on a scow; and it took the lifetime of a generation to give to Prince Edward Island a decent ferryboat for service between that province and the mainland. Even to-day the Intercolonial has not a single boat on the Atlantic coast, so far as I know, to collect traffic for its main line.

During the forty years of its operation the Intercolonial Railway has not done anything to establish an express company. The Canadian Pacific Railway Company very soon built up an express business, which was carried on with such energy that the fresh fish of the Pacific soon began to compete with the fresh fish of the Atlantic in the Boston market, carried across the country by the Dominion Express Company. During all these forty years we have been paying money to private express companies simply because we have not had the enterprise to establish an express company of our own.

The Canadian Pacific Railway Company built a line of hotels all the way from Quebec to Victoria. There is no more attractive tourist country in Canada than is found in the Maritime Provinces, but although the Intercolonial Railway has been in operation for forty years, it has not been thought worth while to attract tourists by building a hotel.

In addition to this lack of enterprise, we still have the old party system. Patronage, the purchase of constituencies with public money, is known to be as rampant as ever. This Government has been making loud professions in regard to the abolition of patronage and the abolition of all kinds of government favours. But we on this side of the House do not admit that the Government has made very much progress in that direction. We had the case of Kingston a few days ago; but if you want better proof you may consult the Estimates of the last ses-

sion. We voted $12,000,000 at the last session for building branch railway lines, and every dollar of that amount was for branch lines west of the Great Lakes. Was that apportionment made on business principles? I say that it was not. Was it made on the principle of fair distribution of public money? I say that it was not. The members of the Government sat around a table and counted noses; and they found that they had more support from Western Canada than they had from the Maritime Provinces; consequently the railways went where the most votes were. They put the railways, as they put the soldiers' votes—"where they would do the most good."

I have referred to our experience in Canada in the matter of Government ownership; what was the experience of the United States? In the United States all the railways were put under Government control two or three years ago. What was the result? Freight rates advanced about twenty-five per cent; passenger rates advanced from two to three ceents a mile; and even this increase did not square the account. The United States had to levy hundreds of millions on the ratepayers of that country in order to make the account even.

I find the following statement in a speech delivered by Mr. A. B. Cummins, chairman of the Committee on Interstate Commerce of the United States Senate, delivered on August 5, 1919, and found on page 3870 of the Congressional Record:

> We lost $240,000,000 last year and we lost in the first four or five months of this year $260,000,000 and we are now losing at the rate of $39,000,000 per month.

Let us see what Mr. Cummins has to say with rates in the United States under Government ownership:

> Senator Fletcher: May I ask what the increase is now over the rates as they were before the Government took control?
>
> Mr. Cummins: It was said at the time to be an increase of 25 per cent, and there is a sense in which that is true, but when the orders of the director general were applied to the actual affairs of transportation it resulted in increasing the rates in some instances less than 25 per cent and in many instances a great deal more than 25 per cent; in some cases as high as 100 per cent and . . . even more than that.

The experience in the United States was that in some cases the rates had to be doubled in order to help meet the deficit that occurred under Government control; and then at the close of the year they had to assess at the rate of $240,000,000 a year in order to square the account.

The proposal which is before us will, if adopted, commit the country to a very serious financial liability. There is no means of knowing how much that liability will be. The purchase price is to be fixed by three men whose names we do not know, and if they agree, their decision is final. If these three men should decide to award the amount of the whole capitalization—which, I admit to be very unlikely—that is to say, $707,000,000, under the Bill now before us, Parliament would be helpless. We would have to pay whatever figure they decide upon.

That proposal, I submit, is an outrage, and the decision, whatever it may be, should be placed before Parliament for approval or disapproval. I am here representing a constituency, and I do not purpose, if I can prevent it, handing over the exercise of my judgment to anybody. There is a danger that the arbitrators might take an erroneous view in regard to a matter of this kind. They might resort to their imaginations, as the arbitrators appear to have done in the case of the claim of Mackenzie and Mann a few years ago. Mackenzie and Mann got $10,000,000 for what everybody knows was not worth one dollar. They got it for what the arbitrators understood to be prospective value. On what principle can you estimate prospective value in a case of this kind? Why treat an insolvent railway company differently from any other insolvent concern? Supposing "A. B." is a land speculator who gets into business difficulties and who finds it necessary to assign to an assignee. The assignee is attempting to wind up the estate, and "A. B." comes forward and says: I own a large number of lots on the outskirts of the city of Ottawa, and in twenty years time those lots will be worth a great deal of money; you ought to make me an allowance of so many thousands or ten of thousands of dollars for the value those lots will have at the expiration of that period. Would the assignee listen to that? Would he give it any consideration? No. But that was the principle on which the arbitrators who dealt with the claim of Mackenzie and Mann gave them $10,000,000. They gave it for prospective profits, the value that they thought this road would have in years to come, I do not know how many years ahead. On that question I should like to put on record the opinion of the present Minister of Finance (Sir Henry Drayton) as to the value of the common stock of the Canadian Northern Railway. What he says will be found on page 44 of the report:

A third basis of estimate is the value of the property for sale as a going concern. A purchaser would not consider either original cost or reproduction cost as of much importance. The price he would pay would be based on earning power, present and potential. On this basis he would consider how far the Canadian Northern is at present short of covering its fixed charges, how long it will take to reach equilibrium, how much new capital will have to be spent, how soon a dividend may be expected and at what rate. Calculating on this basis, in the light of the figures set out above, it is evident that no purchaser would offer for the property a sum amounting to the total of its liabilities.

We conclude, therefore, that the shareholders of the company have no equity either on the ground of cash put in, or on the ground of physical reproduction cost, or on the ground of the saleable value of the property as a going concern.

That was the opinion of the present Minister of Finance; yet the Government handled this question in such a way that these speculators got $10,000,000 of the people's money. In such a case as this much depends on the presentation of a case, and if the case in the arbitration that is to take place in regard to the Grand Trunk is presented in the same careless manner that the case was presented to the court in the matter of the claim of Mackenzie and Mann, this country is likely to be victimized; but the Government accepts this verdict without a protest; apparently they were willing that this verdict should be given when they fixed the maximum amount at $10,000,000, having at the same time before them the opinion of the present Minister of Finance that the stock had no value whatever. In my opinion the arbitration that took place on that occasion was a sham arbitration. I do not attack the integrity of the judges that gave the verdict, but, in my opinion, the Government did not furnish the evidence and the case was not presented properly before the court.

We are face to face with this question: Can we shoulder this new liability? The total amount of securities, including the guaranteed stock, the preference stock, the debentures and the common stock, leaving out the Grand Trunk Pacific and all those other guarantees of which I spoke some time ago, will, subject to arbitration, be £81,499,617. Estimating a pound sterling at $4.86, that amounts to $395,988,138.62 or approximately $400,000,000. In addition, there are the liabilities of the Grand Trunk Pacific and those other guarantees. These are alarming figures. The headlong pace at which this country is running into debt is now beyond the comprehension of any ordinary man. During September the net debt of the Dominion increased by $65,000,000, or over $2,000,000 per day, or over $90,000 per hour, or over $1,500 per minute. $1,500 was looked upon as about the price of an ordinary small farm down in Nova Scotia, so one farm is disappearing every minute to meet the deficits of this Administration after they credit all the revenues.

Let me place on record the opinion of one of the Government's friends. I suppose the Government has no more loyal friend than the Montreal Star, which has been a pillar of Union Government from its inception. The Montreal Star said yesterday:

This population cannot bear the burden of debt and deficits, the burden of waste and graft, the burden of political domination by a huge machine which the administration of a great transcontinental traffic system by politicians will thrust upon us.

The Government have been advising the people of this country to produce and save. That is very appropriate advice, and I agree with the Administration in sending it out. Why do they not take this advice themselves? While the Minister of the Interior (Mr. Meighen) is, I think, the real father of this measure, I am informed that the Minister of Immigration and Colonization (Mr. Calder) could properly be described as the stepfather. I understand he is one of the gentlemen who is pushing the purchase of this railway. Take the case of that hon. gentleman. He enters his spacious office one fine morning, his rubber heels sinking into a rich Turkish carpet that cost the country, during the war, $515; hangs up his gold mounted cane and his hat in a mahogany wardrobe that cost the country, during the war, $89.70; sits down in a richly upholstered chair that cost the country, during the war, $51.33; opens his letters at a mahogany table that cost the country, during the war, $189.75, and throws the envelopes into a waste paper basket that cost the country, during the war, $32.50. After his morning's work he stretches himself on a Chesterfield that cost the country, during the war, $111.50. During the hour he was resting the net debt of the country had increased by $90,000, and my hon. friend bestirs himself and makes up his mind that it is time to do something, so when he rises he decides that the Canadian people must be made aware of the impending financial crisis. Accordingly he sends forth the slogan: "Produce and Save." Now, Mr. Speaker, in view of all the circumstances you will understand how difficult it is for the ordinary man to accept that advice from my hon. friend. The ex-Minister of

Finance (Sir Thomas White) addressed the Presbyterian Synod in this city a few days ago, but he did not use the same slogan as the Minister of Immigration. He knew it was no use to ask this Government to save, so he changed the language and sent out the motto: "Hard work and the Ten Commandments." I think if the ordinary taxpayer were to visit Ottawa and thoroughly understood how his money is being squandered, he would take an apoplectic fit. Let me call a witness on financial conditions at the present moment, no less a person than the ex-Minister of Finance, the man who knows more about these questions than any other man in Canada. In giving evidence before a committee of this House a few days ago he said:

> Just look at it from several standpoints. The national debt of this country before the war was something over $300,000,000—I think $335,000,000. I estimated in the Budget speech of this year—and I do not think there is any room for doubt about the matter—that by the end of this year our net national debt will reach nearly $2,000,000,000.

Mr. SPEAKER: If the hon. member is referring, as I think, to the evidence taken before a special committee of this House which has not yet reported, he is not in order in quoting from that speech.

Mr. J. H. SINCLAIR: Perhaps I may summarize it. The net debt of Canada is placed at the enormous sum of $2,000,000,000. We are told that the interest prior to 1914 amounted to only $13,000,000 a year, but that now it will likely reach the sum of $115,000,000 a year. That is a very heavy liability for the people of this country to meet. The ex-Minister of Finance has practically told us that we have not the money, he does not know where we are going to get it, but yet we are asked to embark on this very large expenditure without any explanation where the money is coming from. The ex-Minister of Finance made an eloquent speech in the House yesterday in favour of this legislation, and dealt with every phase of it except the financial one. He did not say a word to the House as where we were to get the large sums of money that will be required to carry out this undertaking. It comes down to this: We have not a dollar for the returned soldiers but we have millions for the financial magnates over in London.

While the Government is refusing to take advice from members on this side of the House and insists on embarking on this very large expenditure, what is being done elsewhere? Mr. Lloyd-George a few days ago absolutely refused to listen to the claims of the Socialists and Radicals—and some of the labour party in England for the nationalization of the coal mines, although they made out just as strong a case, and a much stronger one in my opinion, than has been made for the nationalization of the Grand Trunk railway system. In the United States President Wilson has decided to restore the railways to their former owners, and a Bill was introduced in Congress a few days ago providing for the gradual turning over of the ships built by the United States to private ownership. The result will be that Government will in the end discontinue the management and ownership of tramp vessels.

Mr. MEIGHEN: When did President Wilson announce that his policy was to restore the railways to their owners?

Mr. J. H. SINCLAIR: I have not the date, but the announcement was made in the press.

Mr. MEIGHEN: I do not think it was ever made.

Mr. J. H. SINCLAIR: I think my hon. friend will find in the Congressional Record that the Government of the United States have decided on that policy.

Mr. MEIGHEN: There has been no definite statement.

Mr. J. H. SINCLAIR: The step has not yet been taken, but I think the announcement has been made that it will be done shortly. Let me ask what public interest can be served by pushing this Bill through at the present time? Will it reduce passenger rates? Will the farmer get his produce carried to the seaboard more cheaply than at present? Our experience teaches us that he stands to pay a higher rate, and that later on the country will have to meet another large deficit. I take no stock in the visions that are seen by my hon. friend the Minister of Railways with regard to the Canadian Pacific. He seems to see ghosts in that quarter, and to be afraid that if we do not take over the Grand Trunk at the present time it will go into liquidation and be purchased by the Canadian Pacific. Now, there is no evidence that any such a thing will take place. If the Grand Trunk should go into liquidation, and I hope that will not be necessary, but if it should happen, why should the Canadian Pacific get it instead of the people of Canada? Will the Government of Canada be asleep when the railway is put under the hammer, or would they be

on deck looking after the interests of the people? If they were on deck they would be pretty strong competitors with all their debts and deficits against even the Canadian Pacific. But we are asked to take it for granted that if anything should happen to the Grand Trunk system it would necessarily fall into the hands of the Canadian Pacific instead of into the hands of the Government. My judgment is that consideration of this matter should be postponed at least until next session, so that members may be allowed to study the proposals and consult their constituents before any further step is taken. In the meantime we should devote our attention to the maintenance of our own credit, and the care for our returned soldiers, and, as I said before, we should consult the people before embarking on such a stupendous venture as this.

Mr. H. H. STEVENS (Vancouver Centre): Mr. Speaker, the hon. member for Guysborough (Mr. Sinclair) has indulged in very considerable criticism of the Government, which is something that we can naturally expect from him upon any occasion on which he cares to contribute to the debates of this House. He has, however, offered very little, either in the form of argument against this proposal or in the submission to the House of any reasons for the adoption of any other course. He spent a great deal of time in a description of the furniture in the office of the Minister of Colonization (Mr. Calder). Indeed, he carefully examined every item of equipment, the only novelty which I observed to escape his attention being the cost of the rubber heels on the boots of that minister. He also told us something about the Ten Commandments and the Presbyterian Synod, but he proffered very little in the way of concrete and practical criticism of the measure now before the House. He made one observation which I think is worthy of attention and which I shall use as a strong argument in support of this measure. He said that the former Minister of Finance (Sir Thomas White) knew more about this problem than any other man in Canada. I quote his own words, Mr. Speaker, in order that I may make my argument the more effective: "The ex-Minister of Finance knows more about this problem than any other man in Canada." Having said that, he proceeded to quote the ex-minister in regard to the financial obligations of the country. Now, I wish to read to him what the ex-Minister of Finance had to say in regard to this project, and I ask him to accept the opinion of the man who "knows more about this problem that any other man in Canada." The ex-Minister of Finance, knowing better than any other man what the problem is, has this to say regarding the burden which will be placed upon the country by the acquisition of the Grand Trunk system:

> The country will be able to bear whatever marginal loss there may be in the operation of these roads until such time as they are placed on a paying basis.

In other words, if there is a loss the ex-Minister of Finance's expert opinion is that the country will be well able to bear it. Not only did he say that, but he gave his unqualified support to the whole proposal. The hon. member (Mr. Sinclair) I noticed, came out squarely for private ownership and directly in opposition to public ownership, and in support of his position he said that he was in favour of the policy of the late Laurier Government, which he told us had a railway policy of "private ownership and public control." I wonder if the hon. member has forgotten entirely the huge expenditure of the Canadian people's funds in the National Transcontinental. Nearly $200,000,000 was invested in that enterprise, and not only was there not a cent of return from it, but it has been a gigantic loss to the country. That was an investment by the Laurier Government which my hon. friend supported for so many years.

Mr. J. H. SINCLAIR: It was to be operated by the Grand Trunk Company.

Mr. STEVENS: My hon. friend must remember he said "private ownership and public control," and this was the exact reverse,—public ownership and private control. Now, before I proceed to submit my views to the House I desire to refer for a moment to the Drayton-Acworth report. This report recommends that control both of the Grand Trunk Pacific and of the Grand Trunk be assumed by the people of Canada, and my hon. friend advances this report as an argument against this proposal. There is the clear recommendation from that commission that the people of Canada should assume control of the Grand Trunk as well as the Grand Trunk Pacific, and the Government is acting upon the advice of that report, the value of which has never been challenged by hon. gentlemen opposite, and which has been repeatedly quoted by them in the debates on this subject. My hon. friend cited the Intercolonial as a hideous example of the failure of public ownership, and I shall have a little to say in connection with that point later on. He chided the Government for encouraging the construction of railways in

the West to the detriment of the East, but I would remind the hon. gentleman of the fact that this country spent $126,000,000 capital expenditure in the Intercolonial and $173,000,000, to be exact, in capital expenditure on the National Transcontinental, a total of $300,000,000, all of which practically was expended in the eastern portion of Canada in capital expenditure, whereas the expenditure by this Government and preceding governments in the West have been in the encouragement of construction by private owners, involving no direct charge against the Treasury. I merely cite this to show the unfairness, and I may say the fallacy, of the argument of my hon. friend.

Now, the question before the House concerns the principle of the Bill, and that principle is whether or not this country should embark upon a further degree of public ownership of transportation companies. In other words, it is whether or not we shall take over the Grand Trunk Railway system and merge it with the present National Railway system in one great whole. Government ownership in regard to railways in Canada is, to a certain degree, still in the experimental stage. While it is true that we have had the Intercolonial railway under Government ownership for many years, it cannot be said that that railway was in any sense a system. It was handicapped at Montreal, the western terminus, because of the constant congestion of the Grand Trunk terminal system. The authority for that is the Drayton-Acworth report, and I mention the fact so that I may not be questioned in that regard. The railway ran through the eastern portion of Canada and did not link up the extreme east with the congested manufacturing centres of Ontario, nor did it have the advantage of getting a long haul—which is always the most paying traffic—through to Western Canada. So that the Intercolonial cannot be said to be a fair test of Government ownership. Now, there are two forms of Government ownership: one is such as that which existed in Germany and in Russia before the war, and in some other countries,—a distinctly autocratic government ownership in which the people had very little to say and in regard to which little care was shown as to whether the railways paid or not. In fact, in Germany the roads were very largely military roads. In Canada we are a democratic people, and government ownership of large railway system is still in its experimental stage, and I submit that the system devised by this Government and put into operation in connection with the National Transcontinental railway during the past two years seems to be ideal system of Government ownership.

Thus the Government own and control a system which is directly under the operating influence of an entity, namely, a company organized for that purpose. It is free from any departmental control, it has its own board of directors, its president, its managers, and these are removed from direct political control. I do not wish to harp upon the question of patronage. It is not worth while introducing it. We are dealing with too large issues to get down to that petty question. I repeat that the system introduced by the Government, and this proposition, this extension of government ownership, seems to be the most up-to-date and ideal system yet devised in a democratic country.

That is the first question. Then we are confronted in the second place, not with an abstract hypothetical question. We are faced with a difficult, practical transportation problem and I invite the House—the few members who are present—to consider it as a practical transportation problem. It is not speculative in the least sense; on the contrary, it is an intensely practical question, a question of fact and a question capable of demonstration. I admit that there are debatable points. I admit that there is the question whether we should enter into this project. That is fair ground to take, but I do say this is capable of demonstration one way or the other.

What is the problem? First, we are faced with this condition, that Canada is overbuilt with railways. We are all agreed in that. That has already been cited by preceding speakers. That presents a phase of the problem. It is quite useless for any person in the House or outside of it to constantly harp upon the difficulties attending the details of this scheme. We are faced with an important problem. These railways are there. It is surely useless for us to enter into any violent recrimination as to who is to blame but let me say to hon. gentlemen opposite—and I invite them to give consideration to this in all fairness,—that when they approach this question they cannot possibly point a finger at the Prime Minister of Canada (Sir Robert Borden) and say he is to blame, because in 1903 and in 1904, he, and those who surrounded him strongly opposed the system of railways brought into being by the Government of that day, and which hon. gentlemen opposite then supported. He strongly

opposed that system and, indeed, in looking up Hansard very carefully and reading the debates of that day I find—and I submit this to the House in fairness to the right hon. gentleman who is absent—that he said to the House and the country that he would recommend the extension of the Intercolonial railway to the Georgian bay ports, the nationalization of the Canadian Pacific railway along that barren stretch known as the north shore of lake Superior to Port Arthur, and then he said: Extend your railway systems through the productive prairie districts and have only one and not two new transcontinental lines to the Pacific ocean. That is what experts now tell us should have been done. I submit that his was a prophetic vision. It fell upon barren ground it is true, there was no response to it, the people of the country sustained the Government of the day in their projects and undertakings. Not only is the Government of that time responsible but the people of the country at large assumed the responsibility in a subsequent election; so that the people of the country at large are also responsible for the condition in which we find ourselves in connection with this transportation question. Therefore we have the problem of three transcontinental railways where certainly there is only room for two.

The second portion of the problem presents itself to me in this way: We have in Eastern Canada the Grand Trunk Railway system, a splendid system connecting up all the great manufacturing centres of Eastern Canada and supplying a dense traffic but with no outlet for the long haul to the West, nor indeed an outlet to bring western trade to their system in the East. It is, as I say, a great system but it is handicapped in this regard. Then we have the Canadian National railways extending to the West and to some portion of the East, not to the whole but to very little. We are told upon the advice of experts that to place the Canadian National railways in touch with the great traffic centres of Eastern Canada would require a capital expenditure in the neighbourhood of $100,000,000. When I heard that statement I was appalled but if you look into the figures and see what it costs to connect this system up with the great centres one can readily understand and appreciate it. So, you have that problem. The Canadian National railways have considerable connections in the East, the Grand Trunk railway has a splendid system with all its connections but without an outlet to the West. What more reasonable than to say that these great systems should be linked up into one. That is not a new thought; it is not a new idea; it has been before the country for a great period of time. I shall not deal in detail with the matter; I merely want to place the problem before the House.

In the third place we have this fact and let me repeat that all these are facts that are capable of demonstration beyond all question. We have the cost of duplicating eastern connections and terminals. I believe that any hon. member present will readily appreciate the argument. Take Montreal, for instance; I understand that for many years the Grand Trunk terminals in Montreal have been congested and are entirely inadequate to take care of the traffic. We have the Canadian National railways reaching the heart of Montreal, but their terminals are as yet in a very undeveloped state. What is more natural than that these two great systems should develop a joint terminal in Montreal, having one control, one administration, one despatching office, one freight control, one passenger control, one terminal where otherwise they would be obliged to have two terminals, unless they had under the Railway Act, joint running rights to a given terminal, which is usually a most unsatisfactory thing.

The fourth problem is that we have the cost of dual administration. All hon. members should give this very careful thought, because these are facts that are beyond all question. In almost every centre of eastern Canada, if we do not take over the Grand Trunk system, we will have to have a separate passenger office, ticket office, freight office, despatching office and administration office for both systems. Not only have we in that regard the physical cost but the monthly and yearly overhead charges of this expensive dual system. Under the system proposed by the Government and contemplated by this Bill, this duplication will be wiped out and we will have one joint control and administration.

I proceed to examine briefly some of the objections and arguments advanced against this proposition. In the first place, let me point out that the three leading front bench members on the other side have all spoken strongly against the principle of public ownership in connection with this question. The last speaker (Mr. Sinclair) comes forward very clearly and strongly on that point. They suggest that the Grand Trunk Railway system should be allowed to go into liquid-

ation, should be forced into a receiver's hands, that we should say to the Grand Trunk Railway Company: "You have debts that you say you cannot pay and which we know you cannot pay; therefore, we are going to force collection by driving you into the hands of a receiver." Am I unfair in this? I might quote the hon. member who leads the Opposition at this time. He said in his remarks the other day that he was not afraid of liquidation, that we should pare down this system to, as he called it, running weight. He had in view, I suppose, some Olympic sports and he wanted to pare it down to running weight and let it go into the hands of a receiver. He assured the Minister of Railways that he would not get a black eye from the country or from the financial world if he did so. Then in the same speech he also made the statement that to allow the Grand Trunk Pacific to go into the hands of a receiver, as we did some months ago, was "a disgraceful and unbusinesslike act." Now, what are we to think from an argument of that kind?

Mr. McKENZIE: The hon. member is misquoting me. I said that the method by which that road was put into the hands of a receiver was a disgraceful and unauthorized method. It is not putting the road into the hands of a receiver of which I complain, but the way it was done.

Mr. STEVENS: I accept the hon. gentleman's explanation, but I am quoting from Hansard. The hon. gentleman is reported in Hansard to have said:

> The President of the Council as a member of the Government put it in the hands of a receiver and we say that was a disgraceful and unbusinesslike thing to do.

Then a little later on, in the same speech, he made this statement:

> I am not afraid of liquidation. The Grand Trunk would not be the first railway company that has gone into liquidation.

and so on. Further he says:

> Let them be shaved down to proper running weight; then we will know where they are at. * * * There are railroads in Canada that have gone through the same experience because they got into trouble; and I assure the Minister of Railways that he will not get a black eye from our people by allowing any concern that is not able to carry on to go into the hands of a receiver.

My hon. friend can question that if he wishes—there are his own statements.

Mr. McKENZIE: I do not question it at all. I accept the full responsibility of what I said.

[Mr. Stevens.]

Mr. STEVENS: The point I am making is this: The suggestion is that this concern shall be allowed to go into the hands of a receiver. Now let us examine that briefly for a moment. A receivership pre-supposes one of two actions on the part of the receiver—he will either operate the system, carry it on on behalf of the owners of the company and the creditors, or else he will realize upon the system—one or the other. Now it is urged by hon. gentlemen opposite that a receiver should be put in and that the receiver should realize upon the Grand Trunk system and the Government should in some manner come in and try and purchase under this system. Let us examine the method which must be followed in connection with the realizing on this concern. To realize, the receiver must do one of two things: He must sell it as a running concern, or else sell it piecemeal. If he sells it as a running concern the Government is likely to be about the only bidder, because it is not conceivable that any other company would be large enough to make a bid at this time for the Grand Trunk system. Indeed, it is questionable whether even hon. gentlemen opposite would stand by and allow it to be sold to any other private concern under such circumstances. But the Government would likely be a bidder, and in selling it it is unlikely that the receiver, or the courts, would disregard the value of the ownership; and now I am coming to one of the main arguments of hon. gentlemen opposite. They say that this stock is valueless, and they make the statement without having any particular argument to base it upon. They say the stock is valueless. They are trying to lead the country to believe that there is some intention on the part of the Government to make a large fortune for certain of the owners of this road. I say, then, that the receiver, in disposing of this road as a running concern, would have to place a value upon the ownership of the road, which is represented in the stock of the road. Now, then, how would he value this concern? He would take into consideration, first, the physical assets—roadbed, rolling stock, and such things as that. He would next take into consideration the liquid assets—bills receivable, and so forth. In the third place, he would take into consideration leaseholds. The understanding is that there are a number of leases in connection with this transaction, all of which have value. He would take into consideration, in the fourth place, the contracts that have been entered into, and which are

in existence at this time, also show the franchise and the good will of the railway. There may be no good will, but it is a factor which a receiver must take into consideration; and in valuing these, or in ascertaining their value, the receiver, or the courts, would be called upon to hear most exhaustive evidence. So that I point out here that in the proposition before us the Government is simply taking cognizance of the usual method of carrying out a business transaction of this kind. They say: We will purchase this road for a certain sum down, represented in security of the original bonds or debenture stock. For the balance, that is, for the so-called capital stock of the company, preference and common, we propose to arbitrate, to ascertain whether there is any value in it. And I submit, Mr. Speaker, that no matter how certain one might be that there was no value in these stocks, we are still bound to give the owners of those stocks, under ordinary procedure of law, under ordinary business procedure, under the ordinary procedure of assignment and receivership—we are bound to give those owners an opportunity to demonstrate that there is the value in the stocks which they claim.

Mr. McKENZIE: I am always willing to learn, and my hon. friend is dealing with a very nice business proposition. Can he tell me of any process by which a receiver is bound to get a fixed amount of money for goods, or chattels, or property that comes into his hands as a receiver, or is there any process by which a court of this country can fix an upset price upon property in the hands of a receiver, or does he know of any case of the kind?

Mr. STEVENS: My hon. friend advances an argument which if it were applicable to this case in ordinary common sense would be very sound. He is quite right to this extent: No receiver is called upon to place a fixed value upon any of the assets which come under his control other than secured assets, and even then, of course, if there is no value there for the secured assets they suffer to that extent, but that is not the point at issue at all. My hon. friend suggests in his question a new ground which has not hitherto been placed before the House, and that new ground is that there is no value in the Grand Trunk Railway system represented in the debenture stocks. Hitherto they have limited their criticism to the contention that there was no value or supposed value in the common and preference stocks. My hon. friend is now carrying the matter back one stage further, and advancing something which hitherto none of the other speakers have advanced, namely, that there is no value or there is not the value represented in the debenture stocks or the guaranteed stocks. Now the Government on the advice of the Drayton-Acworth Commission, on the strength of the valuation made for the Drayton-Acworth Commission by experts in a most exhaustive and detailed manner, is declaring to the Grand Trunk simply that it recognizes what I choose to call, the bonded indebtedness of the company—that is, the debenture stocks and the guaranteed stocks; the Government offers to recognize that, and say, that further than that it will not go. Let me answer my hon. friend further, though, with regard to his observation; the Drayton-Acworth report proposed to offer a sum of $3,600,000—I speak subject to correction if any one can correct me, but I think I am absolutely right,—to be distributed among the holders of the guaranteed stock, the preference stock and the common stock. We do not offer that; we are not authorizing the Government to carry out that at all. We simply go to the extent of two and a half million dollars and we say: Arbitrate for the balance beyond that. Not only is that the case but the Drayton-Acworth report, so commonly relied upon by my hon. friend's opposite for arguments in this case, states this: That after seven years this may be increased by unstated amounts. We are not doing that; we are restricting the terms of this transaction well within the Drayton-Acworth report which has been before the House for so long.

My next point is this: Suppose the road went into the hands of a receiver, and the receiver, finding it impossible to sell the road as a going concern—and I think that would be the condition confronting him—sold the road piece-meal. Would it not be a lamentable thing for Canada that this great railway system—the oldest railway system in Canada, acknowledged to be an excellent system in every respect—should be split up and sold? First to be disposed of would be the paying lines adjacent to other railways. The Canadian National would probably have an opportunity to buy a few of these lines, as would the Canadian Pacific; the American lines would also have their opportunity in respect of that part of the system which is south of the boundary line. Mr. Speaker, that alternative is inconceivable and could not possibly de entertained for a moment.

Again, suppose the road were divided up by the receiver and realized upon in that

manner, and the Canadian National Railway Company desired to get some lines under that arrangement. According to my hon. friends opposite, they could not do so. Not only would they have to come to Parliament for authority to buy, but they would not be allowed to purchase until they had subsequently submitted the terms of purchase to the ratification of Parliament—an utterly impracticable method.

I want to turn for a moment to some of the arguments advanced by the hon. member for Shelburne and Queen's (Mr. Fielding). The hon. member was careful not to come out clearly against public ownership; I might be permitted, Sir, to describe his attitude as veiled opposition to the principle of public ownership. He said that the Intercolonial was not a shining light; that that line would have been far better developed under private ownership, indeed, all through his remarks, he left the impression upon the House that he himself was opposed to the principle of public ownership. But he went further and advanced a specific argument which I desire to examine into, because it is worthy of examination. The hon. member urged that we limit Canadian public ownership—or to use his own words, "the experiment in Canadian public ownership"—to the Grand Trunk Pacific, the Canadian National and the Intercolonial. Two of these roads are acknowledged to be the lame ducks of the railway systems of Canada. The other has a prospect of being something. But the Grand Trunk Pacific, separated from the Grand Trunk, is acknowledged to be one of the most expensive systems that any company or any government could attempt to take hold of and administer. The adoption of the suggestion of the hon. member would positively ensure the utter failure of government ownership of railways in Canada. Sir, if I were to indulge in a few innuendos; if I were permitted to follow the lead given by hon. gentlemen opposite a few days ago, should I not be justified in suggesting that one might be suspicious that behind the hon. members' advocacy of this particular scheme was the hope and the wish that there should be a complete failure of government ownership in Canada, a complete collapse of the railway systems of Canada which are under Government control? He says that the Grand Trunk Pacific and the Canadian National and the Intercolonial should represent the limit of our public ownership of railways. I can hardly conceive that the hon. member was serious and honest in his suggestion in that regard. Why, these systems are known to be incomplete without this other system, the Grand Trunk.

Mr. McKENZIE: I have great regard for the business ability of my hon. friend, but may I put this to him: He says that these systems which are under Government ownership are not a proper test of the principle of public ownership of railways. Where would he go in Canada, outside of the Canadian Pacific, to find a railroad which he would guarantee to be a success under government ownership?

Mr. STEVENS: I would go to the very thing that we are proposing, the acquisition of the Grand Trunk—not alone, but connected up with and rounding off the other system.

It has been stated that this question was never properly before the House prior to this occasion; that we have never had an opportunity of considering it. I purpose reading to the House, with the indulgence of hon. members, extracts from a statement officially prepared and submitted to the House by the Prime Minister (Sir Robert Borden) on May 15, 1918. In one paragraph of this statement the Prime Minister gives a resume of the history of the railway problem, including certain guarantees, and so on; I shall not weary the House by reading that part of it. Then he goes on to say:

> I come now to the Grand Trunk Pacific. I regard it as inevitable that, for many reasons, that road should be taken over by the Federal Government. It is a national enterprise to which the credit of the Canadian people has been committed, and, in my judgment, it is expedient to sustain it and not permit it to go into liquidation. It is intimately connected with the Grand Trunk Railway system in the East.

He proceeds:

> The House and the country will be glad to know that the prospects of its traffic seem to be improving, and I very sincerely hope that they will improve still more in the early future. That railway cannot be successfully operated without suitable arrangements with the Canadian Northern Railway and with the Grand Trunk Railway in the East. It cannot pay its interest charges, and it is utterly impossible for the Grand Trunk to meet the obligations which it has undertaken in respect of the Grand Trunk Pacific.

I pause simply to emphasize the fact that it was represented officially to the House in May, 1918, that the Grand Trunk Pacific should be taken over and that it could not be operated successfully without having connection with the Grand Trunk. Then the Prime Minister went on to say:

> I think, therefore, it is absolutely inevitable that the Grand Trunk Pacific must be acquired.

He makes a few observations as to the terms of acquisition, and so on, and then continues:

I can only say that the Grand Trunk would no doubt be willing to hand it over to us to-day if we would relieve the Grand Trunk of all its obligations in respect to the Grand Trunk Pacific; it would hand over to us the capital stock and be glad to get out of its own obligations in respect to the Grand Trunk Pacific. But there are several conditions to be taken into account before any such proposal can be entertained, and so we are at the present time discussing the whole situation with the Grand Trunk management.

Now it seems if we take over the Grand Trunk Pacific, that practically involves the taking over of the Grand Trunk Railway as well. Further than that, while the present condition of the Grand Trunk is not prosperous for many reasons, some of which doubtless it could not control, I believe that it would have reasonable prospects for the future if amalgamated into one system with the Canadian Northern and the Grand Trunk Pacific.

I may say that we have negotiations outstanding with the Grand Trunk Railway.

Then the Prime Minister makes reference to the appointment of a sub-committee of the Council to go into this matter, and to discuss it with the Grand Trunk officials in London. He proceeds:

They have given attentive study to the questions which are involved, and I have some reasonable hope that when Parliament is again summoned, the Government may be in a position to place before it proposals which will involve the constitution into one State-owned system, the chief railways of Canada, except the Canadian Pacific.

That was the official statement submitted to the House by the Prime Minister. Now let us observe what the leader of the Opposition of that day had to say.

Mr. McKENZIE: Does not the hon. member recall that the key-note of that speech made by the Prime Minister was the co-operation of railways and the elimination of railways that did not pay?

Mr. STEVENS: The hon. member is in error. The speech was made on the railway situation in Canada, and it presented the whole question of taking over and amalgamating these roads into one system. My hon. friend gives his view of the matter, but I read the speech myself within the last day, and the first step in the transaction was the taking over of the Canadian Northern railway. In reply to that speech by the Prime Minister, the Rt. Hon. Sir Wilfrid Laurier, late leader of the Opposition, had some observations to make, among which were these. I invite my hon. friend to listen to this, because he has questioned the accuracy of my remarks.

Mr. McKENZIE: Not at all. I did not.

Mr. STEVENS: This is what his late leader and his predecessor in the office he now holds, stated in his place in the House:

The Government now proposes to launch into a new enterprise, that of acquiring the Grand Trunk railway itself.

Is that not clear enough? Is it not perfectly clear that the question was before the House, and that Sir Wilfrid Laurier, the leader of the Opposition of that day, knew perfectly well what was going on? He proceeded:

The Grand Trunk has been in existence about sixty years. It passes through one of the best parts of the American continent, undoubtedly through the best part of Ontario; it ought to be and it is productive. . . . . That the Grand Trunk railway system can be made a profitable enterprise I have no doubt. I do not pretend to be an expert in these matters, but, applying the ordinary principles of common sense:—

And that is exactly what we are inviting to be applied to this transaction.

—looking on the advantages enjoyed by this railway, its splendid location, its line from the great centre of Chicago to the fine harbour of Portland, I think that the Grand Trunk railway system should be productive of good results and profitable returns. For the present I do not condemn the idea of taking this railway over.

I think I am justified in speaking with some warmth in reply to the argument that this matter has not been before the country previously. We have not only the correspondence submitted on two occasions to the House dealing directly with the Grand Trunk Railway Company, but the official statement of the Prime Minister specifically referring to the Grand Trunk and the Grand Trunk Pacific, and the acquiescence of the leader of the Opposition of that date. I am quite certain that the bulk of those who were supporting the late Sir Wilfrid Laurier in this matter would not repudiate the stand he took at that time.

Mr. MEIGHEN: The legislation was foreshadowed last session.

Mr. STEVENS: I am reminded that the legislation was foreshadowed last session as likely to come before the House. Opposition has been raised to this on a further ground that hon. gentlemen opposite are opposed to arbitration. I do not think that an hon. gentleman opposite who has spoken has not referred to the Canadian Northern arbitration, and they advanced as an argument against the method of procedure proposed in this Bill, the fact that the arbitrators in the Canadian Northern case made an award at all. They say that arbitration should not be resorted to because of that.

The strange and inconsistent part of their argument is that every hon. member who has spoken in that tone has at the same time declared that he does not wish to impugn the honesty, integrity and probity of the arbitration court. If that court were properly formed; if the members of that court were honourable, honest and able men—and no one will question that—what right have we to squeal—perhaps that word is not dignified, but there is no other appropriate term—over the finding of that board of arbitrators?

Mr. J. H. SINCLAIR: If the hon. gentleman will permit me, my contention was that the case was not properly presented before the court.

Mr. STEVENS: Will my hon. friend say that Mr. Tilley, K.C., known to every lawyer and to every business concern in Canada as the most eminent railway counsel in Canada, was dishonest in his presentation of the case? I will ask the leader of the Opposition this—and he is strictly honest in his good old stubborn, Scotch manner when he chooses to be so, decidedly so—will he say that Mr. Tilley would accept a retainer from a bootblack, or the Government, or any body else, and be false to that retainer and not present the case rightly and fairly so as to bring out the facts? Mr. Tilley would throw out his retainer in five minutes if he thought for one moment that the Government were in any sense going behind his back, or influencing the arbitration board, or in any way evading the bringing out of the proper evidence in that case.

Mr. McKENZIE: Mr. Tilley is, I believe, a good lawyer. I have not the honour of his acquaintance, but I believe he is a fair sample of the noble profession to which he belongs. It is not, however, for a lawyer to furnish the facts; it is for the lawyer to present the facts that are given to him, and our accusation is that he was not given the facts.

Mr. STEVENS: I will take my hon. friend on his own ground. He says that it is not the business of the lawyer to furnish the facts; that it is the business of the lawyer to present his case in the strongest possible light on the basis of the facts that are given to him. Mr. Tilley was given all the facts that were available; he was offered any information that he wanted; anything he was not clear on, he could receive, and I will guarantee this, and I will stake my position in this House on this question, that Mr. Tilley will not say to the hon. gentleman that he was not supplied with the fullest possible information. The hon. gentleman knows—

Mr. McKENZIE: Oh, yes, we know my learned friend is giving evidence himself.

Mr. STEVENS: I am not giving evidence, I am making an argument.

Mr. McKENZIE: No, the hon. member is giving evidence.

Mr. DEPUTY SPEAKER: Order. Only one hon. member should have the floor at a time.

Mr. STEVENS: If the hon. gentleman desires to ask a question, that is all right.

Mr. MEIGHEN: He is not very good at relinquishing the floor himself at times.

Mr. McKENZIE: I am not going to put any question.

Mr. STEVENS: The point I wish to reiterate is this. It has been insinuated that the arbitration of the Canadian Northern transaction was not a fair and square arbitration, and we are told that for that reason we should not pass this Bill. I think I have cited the case fairly and squarely. I submit to the House and to hon. gentlemen who have made that argument, this point: that Mr. Tilley, the lawyer in charge, is known throughout the business world and has the highest possible reputation; that Mr. Tilley was placed in possession of all the facts; that he was invited to ask for anything that the did not know or that he was not supplied with, and that he presented those facts with all the force of his ability and experience as an eminent counsel in railway matters. I claim that there is not one scintilla of ground for the argument that that was not a fair and square arbitration.

Mr. J. H. SINCLAIR: I was going to say that if my hon. friend has influence enough with the Government to have this evidence printed, we would then be in a better position to discuss this question.

Mr. STEVENS: The evidence has been printed for the last year and a half. It is an immense volume; it has been printed and laid on the Table. My hon. friend, I was going to say, is asleep, but he will pardon me; I do not want to be impertinent to him, so I will put it in this way. My hon. friend is not awake. All the evidence is available.

Mr. J. H. SINCLAIR: When was it laid upon the Table?

Mr. STEVENS: I could not tell the hon. member the date.

Mr. J. H. SINCLAIR: Does the hon. gentleman make the statement that it has been laid on the Table?

Mr. MEIGHEN: I made inquiry to-day of the minister, and he informed me that it was laid on the Table. It is available at any time, and I will guarantee to procure it for any hon. member who desires it.

Mr. STEVENS: The hon. member knows that it is impossible to recall the exact date on which a document was laid on the Table, say a year or a year and a half ago. Every particle of the evidence is available, there is no doubt of that. To state that we should not proceed by arbitration; that we should discard that method, upon such flimsy arguments as that, is an inconceivable position for any intelligent person to take.

In what other way, I ask, than by arbitration could we possibly ascertain the value of this stock? What other method is there? It may be said that we should submit it to the courts, but I do not think there is any modus operandi by which it could be submitted to the courts in a direct way. The judge of a competent court, sitting as the chairman of a board of arbitration can hear all the evidence pro and con; all the facts can be submitted to the board.

I should like to refer to another objection which has been raised. It has been suggested that we should buy up the stock in the open market, and that suggestion was made by the hon. member for Shelburne and Queen's (Mr. Fielding) who for fifteen years, or at all events a great many years, was Minister of Finance in Canada and who earned quite a reputation for himself in that capacity. He seriously proposes to the House that we should buy up the control of the stock in the open market. Could a more utterly impracticable and impossible way of dealing with this question be suggested? My hon. friend has already complained that there has been an increase in the market value of the stock as the result of an announcement made in the public press. What would be the upward trend of that stock if the Government put itself voluntarily in the position of buying up the stock, and having bought 10 or 20 per cent of it, was then forced to buy the balance at any figure the holders might demand? I cannot conceive of a more impracticable proposal.

I wish to refer briefly to one of the chief arguments that has been advanced, namely, that there has been some stock profiteering in London. Now we are not in possession of the facts. No facts have been submitted to the House. It is simply stated that there has been an increase in the value of this stock in London, and the conclusion is drawn that some one is making money out of it. I am informed by one of the very highest authorities that 85 per cent of the Grand Trunk stock remains in the hands of the original holders, that only a very small amount got on the market, and that there has always been only a very small amount on the market. It was, I think, the most flimsy argument that could be put forward, that we should abandon this whole business because somebody is trafficking or attempting to traffic in the stock on the London market.

It has also been stated that the Government should supply the House with a list of the shareholders. These are not my arguments, Mr. Speaker; I am simply referring to those that have been made by hon. gentlemen opposite. I say it has been seriously stated that until a list of shareholders was submitted to the House we should not go on with this legislation. Now there are over 100,000 shareholders and it is stated, and I believe it, knowing something about the matter myself, that it would take at least five weeks to make a list of these shareholders from the share books. The list would contain thousands of names of estates and companies who are holders of stock, which would mean the writing out of lengthy names and addresses. You can see, Sir, the utter impossibility and futility of this suggestion. The information would not only be perfectly useless, but to cable it across would cost over $6,000, and would detain Parliament for five weeks.

It has also been stated that the shares representing ownership of this system are valueless because interest has not been paid on some of the shares. Is it not logical for me to advance this as an argument—that if that is the case, then the Intercolonial is valueless for the reason that it has never paid any interest on its capital? Is not that a logical argument? But the Intercolonial is not valueless, supposing it to be capitalized, simply because it has not paid interest on its capital. The Intercolonial would not be worth par, that is certain, not having paid any interest or dividend, and the same is true of this stock. The value of the stock does not depend on whether it pays dividends or not. That is a guide to investors in buying stocks on the market, it is true, but it is not a fair estimate of the

intrinsic value of the stock. The intrinsic value of a stock consists in the net assets behind the stock. If it is found that there are no assets, that the bonded indebtedness and the liabilities are greater than the assets, then there is no value to the stock; that is clear. I said a moment ago that in estimating the value of a stock representing ownership of a concern you take into consideration not only the physical assets but all the liquid assets as well.

I do not wish to speak at any length on the Intercolonial, but it has been mentioned in this discussion a good deal, and I should like to submit a few facts in connection with it to illustrate a point I desire to make. There has been invested in the Intercolonial $126,000,000 of the people's money, to use a common parliamentary phrase; in other words this line has cost about $75,000 per mile. The Intercolonial has a total deficit from 1876 to 1919 of $9,000,000. Now, in face of that, I do not think the argument can be advanced that the Intercolonial railway is a valueless thing and should be discarded. The wise thing to do is to ascertain why the Intercolonial is not a paying concern. That is exactly what we are doing in connection with the Grand Trunk, in which the Government and the people of Canada are interested to a considerable extent at the present time. We are asking for an inquiry that we may know why these concerns are not paying and whether there is any possible way of putting them on a sound basis.

The inevitable conclusion which I think we must all reach is that we have overbuilt in railway systems in Canada, and the roads have not been properly co-ordinated. That is the reason why different sections have not paid. We on this side of the House believe that we can solve the problem by placing the Grand Trunk system in the East, with all its congested traffic, in connection with those lines which at present enjoy the long haul but have a paucity of traffic.

The Government have been somewhat upbraided in connection with guaranteeing these securities—the Government has guaranteed them, so has the Grand Trunk, and so on. The whole railway problem as presented by hon. gentlemen opposite is complicated by the system of financing. I quite agree, but it behooves hon. gentlemen opposite, and especially the hon. member for Shelburne and Queen's (Mr. Fielding) to ask themselves who are responsible for that system of financing. Who was it that introduced into the Parliament of Canada the system of guaranteeing the bonds of railways? It was the hon. gentleman who sits beside the leader of the Opposition, the hon. member for Shelburne and Queen's. He is the man who, when in office, introduced a system of financing railways in Canada by which the Canadian Government guaranteed their bonds. And if we are to-day faced with a perplexing problem—I do not say this with any desire to recriminate—the gentlemen responsible for it are the predecessors of hon. gentlemen opposite, and some of those hon. gentlemen themselves. It was the Government supported by them and the party to whom they still owe allegiance that introduced the system of three transcontinental railways for Canada.

It was the Finance Minister of that government, who held that office for so many years, that introduced into Canada the system of guaranteeing the bonds of these railways; and now, faced with this problem, I think it is only fair and reasonable to ask those hon. gentlemen to join with us in an endeavour to solve this problem, and not simply to offer to the Government captious criticism in connection with the subject. I urge that we face the problem and make every possible effort to solve it, and in my opinion the only way in which we can at all effect a proper solution is, as proposed in the Bill, by the acquisition and control, by the National Railway system of Canada, of the Grand Trunk railway.

Mr. O. TURGEON (Gloucester): It is with diffidence, Mr. Speaker, that I rise to contribute to the discussion of the question now before the House, a question which is seriously engaging the minds of the thinking people of Canada. The principle of government ownership and control of railways has been exhaustively discussed and its merits or demerits fully demonstrated in this debate by members who have spoken on both sides of the House. As I have frequently in the past advocated government ownership as far as practicable and to the extent that circumstances warranted, I may be permitted on this occasion to reiterate my views on this principle before I proceed to deal with the subject generally. We have been informed, more particularly by the President of the Privy Council (Mr. Rowell), that there is a strong current of opinion in Ontario and in the West in favour of public ownership and control of the railroads in Canada. Well, Sir, if that is the case, I regret to say that this sentiment is evincing itself rather late in the day; for I remember that thirty-five or forty years ago, when we in the Maritime Provinces were endeavouring in

every way possible to secure a satisfactory operation of the one small road which we had at the time, the position was vastly different. At that time, in my more vigorous days, I was in favour of public ownership and worked strenuously for many years to influence public opinion,—and particularly public opinion of the West,—in the direction of public ownership of the Intercolonial in the Maritime Provinces, with its prospects of future extension; and our ambition was to see an extension of the road, under government control, from one coast to the other, in order to obviate private ownership with its natural greed, resulting in the imposition of exorbitant rates upon the people. We did our best, but I must say that the difficulty always came from Western Canada and Ontario. Every one in the House, even Liberals from Ontario, opposed every possible attempt to secure an improvement of conditions and every proposal which might give an impetus to the operation of the government roads in the Maritime Provinces. The ministers in charge of railway affairs for some time after Confederation were not heartily in sympathy with the administration of the roads in the Maritime Provinces because they did not believe in government control, and after many years, in 1896, when there was a change of Government, we find that the Intercolonial railway was in a decrepit condition due to wanton neglect. When the late Mr. Blair became Minister of Railways, however, he introduced a new and vigorous policy to provide necessary equipment and a proper roadbed, at whatever cost, in order to make the road a paying proposition in the future. The traffic of the road since that time has consequently increased in volume, but we have always been obliged to resist the opinions, emanating from Ontario, where every newspaper, except the one controlled by my hon. friend the member for South York (Mr. Maclean), who, I am sorry to say, is not in his seat, opposed the principle of public ownership of railways. It was due to the splendid administration of the late Alexander Mackenzie, then Prime Minister of Canada, that there was undertaken the construction of the great railroad which was to connect the east with the west, to unite British Columbia with Ontario and Eastern Canada. He began the construction of that road under government ownership, and when the Conservative Administration assumed the reins of office in 1878 that project was abandoned; and later the government of the day, supported chiefly by the province of Ontario, surrendered what had been built by Alexander Mackenzie as a present to the new Canadian Pacific Company, who were then constructing for their own benefit the railroad of which we hear so much to-day. Had Mackenzie's policy been pursued we would not have handed over to that company millions of acres of land in the West which should have been conserved for the welfare of the people. During all that time, and even since the successors of Mr. Blair were administering the road, public opinion in Western Canada supported attempts to end the public ownership of the Intercolonial. It influenced such men as Mackenzie and Mann to attempt to influence the people to transfer the Intercolonial railway to the Canadian Northern for a certain sum; and it is due to the good judgment of Mr. Graham, the then Minister of Railways, that the proposal was rejected and the Intercolonial has consequently remained the property of the Government. If an extension of public ownership be desirable under the peculiar circumstances of to-day there is but one railroad that would justify its acquisition, and that is the Canadian Pacific railway. The surpluses of the system would be adequate to cover the deficits of the National Railway system which have been occurring year after year. If you seriously consider the principle of public ownership let us see what can be done with the Canadian Pacific railway.

When we talk of public ownership in connection with this Bill I have to say that question should not now be introduced because we are not in a position to accept public ownership of railways in Canada at the present time. The time has slipped away, unfortunately, when public ownership could be considered in Canada. In the early years of the twentieth century, in 1903 and 1904, the right hon. Sir Wilfrid Laurier, then Prime Minister of Canada, conceived the idea of constructing a great transcontinental railway uniting the Pacific with the Atlantic, as a Government-owned property from Winnipeg to Moncton, benefiting alike the open winter ports at St. John and Halifax, the Maritime Provinces of Nova Scotia and New Brunswick and the whole of Western Canada. Our hon. friends on the other side of the House have found pleasure in trying to throw cold water upon the construction of the Transcontinental railway linking together the Maritime Provinces with Winnipeg and the Great West. All I have to say to them is that in the future it will prove to be a more productive

enterprise than it is at the present time and that we owe this project to the vision of the great Canadian statesman who conceived the idea of linking together the open winter ports of Canada, making Canada independent in her trade and commerce—independent of the ports of Portland, Boston and New York— and bringing by the shortest possible route the immense products of the West to the harbours of the East. Unfortunately, conditions have not exactly responded to the ambition of that great statesman and of the Canadian people at that time. Whose fault is it? If in 1911 the administration of that day had been sustained by the people of Canada reciprocity would have been given very shortly to the people of the West and Canada would have enjoyed the flourishing conditions which that policy would have brought about. I see my hon. friend the Minister of the Interior (Mr. Meighen) joking and laughing. I admire my hon. friend perhaps as much as does any hon. member in the House; I admire his talent and ability; I have previously given him credit for all of that; but let the hon. gentleman understand that there is such a thing as public opinion in Canada and that his habit of giving so liberally and so heartily to his friends when he rescues him from trouble may turn against him in the future. We must always consider subjects by themselves.

Mr. MEIGHEN: I was wondering with some amusement, I must admit, how the hon. gentleman figured that reciprocity with the United States would increase the traffic on Canadian railways such as the Grand Trunk Pacific.

Mr. TURGEON: Reciprocity was destined to bring great development to the country. The prospect of reciprocity was the cause of bringing thousands of settlers to the western territory and to the province represented by my hon. friend, but with the rejection of reciprocity they went back to the United States, and it stopped the current of immigration of farmers from the American States to Canada.

Mr. MEIGHEN: On the contrary, they increased every year up to the war.

Mr. TURGEON: Not the farming element from the United States.

Mr. MEIGHEN: Yes, from the United States.

Mr. TURGEON: Not the farming element coming specially from the northern States, the element that was most needed at that time.

Mr. MEIGHEN: They came faster than ever.

Mr. TURGEON: I am convinced as much as the hon. gentleman is that I am right, and he will find that my statement is correct if he refers to the figures of 1911-12. Our hon. friends introduce the question of public or private ownership and they say we are against nationalization. I wish that in the early days of Confederation we had secured the construction of our railroads without sacrificing our money and our land. If the Intercolonial has not yet produced the revenues that were anticipated, we have to consider the conditions under which it was constructed and the condition of the country at that time. They were well known. It was stated in a report by the late Sir Sanford Fleming, the most celebrated engineer that Canada has ever produced, that the railway was not expected to make running expenses for many years to come; that it was designed more particularly to unite the provinces of the East and the West, and especially to promote the prosperity of Ontario, which, although it has been very much against this road, has always had the advantage of sending its manufactured products to the Maritime Provinces and capturing the markets which, prior to Confederation, were controlled by the American trade. If the Intercolonial railway had been given the national support that it should have had from day to day and year to year, we would have better conditions in the Maritime Provinces than we have now. The attitude towards that road was such that when, fifteen or twenty years ago, members from the Maritime Provinces asked to have more branches built in different sections for the development of those districts which were awaiting development and for the benefit of the long haul on the Intercolonial railway, the only line then traversing those provinces, they were blocked, and the Liberal party dared not go forward because they were afraid of public opinion in the West. If the public opinion of the West to-day is so strong for public ownership I am sorry it did not come sooner so that in the first years of Confederation we could have saved our lands and our finances; instead of subsidizing companies with lands and money we could have built our own railways and kept our lands for our settlers.

In connection with this question we have not only to look into the financial condition

of the country to-day but we have only to look into the financial condition of the road which we are asked to take over. When two years ago the Government took over the Canadian Northern an attempt was made to brand the Opposition as being opposed to the nationalization of railways. To my mind the enunciation of the principle of nationalization by Government supporters came rather late and was not at all concerned with the taking over of the Canadian Northern then and with the taking over to-day of the Grand Trunk Pacific from Winnipeg to the coast.

It has been said to-day in this debate that it is due more particularly to the construction of the Grand Trunk Pacific from Winnipeg to the West that this critical condition of things exists, and that this railway should not have been built. When the Government of Sir Wilfrid Laurier provided for the construction of a transcontinental railway giving western connections to the Grand Trunk and affording the Prairie Provinces another route to the Pacific coast, there was but one transcontinental traversing Canada. The construction of the Grand Trunk Pacific gave a second transcontinental line from coast to coast, and some development was needed before a great return could be expected by that line. What was the chief reason for the Grand Trunk Pacific getting into a financial condition which led to its falling into the hands of a receiver? The President of the Privy Council (Mr. Rowell) has declared with great eloquence that it was due to the duplication of that railroad from Edmonton to the coast. But the late Government refused the request of the Canadian Northern to extend their line from Edmonton to the coast on the ground that sufficient trade had not developed to justify a third line from the West to the Pacific. It was not until 1912, after the present administration came into office, that the money was voted to enable the Canadian Northern to carry out this extension, thereby greatly injuring itself and resulting in the Grand Trunk Pacific going into the hands of a receiver. By this policy the existing railway lines in the mountains in the West were duplicated for a distance of eight hundred miles and more, and this duplication took place in country most difficult and most expensive for railway construction, where the traffic was altogether insufficient to justify such expenditure. The result was to injure both the Canadian Northern and the Grand Trunk Pacific. Possibly this deplorable condition might not have taken place but for the fact that public opinion in Canada was not awake to the conditions of railway financing and railway operation. Had public opinion been more alert to the probable results of railroad construction at that time the outcome would not have been so serious. Moreover it would possibly have averted what has been a calamity for the Maritime Provinces, in that owing to the situation which developed the Government refused to build and operate branches in the Maritime Provinces under government ownership, leaving small private companies to provide these facilities. These companies, however, were unable to raise the necessary capital to construct and main tain these branch lines, and later on they had to be taken over by the Government. The lack of additional railway accommodation in the Maritime Provinces is still keenly felt, and when the leader of the Opposition and the hon. member for Antigonish and Guysborough (Mr. J. H. Sinclair) a few days ago urged upon the Government the extension of branches into their respective districts, no satisfactory answer was forthcoming. So we have still to guess what the future may hold for us in that regard.

The figures have been disclosed and we now know that the acquisition of the Grand Trunk means an addition to our debt of $200,000,000, with an interest charge of over $20,000,000 a year. What is the financial condition of the country to-day? I hold in my hand the answers to questions presented to the Government by the hon. member for Chateauguay-Huntingdon (Mr. Robb). There were two sets of questions placed by that hon. gentleman on the Order Paper. The first of these had reference to the result of the operations of the Canadian National railway for the first seven months of the present year. Let me give these questions and the answers thereto:

Finances of Canadian National Railway.

Mr. Robb:

1. What were the gross earnings of the Canadian National Railway from Jaanuary 1, to August 1, 1919?

2. What were the net earnings for the same period?

3. What is the total interest paying debt of the Canadian National Railway?

4. What is the amount of interest on debt of said railway annually payable?

Hon. Mr. Reid:

1. $50,730,974.94.

2. $9,041,464.62. (Deficit.)

3. $460,225,148.93.

4. $19,073,387.08.

It will be readily seen what a serious financial situation these figures disclose. Now, let me take the other set of questions which my hon. friend (Mr. Robb) put and which were answered as follows:

Financial Obligation of Canada.

Mr. ROBB:

1. What are the amounts which go to make up the difference between $2,907,669,041.50 and $1,670,263.52, stated to be the gross debt and net debt of Canada respectively as stated in answer to question given in Hansard September 25, 1919?

2. What are the amounts of bonded debt due by Canada payable respectively in Canada, United States and Great Britain, on August 31, 1919?

3. What is the amount of interest payable per year on the indebtedness referred to in question two?

4. What is the total amount of the indebtedness of the Canadian National Railway Company on which interest was payable on August 1, 1919?

5. What is the amount of interest payable annually on the indebtedness referred to in question four?

6. What is the amount of floating indebtedness for which the loan of $300,000,000 is now being asked for?

7. What are purposes for which said loan of three hundred million are to be devoted in settlement of?

8. Is the indebtedness of the Canadian National Railway Company included in the statement of gross debt given in answer to question on September 25, 1919?

Sir George Foster:

1. Investments:

Sinking funds	$ 18,667,513 13
Other investments	343,662,592 52
Province accounts	2,296,327 90
Miscellaneous and banking accounts	872,776,916 43
Total assets	$1,237,403,349 98

2.

Canada	$1,513,516,567 76
London	362,703,312 40
New York	135,873,000 00

3. Estimates 1919-20 provide for interest on public debt $102,767,625.94.

4 and 5 relate to the Department of Railways and Canals.

6. $265,000,000.

7. Payment of floating indebtedness as above and to meet expenditures to be made in connection with demobilization (including the authorized war service gratuity to our soldiers, land settlement loans, and other purposes connected with their re-establishment into civil life), for capital outlay upon shipbuilding and other national undertakings forming part of Canada's industrial reconstruction programme, and for the establishment of any necessary credits for the purchase of grain, foodstuffs, timber, and other products, and will be spent wholly in Canada.

8. No.

That shows that to-day the national debt of Canada is over two billion dollars.

Mr. DEPUTY SPEAKER: It is six o'clock, and I understand that there are other matters which the Government desire to bring forward. To preserve the hon. member's rights, I would suggest that he move the adjournment of the debate.

Mr. TURGEON: I move the adjournment of the debate, Mr. Speaker.

Motion agreed to, and debate adjourned.

On motion of Hon. C. J. Doherty, the House returned to the order of Motions.

FRASER RIVER SALMON.

Hon. C. J. DOHERTY (Minister of Justice) laid on the table of the House copy of a convention between His Majesty the King and The United States of America for the protection, preservation and propagation of the salmon fisheries of the Fraser River system.

He said: I move:

That five hundred copies in the English language and two hundred in the French language of the Convention just laid on the Table be printed forthwith, and that Rule 74 in relation thereto be suspended.

Motion agreed to.

Mr. DOHERTY: I understand that it is the desire of a number of members that the House should not sit this evening. In accordance with that request, I move that the House do now adjourn.

Mr. DOHERTY: We will proceed with this; we may proceed with some small Bills that are on the Order Paper.

Mr. McKENZIE: Temperance Act?

Mr. DOHERTY: We may even proceed with the Temperance Act. I am glad to see that the hon. member's zeal still persists.

Motion agreed to, and the House adjourned at 6.04 p.m.

Monday, October 20, 1919.

The House met at Three o'clock.

TREATY OF PEACE WITH AUSTRIA.

COPIES ORDERED PRINTED.

Hon. N. W. ROWELL (for the Secretary of State for External Affairs) laid on the Table a copy of the Treaty of Peace between the allied and associated powers and Austria, signed at St. Germain on September 10, 1919. He then moved:

That 1,000 copies of the Treaty of Peace between the Allied and Associated Powers and Austria signed at St. Germain on September 10, 1919, laid on the table of the House this day, be printed forthwith in English and 500 copies

in French, and that the provisions of rule 74 be waived.

Mr. SPEAKER: This motion can only be entertained at this stage by unanimous consent.

Motion agreed to.

DOMINION CANNERS, LIMITED.

On the Orders of the Day:

Mr. D. D. McKENZIE (Cape Breton North and Victoria): Some weeks ago I moved for some papers in connection with a contract between the Government and the Dominion Canners. Limited. I should like very much to get these papers before the end of the session, if possible.

Hon. Mr. DOHERTY: So far as I have been able to ascertain, there are no papers bearing on any contract between this company and the Canadian Government, but I shall be glad to give my hon. friend a more definite answer. I shall inquire, and if there be any such contract I shall bring down any papers that bear on it that are properly subject to be brought down before this House.

GRAND TRUNK RAILWAY SYSTEM.

On the Orders of the Day:

Mr. PIUS MICHAUD (Restigouche and Madawaska): Has the Government received a resolution passed by the Board of Trade of St. John, New Brunswick, to the effect that they view with great apprehension the acquisition and operation of the Grand Trunk system by the Government?

Mr. SPEAKER: Order. There is no objection to the hon. member asking whether the resolution has been received, but he should not cite the contents of the resolution. This question might more properly be placed on the Order Paper. There is no objection to the question whether the resolution was received.

Sir GEORGE FOSTER: I have no knowledge of any such petition.

TIME OF VOTING ON SECOND READING OF GRAND TRUNK BILL.

On the Orders of the Day:

Mr. J. J. DENIS (Joliette): I heard a rumour this morning to the effect that the Government would press for a vote on the second reading of the Grand Trunk Bill tomorrow night. This would be in direct opposition to the declaration of the Minister of the Interior (Mr. Meighen), who stated that the fullest opportunity would be given hon. members to discuss this question. Is there any foundation for that rumour?

Mr. GAUVREAU: I hope it is true.

Sir GEORGE FOSTER: There has been no arrangement made looking in that direction. It has been repeatedly stated that the House shall have all the time it wants to discuss this question. I hope, however, that its wants will be reasonable, because we do want to get away in fair time. We are not going to force the matter to a vote, however, until the House is reasonably ready for it.

Mr. McKENZIE: My hon. friend really wants to get away this time.

PRIVATE BILLS.

SECOND READINGS.

Bill No. 29, (from the Senate), for the relief of Millie Wettlaufer.—Mr. Sheard.

Bill No. 32 (from the Senate), for the relief of Arthur LeRoy Eastcott.—Mr. Green.

QUESTIONS.

(Questions answered orally are indicated by an asterisk.)

M.S.A. DEFAULTERS IN TEMISCOUATA AND KAMOURASKA.

*Mr. GAUVREAU:

1. Is the Minister of Justice aware as to whether or not, in the districts comprising the counties of Temiscouata and Kamouraska, the chief of the Federal Police retains the services of a lawyer from Rivière-du-Loup in his raids against defaulters, and that he pays him $10, which is charged to the said defaulter if the latter pleads guilty, and $21 if he enters a plea of not guilty before the magistrate and is not successful?

2. Could not the chief of the Federal Police procure for himself forms from the Clerk of Peace, without the expensive services of a lawyer?

3. If so, will steps be taken to stop this exploitation of defaulters which forces them to put a useless and expensive defence?

Hon. Mr. DOHERTY:

1. The minister has learned as a result of inquiries made since this question was propounded that Mr. E. H. Cimon, advocate of Rivière-du-Loup, appeared as representing the prosecution in a number of prosecutions against military service defaulters conducted before Mr. Corriveau, the magistrate at Rivière-du-Loup. There is a question of fact between Mr. Cimon and Mr. Horman, inspector of the Dominion Police, Mr. Cimon claiming that he was instructed by Mr. Horman to appear upon terms that

the Government would not be responsible for his charges, while Mr. Horman claims that he gave no instructions to Mr. Cimon, who appeared at the suggestion of the magistrate, but after Mr. Horman had intimated to the magistrate that the Government did not intend to engage counsel or become responsible for any charges of counsel in the prosecutions. The further fact appears to be not in dispute that costs were adjudged to Mr. Cimon in the convictions amounting to $10 in undefended cases and $20 in defended cases, which were recovered from the convicted persons for Mr. Cimon's benefit in the cases in which the latter paid the pecuniary penalties and costs imposed. The department did not authorize Mr. Cimon's enpayement upon any terms and had no knowledge that he was acting or receiving fees until notified by this question. The minister in view of the facts as disclosed has intimated to Mr. Cimon that he should repay the amounts received as illegally exacted.

2. Yes.

3. Certainly.

NATURAL RESOURCES OF PRAIRIE PROVINCES.

Mr. CAMPBELL:

1. Was any definite promise ever made by the Government or any member thereof to transfer the natural resources of Alberta, Saskatchewan, and Manitoba to these provinces?

2. If so, was any condition attached to such promise which would affect other provinces by way of re-adjustment of subsidies or otherwise?

3. Is the Government of the opinion that the other provinces have any interest or equity in the resources of the provinces of Alberta, Saskatchewan and Manitoba?

4. If such promise was made is it the intention of the Government to carry out the terms thereof? If so, when?

5. If not, does the Government not think that it would be in the public interest to make a definite statement to this effect and thus put an end to the uncertainty which at present exists?

6. Is the proper development of the natural resources of these provinces not being seriously handicapped and retarded by delay and uncertainty in this connection?

Sir GEORGE FOSTER:

1. The policy announced by the Prime Minister was and is to transfer the natural resources of the provinces on such fair terms as can be arranged. The necessity of fair terms and the interests of other provinces arises from the fact that when the provinces in question were created in 1905 a special subsidy in lieu of those resources was granted them.

2. Answered by No. 1.

3. Answered by No. 1.

[Mr. Doherty.]

4. Yes, as soon as possible.

5. Answered by No. 4.

6. The Government is not aware of such retardation.

GUELPH NOVITIATE—JUDGES' REPORT.

Mr. BOYCE:

1. Has the report of the judges who heard the investigation of the Guelph Novitiate been received by the Government?

2. If so, when will it be laid on the table of the House?

Hon. Mr. DOHERTY:

1. No.

2. Answered by No. 1.

DAMAGE FROM RIOTS IN ENGLAND.

Mr. ARCHAMBAULT:

Was the Government of Canada assessed for the payment of the damages resulting from the riots at (a) Kinmel Park; (b) Whitley Camp; (c) and other places where riots took place in England?

Hon. Mr. MACLEAN: This information is not available in Canada, but a cable is being sent overseas for the desired information.

DOCTORS IN PERMANENT ARMY.

Mr. ARCHAMBAULT:

1. How many positions are there for doctors in the permanent Canadian army?

2. How many applications are there for the said positions?

Hon. Mr. MACLEAN:

1. There are sixteen vacancies for doctors in the permanent Army Medical Corps.

2. There are thirty-two applications for appointment to commissions.

ARREST OF ARTHUR LAPIERRE.

Mr. ARCHAMBAULT:

1. What are the names of the members of the Dominion Police, who on the 30th of September, 1918, entered the domicile of Arthur Lapierre, Montreal, a conscript bearing the number 3157100, and arrested him?

2. Is the Government aware of the fact that in making this arrest, the police used a revolver against the said Lapierre, who has since died from the wounds inflicted by them?

3. If so, is it the intention of the Government to hold an inquest in this matter?

Hon. Mr. DOHERTY:

1. No members of the Dominion Police force participated in this arrest.

2. and 3. Answered by No. 1.

CANADIAN DOCTORS—POST GRADUATE COURSE.

Mr. ARCHAMBAULT:

1. Is it true that a few months before the Armistice was signed, the Government asked the doctors in the Canadian army if they desired to take a post graduate course after the war?

2. If so, how many doctors have signified their desire of taking such a course, and is it the intention of the Government to defray the expenses of the said course?

Hon. Mr. MACLEAN: This information is not available in Canada but a cable is being sent overseas for the desired information.

SS. CANADIAN ADVENTURER.

Mr. DUFF:

1. Does the Government own a steamship named the Canadian Adventurer?
2. If so, what is her net, gross, and dead weight tonnage?
3. What are her measurements, giving length, breadth, and depth of hold?
4. What water does she draw forward, when light and when loaded, and what water does she draw aft when light and when loaded?

Hon. Mr. MACLEAN:

1, 2, 3 and 4. This vessel is still in the hands of the builders, The Port Shipbuilding Company, Ltd., Port Arthur, Ontario. The information asked for, therefore, is not yet available.

QUESTION PASSED AS ORDER FOR RETURN.

Mr. PROULX:

1. Is Brigadier-General J. G. Langton at present Acting Paymaster General?
2. Has he seen service overseas in the European War?
3. Was he an officer in the Canadian Militia at the time of the South African War?
4. If so, did he see active service in South Africa?
5. When was he appointed Acting Paymaster General?
6. Prior to his appointment had he had any experience in pay duties, or was he ever an officer in the Canadian Army Pay Corps? If so, when?
7. What special qualifications did General Langton have to be given this appointment?
8. Does he administer the Pay Branch only?
9. What pay and allowances, including separation allowance, or salary, was he given on appointment?
10. What pay and allowances, including separation allowance or salary, does he draw at present?

UNOPPOSED MOTION FOR PAPERS.

Mr. TOBIN:

For a copy of all papers, correspondence, plans, schedules, drafts of classification, and all other documents respecting the re-classification of the House of Commons permanent employees of all grades, sent by any official of the House of Commons to the Board of Civil Service Commissioners, or to the experts engaged by the said board to re-classify the Civil Service of Canada.

SHAREHOLDERS OF THE GRAND TRUNK RAILWAY COMPANY.

Mr. JOSEPH ARCHAMBAULT: (Chambly and Verchères) moved:

Mr. ARCHAMBAULT:

For a return showing the names of the shareholders of the Grand Trunk Railway Company, as they appeared in the books of the said company on the 9th of October, 1919, with the address of each shareholder, the number of shares possessed by each and the date upon which said shares were purchased.

Hon. ARTHUR MEIGHEN: The information here asked for is the names of all shareholders of the Grand Trunk Railway Company. While convinced, as I think every hon. member ought to be, that the list of these shareholders, aggregating an immense number, and all, so far as we know, in England, can be of no possible service; and convinced also that the order will cost the country a great deal, involving an expensive return, nevertheless, if the hon. gentleman desires it, the Government will not oppose the motion. It may pass and the names will be secured as soon as possible.

Motion agreed to.

NAVIGABLE WATERS PROTECTION ACT.

SENATE AMENDMENT NOT CONCURRED IN.

Consideration of an amendment made by the Senate to Bill No. 11 to amend the Navigable Waters Protection Act.

Hon. A. L. SIFTON (Minister of Public Works) moved:

That the amendment of the Senate to Bill No. 11 be not concurred in for the reason that it prevents the application of the Bill to the whole of the navigable waters of Canada; and that a message be sent to the Senate to acquaint Their Honours therewith.

He said: The amendment consisted in the substitution of "tidal waters" instead of "navigable waters."

Motion agreed to.

MEAT AND CANNED FOODS ACT AMENDMENT.

Hon. A. K. MACLEAN moved the second reading of Bill No. 35 to amend the Meat and Canned Foods Act.

Mr. McKENZIE: Explain.

Mr. MACLEAN: I have already explained this Bill to the best of my ability, and I do not think the House should press me for further information until we are in

committee. The purpose of the Bill is to fix a standard can for the packing of lobsters, the sizes being 3, 6, 9, 12 and 16 ounces. The Bill will provide that when lobsters are sold in Canada they must have a label showing the exact contents of the can; that is, the dry lobster meat and not the gross weight of the contents. The law at present provides that a pound can shall contain 14 ounces and smaller cans are based upon that standard, so that we have 3½, 7½ and 10½ ounces. This is undesirable from the standpoint of the consumer. Those who are engaged in the packing of lobsters also object to it because it subjects them to the charge of possible fraudulent practices on the public.

Mr. McKENZIE: When the resolution was introduced I noticed that the hon. member for Shelburne and Queen's (Mr. Fielding) said that the weight was to be not printed on the label but stamped in the tin receptacle. I had no time to read this Bill and I do not know whether this provision is in it or not. That statement, coming from the chairman of the committee on fisheries, I took for granted to be so. Now I understand from the minister that there is no provision of that kind and there is nothing to show what the weight of the contents will be. There is a statement as to the quality or kind of shell fish contained in the tin but there is nothing on the label as to weight. Is that correct?

Mr. A. K. MACLEAN: Cans of lobster sold within Canada must contain a label showing the weight of lobster meat regardless of the liquid contained in the tins. If this Bill passes as it is and our lobsters are exported to the United States they will then conform with the American law which requires that the weight of the tin or can must be printed on the label. There is no provision as far as I know requiring that the weight be stamped on the can. I think the hon. member for Shelburne and Queen's (Mr. Fielding) was in error when he made that statement. I quite recollect his making the statement but at the time I was not sure whether he was right or wrong. I do not think there is any law requiring the weight to be stamped on the can. The great proportion of our lobsters are exported to Europe, largely to the English market, whence they go to various European countries. There is nothing in the British law requiring a label, or the statement of the weight on being imported into England, but when the cans are sold in England they must have a label and the wholesale dealers attend to that in England. If English merchants sell these canned lobsters in France the labels must be in French and that is done in London. If they are sold in Belgium or Greece, the labels must be in the language of the country to which they are shipped. I think there is no way of avoiding that as our export lobsters reaching the London market are largely shipped to European countries.

Mr. McISAAC: If I understand aright, the cans provided for in this Bill are such as have been hitherto used by lobster packers?

Mr. A. K. MACLEAN: Yes.

Mr. McISAAC: I understand there is no change contemplated in the arrangement which existed prior to 1917. That is the desire of the packers in the province from which I come. They desire that no change shall be made and they favour the arrangement for putting three, six, nine and twelve ounces in the can. As to the other arrangement, they say that fourteen ounces of lobster meat cannot possibly be put into the cans they have. The cans they are now using have become standard, the manufacture of them goes right along and a change in the cans would involve a great amount of expense, new standards and new machinery. If this carries out the arrangement which prevailed hitherto it is, I think, satisfactory to the packers all over the province of Prince Edward Island.

Mr. J. H. SINCLAIR: Why does the minister depart from the usual weights of a pound, half pound and quarter pound?

Mr. SPEAKER: I would remind the House that we are not in committee. The minister has already spoken. If, however, he should desire to answer the question it will be in order to do so.

Mr. A. K. MACLEAN: I am only too anxious to give my hon. friend the information he desires, but if he is willing to allow us to go into committee I shall endeavour to satisfy him.

Mr. DEVLIN: In past years the hon. member for Northumberland (Mr. Loggie) has been cited in the House as an authority on this very subject. I understand that he knows a great deal about canning and is interested in the canning business. The minister has made the statement that this Bill is acceptable to the great majority of canners. I, for one, for the purpose of information, would like to hear from the hon. member for Northumberland to know just how the canners look upon it.

Mr. LOGGIE: Mr. Speaker, I am very pleased to be able to say that the proposals before the House are the findings of the packers, or a majority of them. In reply to a question by the leader of the Opposition (Mr. McKenzie), I would say that the present law enacts that lobsters may be exported without labels, and I understand this legislation does not in any way change that. What is done in this case is that when shell fish are imported into Canada for consumption a label must be put on the can indicating the net contents. But when Canadian lobsters are packed for export it is not necessary under the present law to have the tin stamped, although some packers do that for their own protection. As far as I understand the situation, it is the desire of the packers that the weights prescribed here be made the standard weights irrespective of what you call the can—each containing three, six, nine, twelve and sixteen ounces. These will be known as standard sized cans. I do not know whether or not the packers will make them known to the trade as numbers three, six, nine, twelve and sixteen. I know I have no doubt that hon. gentlemen present are aware that a No. 2 fruit can contains only about twenty ounces or a pound and a quarter. A gallon can is known to the trade as a No. 10, but it does not hold an Imperial gallon.

Mr. COPP: It is very interesting to hear from the hon. member for Northumberland (Mr. Loggie) in regard to the views of the packers on this question. I have no doubt that the view he has expressed coincides exactly with the packers' views in regard to the packing of lobsters, in which my hon. friend is deeply interested. I am not very well informed in regard to this matter, but it might be interesting to the House if the minister (Mr. A. K. Maclean)—or if he cannot do so he might get somebody else to do it for him—would explain whether the partners in this business—I refer to the consuming public—have been considered and how they feel about the question of reducing the weight of canned lobsters.

Bill read second time, and the House went into Committee on the Bill.

On section 1—"Dry lobster meat and dry meat."

Mr. DUFF: It seems to me that "dry lobster meat" is a misnomer; there is no such thing as dry lobster meat. Lobsters are put in a can with pickle and then the can is sealed, consequently, when the can is opened, the meat is not dry. It seems to me that the word "dry" should be left out of this section; it would be sufficient to say "lobster meat."

Mr. A. K. MACLEAN: There probably might be something to be said in favour of my hon. friend's suggestion, but it will do no harm to leave the clause as it is. The word "dry" is used in many other clauses of the Act, and if my hon. friend's suggestion is adopted it will involve the amendment of other sections which are not in this Bill. No harm can be done by leaving the clause as it is. My hon. friend may be literally correct in saying that lobster meat is not dry, but it is necessary to give a definition of lobster meat after it is removed from the liquid contents of the can. In view of the effect it will have upon other clauses in the Act, I hope my hon. friend will not press his amendment at the present time.

Mr. DUFF: I do not think the minister has sufficiently answered the point I raised. There are other fish to which this applies as well as lobsters. For instance, nobody can say that mackerel put up in pickle in a barrel is dry fish. The minister ought to see that the language employed in the Bill is correct; there is no necessity for the term which is now to be found there. Even if the amendment involves changing other clauses let us do it and have the nomenclature right.

Mr. TURGEON: I must confirm what the hon. gentleman (Mr. Duff) has said in reference to "dry lobster meat." If that term is insisted on it will create confusion in the minds of the people of the Maritime Provinces who are accustomed to regard "dry fish" as fish which has undergone the process of being dried.

Mr. A. K. MACLEAN: I cannot appreciate the point which my hon. friend makes. I do not think it at all relevant to this section of the Act, which applies to shell fish, and does not refer to fish dried by any other process in the Maritime Provinces or elsewhere. When the lobster is in cans it is contained in a liquid and in order to determine the weight of the lobster meat free of the liquid, the statute proposes to designate it as "dry lobster meat. When the liquid is drained from that meat it, relatively speaking, is dry lobster meat. It is necessary to use a term which distinguishes between the lobster meat after it has been drained and taken from the liquid and

the lobster meat when it is in the can with the liquid—some term which is in contradistinction to the meat in the liquid. I do not see what better term there could be than the one used in the clause, and therefore it had better stand.

Mr. DUFF: Why not have the clause read that one minute after the can has been opened and the meat turned out that meat shall be drained? As the hon. member (Mr. Turgeon) says, there is a term in the fish trade which designates dry fish and another term which designates pickled fish. Dry fish means fish that has been sun-cured or cured by artificial means. The term "dry fish" must appear in other paragraphs of the Act.

Mr. A. K. MACLEAN: It may appear in other clauses of the Act, but we are now dealing with a section which has reference to shell fish, which must be treated differently from other fish.

Mr. DUFF: The ordinary person who reads this clause where "dry lobster meat" is spoken of, and then notices that the term "dry fish" is used in other sections, will surely be greatly confused unless some change is made in the wording. If the word "dry" were omitted, leaving the designation as "lobster meat," it would cover the point.

Section agreed to.

On section 2—description of contents and minimum weight to be marked on cans.

Mr. CAHILL: Will the minister explain how the can is to be marked—whether it is the can itself or the label on the can?

Mr. A. K. MACLEAN: Will my hon. friend renew his question when we come to the next clause of the Bill?

Mr. CAHILL: We may never come to it.

Mr. A. K. MACLEAN: I hope we will. If we do not, then my hon. friend's question is of no avail.

Mr. DUFF: It surely is possible to leave out the word "dry" in the eighteenth line of this section and have it read, "the minimum weight in avoirdupois of the meat in the can plainly printed in a conspicuous manner."

Mr. A. K. MACLEAN: I think my hon. friend's case was much stronger when he was discussing the previous section than it is now. I was about to point out to him that this clause discloses the fallacy in the argument he was making a moment ago.

[Mr. A. K. Maclean.]

The purpose of this clause is to the effect that the weight in avoirdupois of the contents of the can containing fish other than lobster shall be the weight of the contents of the can.

No liquid is added to salmon when it is canned, a little salt may be added, but an oily substance is exuded gradually from the fish, and therefore it would be unfair to say in the case of salmon and many other kinds of fish that the contents should be the exact weight of the fish meat. In the case of lobsters it is absolutely necessary to place in the can some preservative liquid, and the purpose of the legislation is to ensure that the weight expressed on the label shall be the weight of the lobster meat, not as in the can with the liquid, but as dried meat—that is, after opening the can and allowing the liquid to drain away for the space of one minute. For that reason we distinguish between lobster meat in and out of the preservative liquid, and in the latter case we call it dry meat and give it a statutory definition. Therefore, my hon. friend"s point is not so strong in this as in the other case, and rather confirms the position I took when this Bill was before the House last week.

Mr. DUFF: I cannot agree with the minister. It is quite evident that although he has lived in the fish country for a number of years he does not know the way fish are packed or he would not give the committee such information. It is a well known fact that when a fisherman packs fish he allows a certain amount for the pickling——

Mr. A. K. MACLEAN: I was not talking of the packing of all fish, but of certain kinds of fish.

Mr. DUFF: Certain kinds of fish are fish all the same.

Mr. A. K. MACLEAN: Take the case of salmon. Probably I have seen as many packed as my hon. friend—and I suppose neither of us has seen any.

Mr. DUFF: I have seen a few salmon packed in cans and in barrels. I do not pretend to know much about salmon, but I certainly know more than does the introducer of this Bill. The minister said that when salmon was packed a certain amount of oil exuded after a certain time. I was proceeding to say that there are other fish in the same position as salmon in that regard. The difference between my hon. friend and myself is that I know, and he does not know. For instance, when a

fisherman packs a barrel of mackerel, instead of packing 200 pounds he packs 205 pounds to allow for a certain amount of water or pickle. So my hon. friend's argument in relation to salmon is not a good one. He argued that this first clause could not be changed because there were so many other clauses in the Act that would also have to be changed. Now he has taken another tack altogether in regard to the second clause.

Mr. A. K. MACLEAN: No, it is my hon. friend who has taken another tack.

Mr. McKENZIE: What is the particular effect of the amendment in clause 2? From a hasty comparison of the amendment with the Act I see very little difference.

Mr. A. K. MACLEAN: The language of the Act might be construed as requiring that upon the label upon a can of fish, say salmon, the weight of the contents should be simply the weight of the fish, minus oil or other substance exuded from the fish while it was in the can. That was not considered fair by the department. Let me illustrate. For instance, in the case of a pound can of salmon over 16 ounces is put in as a matter of practice. If the salmon remains in the can a certain time a quantity of oil is exuded from the meat. This amendment will permit the weight of the oil so exuded to be comprised in the weight of the contents of the can. The oil is not lost; it can be used with the fish. But in the case of lobster it is desired to make a distinction, so that one cannot include in the weight of the contents the weight of the liquid. In the case of lobsters liquid is added; whereas in the case of salmon no liquid is added, it comes from the fish, and therefore should be computed as part of the weight of the contents of the can.

Mr. CAHILL: In the case of lobster packed in Canada will the weight have to be stamped on the can or on the label, or on both?

Mr. A. K. MACLEAN: The weight will be printed upon the label on all cans of lobsters for domestic consumption. It will be printed upon the labels of all cans of lobsters shipped to the United States, because their law requires it, and if these sections are agreed to, our law will be in conformity with theirs. There is nothing in the statute which requires that the contents be stamped upon the tin itself. If our lobsters are exported to Europe they usually go to the London market, and the English law requires that when retailed in the United Kingdom the label must contain the contents of the can. But the London importers handle a great deal of our product, which is sold on the European continent, and they put the labels on according to the country to which the fish is going. They, of course, desire to print the labels in the language of the country to which they reship the lobsters.

Mr. COPP: In reference to the last couple of lines of clause 2, "the minimum weight in avoirdupois of the dry meat in the can, plainly printed in a conspicuous manner;" is that in respect of lobster meat, canned for domestic consumption only?

Mr. A. K. MACLEAN: It would include other fish beside lobster.

Mr. COPP: As I understand, on what is exported we do not need to have any labels?

Mr. A. K. MACLEAN: Yes.

Mr. COPP: The clause continues, "and the name of the place where the same was packed." Does that mean the name of the province, the town, or the packer? I think we ought to have that defined. The packer's name must be on the label?

Mr. A. K. MACLEAN: Yes.

Mr. COPP: And if the fish is packed in any county the name of the particular locality must be stated?

Mr. A. K. MACLEAN: Yes.

Mr. COPP: It says here, "the name of the place." That might be Nova Scotia or New Brunswick.

Mr. A. K. MACLEAN: That would be a "place," I hope.

Mr. COPP: Yes; but my hon. friend treats it as a joke.

Mr. A. K. MACLEAN: No. What does my hon. friend really want to know?

Mr. COPP: Does "name" refer to the particular locality where the fish was packed, or merely to New Brunswick or Nova Scotia?

Mr. A. K. MACLEAN: "The name of the place where the same was packed." That would mean that if the fish was packed in Sackville, N.B., that name would be placed on the label.

Mr. COPP: And by So and So?

Mr. A. K. MACLEAN: Yes.

Mr. COPP: It is not so stated in the amended section. I think it ought to be more clearly defined in that regard.

Mr. McISAAC: I do not think it would be practicable to put on the label of the can for instance "Packed in New Brunswick"; "Packed in Nova Scotia"; "Packed in Prince Edward Island," as the case might be. There are many factories in each of these provinces, and the idea must be that there shall be stamped on the label the name of the locality where the packing is done.

Mr. LOGGIE: Some packers have one head office and a number of branches in different parts of the country. I do not think it is intended that the name of the particular place where the can was packed should be put on the label; all that is required is the name of the chief place of business of the packer. That, I think, is the intent of the law.

Mr. COPP: That would be ridiculous. A man whose chief place of business is in New Brunswick might pack at various places in Nova Scotia. I think that the label should state where the goods were packed and by whom.

Mr. J. H. SINCLAIR: The only object of this law, I understand, is to punish packers who do not put the proper weight in the can, and in order to have the proof that a certain man packed a certain can of lobsters, I suggest that the minister amend his Bill so as to require that the name of the packer shall be stated on the label. The name of the place is not worth anything, but the name of the packer is important.

Mr. A. K. MACLEAN: There is a clause in the Meat and Canned Foods Act as amended by Chapter 33 of the statutes of 1917, which covers the point. It reads:

> All fish and shellfish canneries shall be inspected as provided by the regulations. All fish and shellfish packed in cans shall be subject to inspection during the whole course of preparation and packing, and all such cans shall be marked with—
>
> (a) the initials of the Christian names, the full surname and the address, or, in the case of a firm or corporation, the firm or corporation name and address or the name and address of the packer or of the fish dealer obtaining it direct from the packer.

Mr. DUFF: Why would it not be better to provide that the name of the packer and his address shall be stated on the label instead of the name of the place where the same was packed?

Mr. A. K. MACLEAN: I do not think that would be quite as suitable as the clause as it now stands, which provides for the full name of the packer. This clause (b) which I am now amending is intended to cover only the statutory requirements respecting the designation of the contents of the can and the name of the place where packed.

Mr. McKENZIE: It has been suggested by my hon. friend (Mr. Loggie) that in the case of a corporation with branches in different places, it should be necessary to state on the label only the name of the place where the head office of the corporation is situated. That does not seem to be satisfactory, but that is the effect of subclause (a) of the section in the original Act. If the head office of a corporation is at Halifax and they have branches at various points throughout Nova Scotia, it would be necessary for them only to state the name of their head office on the label in order to comply with the provisions of this clause.

Mr. A. K. MACLEAN: I do not think so. The section reads: "and the name of the place where the same was packed." If the contents were packed in the county which the leader of the Opposition represents it would not be a compliance with

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the conditions of the statute to state on the label that the can was packed in Halifax. I do not agree with the interpretation of the member for Northumberland (Mr. Loggie). The law requires that the label must state the name of the place where the goods were packed.

Mr. DUFF: Large packers of lobsters in Nova Scotia may purchase and put up lobsters in fifteen different places; would it be necessary for them to have fifteen different labels on each can? It should be necessary for the firm which has its head office in Halifax to state only the name of the place where the headquarters are located. Certainly they could not state the name of every place from Cape North to Cape Sable where they packed their lobsters.

Mr. McISAAC: If you simply put on the name of the firm which does the packing, you will be face to face with this condition; where a firm has a dozen different packing plants throughout a given province a difficulty might arise. If some of the lobsters turn out to be bad or improperly put up, how can you tell where any particular cans were packed? On the other hand, if you put on the can the name of the place where the lobsters were packed, then if there is any difficulty afterwards, the particular packages can be traced up and investigated. Therefore, I think the two clauses as they stand are necessary.

Mr. DUFF: Does my hon. friend say that if a packer packs lobsters at seven or eight different places he has to use seven or eight different labels?

Mr. McISAAC: He has to put on the name of the firm. I think it is desirable as well that the place where the fish is packed should be shown on the label, so that any shipment can be traced in case of complaint.

Mr. McKENZIE: I think I am right in my contention that a corporation in the province of Nova Scotia need give but one address, even if it packs at different places. Subsection (a) of section 12A of the Act of 1917 says:

> The initials of the Christian names, the full surname, and the address, or, in the case of a firm or corporation, the firm or corporation name and address.

Mr. A. K. MACLEAN: But the next subsection requires that the label must state the name of the place where the fish is packed. Now that provision is either good or bad. It should either be in or left out. It is an old section, and we have kept it in this Bill.

As Parliament has already decided that these labels shall show the name of the place where the lobsters are packed, I am going to assume that Parliament thought it was doing the right thing, and I do not propose to change that. That is not the purpose of this Bill.

Mr. COPP: I think the minister said this was in the Act of 1917.

Mr. A. K. MACLEAN: Yes. I do not know whether it was on the statute-book prior to that.

Mr. COPP: Parliament decided in 1917 to make the weight fourteen ounces. You are changing that, so why not change the other?

Mr. A. K. MACLEAN: I am asking Parliament to change the weight, and unless I am able to convince Parliament that it should be changed I do not suppose Parliament will do it. I am not prepared to ask Parliament to change the other provision. We have a law requiring packers of food products to state upon the label the name of the place where the packing is done, and if it is inconvenient for the packer who may have half a dozen canneries, he must put up with the inconvenience.

Mr. McKENZIE: I think it would meet the case if we were to insert the words " and packer " after the words " the place " in the twentieth line.

Mr. A. K. MACLEAN: I am afraid I have not made myself clear to my hon. friend, or he would not have made that suggestion. The requirements with respect to the label are contained in section 12A of the Act of 1917. That section is divided into subsections (a) and (b). We are not amending (a), which reads as follows: " All shellfish packed in cans," and so on. That is applicable to lobsters, which is the fish we are dealing with. Then subsection (b) says " the initials of the Christian names, the full surname and the address, or, in the case of a firm or corporation, the firm or corporation name and address or the name and address of the packer," and so on. Subsection (b) also requires that the name of the place where the packing is done must be shown.

Mr. DUFF: If the minister will ask my hon. friend (Mr. Loggie), who is helping him steer this Bill through, I think he will find that no packer of lobsters or any other fish has ever put on the label the name of the place where the fish are packed. That is quite right, and I am not finding fault with it. All that goes on the label is the name of the packer and the head office address, not the place where the lobsters are packed. That is what is done in my own business, and in the canning of all kinds of fish. The fish are brought from different localities and the cans are labelled with the name of the firm and the head office address only. I think this Bill was brought down in a hurry without sufficient consideration. I am not opposed to the size of the cans, but if the present law is wrong let us put it right now, so that we shall not have to make further amendments next year.

Section agreed to.

On section 3—contents and size of cans of lobster:

Mr. McKENZIE: Surely we ought to be able to pass a little Act fixing the weight of a can of lobsters, without leaving it open to the packer to bother the minister for an Order in Council. As it is, the packer can go to the minister and get him to pass regulations by Order in Council saying what the weight shall be. No minister wants to be bothered with a thing like that. The weight should be fixed by statute. We have had years of continuous wrestling in this House over the lobster question. My hon. friend (Mr. Loggie) will remember that once we took a whole winter trying to pass legislation as to the weight of lobsters that should be in a can and so forth, but we knocked off just where we began, and were

no wiser. There seems to be no finality about lobster regulations or lobster legislation. We ought to fix definitely by statute what the weight shall be, and not leave it open to the packer to come to Ottawa in the midst of the packing season to ascertain what the weight shall be. Are we changing the size of the cans, and providing for new sizes? I understood that the great difficulty was that we were departing from the standard can, and that the legislation of 1917 with respect to the size of the can was a great inconvenience to the trade. Shall we have cans of different sizes from the present ones?

Mr. A. K. MACLEAN: There is a little difference in the size, and I shall refer to that point again. My hon. friend suggests that it should not be within the power of the minister to grant permission to pack lobsters in cans of sizes other than those mentioned. The position he takes is very largely a sound one, but as regards the size of cans you cannot compare canned lobsters with any other kind of canned fish I know. You can always fill a can with the required amount of herring or trout, but this is impossible with lobsters. One always desires to have a whole lobster, and you cannot fill a can with nothing but lobster tails or lobster claws. Experience shows that it usually takes two lobsters to fill a three-ounce can, more for the six-ounce can, and, because lobsters sometimes have abnormal claws, a still larger can is required.

Mr. McKENZIE: A sort of profiteering lobster.

Mr. A. K. MACLEAN: Yes. The experience of the packers indicates that these various sizes are necessary. A lobster packer might buy a certain number of lobsters which might require a size other than that fixed in the statute, and I think it is only fair to leave this power with the minister. My hon. friend is right in saying that no department wishes to have this authority resting with them if they can avoid it, but an injustice might sometimes be done if they did not have it.

Mr. McKENZIE: I do not think it is right.

Mr. A. K. MACLEAN: Personally, I think it would be very much better to let the lobster packers use whatever size of can their experience showed to be best, provided they placed the contents upon the label. But the public and Parliament evidently have had a different view, and I am simply trying to express it as practically as possible.

[Mr. McKenzie.]

Mr. TURGEON: Is there a sixteen-ounce can?

Mr. A. K. MACLEAN: Yes, but as a matter of fact there are very few 16-ounce cans of lobster in the market because no one will buy them. It is a very expensive fish. Twenty-five per cent of the lobsters canned are contained in 3-ounce cans and 60 per cent in 6-ounce cans, so that it is unlikely that the 16-ounce can will ever be used very much.

Mr. COPP: Has it ever been used?

Mr. A. K. MACLEAN: Years ago it was, when lobsters were cheaper. The 16-ounce can, however, really contains more lobster than the average family requires.

Mr. COPP: The minister is mistaken.

Mr. A. K. MACLEAN: Well, more than they will buy.

Mr. DUFF: Does the minister think it necessary to provide that no other size of can shall be used "without the written permission of the minister"? I think there is a clause in the Fisheries Act which gives the minister power to regulate the sizes of cans, so that there is no necessity for this clause.

Mr. A. K. MACLEAN: It does not refer to shellfish.

Mr. DUFF: Then, how did the department last year pass a regulation fixing the sizes of cans of lobster at 12, 9, 6 and 3 ounces, under that clause of the Fisheries Act?

Mr. A. K. MACLEAN: They did it under this very section of the Bill before us, under the Act of 1917, which contains the very words to which the hon. member refers.

Mr. DUFF: I think they did it under the Fisheries Act.

Mr. A. K. MACLEAN: No.

Mr. J. H. SINCLAIR: Did the minister not take advantage of the special clause in the Bill and change the weight from 14 ounces, as decided on by the House, to 12 ounces?

Mr. A. K. MACLEAN: That was really the effect.

Mr. J. H. SINCLAIR: That is what was done.

Mr. A. K. MACLEAN: The 1917 Act contains this very provision, but the section of that Act did not represent the depart-

mental view nor the view of the House of Commons. The section, as regards the size of can, represented a compromise between the Senate and the House of Commons.

Mr. DUFF: What was the view of the department at that time?

Mr. A. K. MACLEAN: I do not remember, but it was not the departmental view that the statute should state that a pound can should contain fourteen ounces.

Mr. DUFF: What was the view of the House of Commons?

Mr. A. K. MACLEAN: I cannot say what it was, but I know it was not that expressed in this Bill.

Mr. McKENZIE: Section 12-D reads:

> There shall be five sizes of cans for canning lobsters. The cans of each size shall contain not less than three ounces avoirdupois, six ounces avoirdupois, nine ounces avoirdupois, twelve ounces avoirdupois and sixteen ounces avoirdupois respectively, of dry lobster meat.

I submit that the section should stop there, because we have never provided, as the next four lines do, that the minister in the middle of a season should have power to change the weights and sizes of cans entirely. There should be some degree of certainty and stability in the trade, and for that reason I move that all the words after the word "meat" in the 29th line of section D be struck out. These words are:

> No other size of can shall be used for packing lobsters without first obtaining the written permission of the minister, etc.

That means that one packer will get permission to do something, another packer will be allowed to do something else, and there will be endless confusion. If we have a standard can there can be very little difficulty. It is one of two things; the fixing of the size should be left entirely to the minister or not at all.

Mr. A. K. MACLEAN: It is immaterial to me; I am quite willing to accept the judgment of the committee but I would prefer the legislation to stand as it is. It would have been better, particularly in the case of lobsters, to have allowed the packers to pack their lobsters just as they saw fit and to place upon the label the contents of the can upon the ground that you cannot treat the packing of this particular shellfish as you would any other kind of fish that I know of unless it should be crabs. Certainly you can fix the size of a can in which is put salmon, herring, codfish, or any other kind of fish which differ from shellfish, but apparently the public and Parliament have got it into their heads that lobsters must be packed in certain sized cans. I think they are wrong but we should try and meet them in so far as it is reasonably practicable. I am not trying to enforce my personal views upon the committee. But, it may happen once in a while that in some locality or another a lobster packer may have brought to his factory a particular size of lobster which cannot be placed properly in any of the cans which are authorized by statute and this provision is only for the purpose of enabling the minister to give him authority to get another can. The lobster packer does not desire to do it. He would like if possible to have only one can because it becomes standardized and he has only one size to buy. If this Bill becomes law cans will only be made of the size stated in the statute and if the canner desires to get a smaller size, or a size other than that which is in the Act, he will find it quite costly to get anything but the standard size. Consequently, packers are not very anxious to come to the department to ask for special permission to use a smaller size.

Mr. McKENZIE: Why should the temptation be there?

Mr. A. K. MACLEAN: It is just to meet an exigency which may arise at some time or place. We have many statutes giving the department or officers, powers to vary their general provisions.

Mr. J. H. SINCLAIR: Can the minister say what the quantity is in the case of salmon, herring and other fish which are put in cans? He promised to give me that information the other day.

Mr. A. K. MACLEAN: I am sorry I have not it here. It is in the statutes of 1907.

Mr. J. H. SINCLAIR: I understand the minister to say that there is no such regulation as this varying the ordinary pound and half-pound in the case of salmon, herring and the other fish that are packed. Assuming that such is the case, I want the minister to make it clear to the committee why lobster is different from other kinds of fish.

Mr. A. K. MACLEAN: I thought I had made that clear, but perhaps due to my inability to elucidate the matter the hon. gentleman may not have understood my explanation.

Mr. J. H. SINCLAIR: The explanation the minister has given is that there are various sizes of lobsters, that they do not all grow alike; one is a six ounce lobster

and another is of a different size. There are as many sizes of lobsters as there are of herring or salmon and he is attempting to fix the regulation according to the weight and size that lobsters grow when they are caught. That is impossible. He would want 500 cans instead of five cans to do that; it cannot be done. I do not suggest that you could put a whole lobster in one can for you cannot do it. It is very seldom that you will get a half-pound lobster to fill a can. You will require two or three lobsters to fill one of these twelve ounce cans. I think the minister is a little astray on this question. If he is, the hon. gentleman sitting beside him will put him right. It is not a question of putting all of a lobster in a can, and there must be some reason why the minister departs from the sixteen, eight, and four ounce cans. I would like to hear it.

Mr. A. K. MACLEAN: There is no reason for departing from it except to have established and fixed in the Act that size of can, for the purpose of canning lobsters, which conforms most exactly with the experience of those engaged in the business. Their opinion has been asked about it and departmental inquiries have been made, the result being that it is believed that cans of the size indicated in the Bill are those which would best meet the requirements of the trade. As I have said already, to-day twenty-five per cent of the lobsters canned are three-ounce cans, sixty per cent are six-ounce cans, the rest being other sizes. There is a great distinction between canning lobster and canning salmon. Very obviously salmon of one class or grade must be packed in the same can. But my hon. friend can easily see that you might have 100 salmon of the same type and put a one-hundredth part of each into the same can; at least, you might have samples of every one of the one hundred put into the same can and you would have a can containing salmon of the same type. The lobster packers inform me that that is not their practice and that it cannot be done. If the lobster packer would desire to place in any one can parts of two or three lobsters, it would be hardly practicable to be filling a can with the claws of one lobster, the tail of another, and so on. It does seem absurd. I think the distinction is quite obvious.

Amendment (Mr. McKenzie) negatived.

Section agreed to and Bill reported

On the motion of Hon. A. K. Maclean for the third reading of the Bill:

[Mr. Sinclair.]

Mr. McKENZIE moved in amendment:

That the said Bill be not now read a third time, but that it be referred back to Committee of the Whole House with power to amend by striking out from paragraph 12 (d) of section 3 the following words: "No other size of can shall be used for packing lobsters without first obtaining the written permission of the minister. Such written permission shall state the minimum amount of dry lobster meat that is to be packed in each size of can so authorized."

Amendment negatived.

Motion of Mr. Maclean agreed to and Bill read the third time and passed.

OPIUM DRUG ACT AMENDMENT.

On the motion of Hon. Mr. Rowell, Bill No. 34, to amend the Opium and Drug Act was read a second time, considered in Committee, reported, and read the third time and passed.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

The House resumed the adjourned debate on the motion of Hon. Mr. Reid for the second reading of Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system.

Mr. O. TURGEON (Gloucester, N.B.): When the House adjourned on Friday last I had intimated that from the beginning of Confederation I had been in favour of government ownership as far as practicable and to the extent that circumstances warranted, but that unfortunately the opinion prevailing in the country from the earliest years had practically made the application of this principle impossible in Canada. I had stated that if to-day the Government, or any party in Canada, were representing that there is a great wave of public opinion in favour of the nationalization of railways they were certainly making a wrong representation before the people; and that if we wished to give a fair trial to the application of the principle of nationalization of railways under present conditions we should first of all apply it to the Canadian Pacific, which distributes millions of dollars of dividends to its shareholders from year to year. Such a policy under proper administration would guarantee for the future, for some years at least, a sufficient surplus to cover the deficits of the railroads which we are now obliged to control and operate. When six o'clock was called, I had just finished a statement with respect to the national debt of Canada and had pointed out that the

annual amount of interest charge on that debt amounts to the high figure of $102,-767,625. To this would have to be added the large sum of $19,073,387 annual interest payable on the debt of the Canadian National Railways, as well as a probable deficit for the year of $18,000,000 of the railways now controlled and operated by the Government. As the deficit on those railways from January 1 to August 1 of the present year already amounts to $9,041,464, I think I am right in my estimate that the deficit for the whole year will reach a total of $18,000,000.

So that at present the annual interest charge which has to be paid amounts to about $180,000,000, exclusive of interest on public works. Now, by the acceptance of this project of the Government to take over the Grand Trunk railway we would have to add to this yearly expenditure a large amount of interest approximating $200,-000,000, besides assuming liability for all necessary expenses involved by the, perhaps, unwise administration of the Grand Trunk, amounting in the course of a year or two to about $30,000,000 for equipment maintenance, as will be seen by reference to the Drayton-Acworth report at page xxxiii, where it is stated:

> Grand Trunk Maintenance Expenditure.
>
> Further the Grand Trunk Railway has not been and is not being adequately maintained. No depreciation fund has been created for equipment. Mr. Chamberlin's view, as shown by his evidence, is that 5 per cent on the cost of the equipment ought to be annually charged under this head. He says:—
>
> "Take engines and cars, they are either worn out or out of date in twenty years."
>
> This item, according to his evidence, would have required an annual sum of $2,750,000. He also states:
>
> "If we had $25,000,000 now, it would put us in fine shape."

The summary given in tabular form in the report shows that for deferred expenditures there is a total sum required of $21,-181,345.07. The report continues:

> On the single item of "rails" the "cash expenditure required to restore normal conditions" is reported as $5,312,142. The cost of restoring ballast to normal conditions is reported as $2,434,000.
>
> With reference to the deferred renewals in Canada amounting to over $6,000,000, it appears that they have accumulated during eleven years, 1906-16. During this period, in spite of the requirements of the property, and the claims of public safety, $36,000,000 were paid out in dividends.

Mr. Speaker, I wish to call your attention more particularly to the last sentence as emphasizing the condition of the road:

> During this period, in spite of the requirements of the property, and the claims of public safety, $36,000,000 were paid out in dividends.

That statement is in contradiction to the statement the Minister of Railways made the other day that from knowledge he had apparently acquired while travelling in the flying express between Toronto and Montreal the road was in perfect condition. Therefore we would have to provide, besides the amount I stated for interest, a further sum of from $25,000,000 to $35,000,-000 according to the estimate of 1917, which sum probably would not be sufficient to meet present requirements, because it is well known that in anticipation of disposing of the railway the management have not maintained it in proper condition, and therefore it is not as good as it was at the date when this estimate was prepared.

It is said that the report of the Drayton-Acworth Commission recommends that this railroad should be taken over by the Government. On referring to page xxxv I find this statement:

> We have come to the conclusion, therefore, that the control, not only of the Grand Trunk Pacific Company but also of the Grand Trunk Company of Canada, should be surrendered into the hands of the people of Canada.

Mr. Speaker, if there is any lack of confidence from this side of the House in the Drayton-Acworth report, it is attributable to the Government and their supporters, for when that commission reported that the stock of the Canadian Northern was of no value whatever the Government appointed another commission, and that commission, in addition to the $10,000,000 which the Government said it was willing to pay for that stock—declared to be valueless by the Drayton-Acworth Commission—awarded a further $800,000 to the holders of that valueless stock.

When this Drayton-Acworth report was submitted to the Government and to Parliament it was submitted simply for consideration. It was not within the scope of the authority of those commissioners to state whether this year or next year the Government should rush into a scheme for the purchase of this railway involving a very heavy expenditure. Rather, the recommendation was made for our consideration to enable us to decide whether under present conditions it would be wise to embark on such an expenditure. In 1917, when this recommendation was made, our minds were concentrated on winning the war and restoring democracy all over the world. To-day we are confronted with another duty. The Government is piling up our financial obligations by millions of dollars, so much so that we have lately

heard that great financial expert, the ex-Minister of Finance (Sir Thomas White)—whom I respect as much as does any other member—say that the financial condition of Canada is serious, and that we are not in a position to assume further liabilities—not even for the payment of bonuses to our returned heroes, who to-day are clamouring for some assistance. But, Sir, if there is one form of expenditure that we should endeavour to assume to-day it is whatever may be necessary to help our returned heroes who risked their lives for us on the bloody fields of Flanders and Belgium. No one need tell me that the soldier who spent many months under fire in the trenches, whether or not he may now seem to be as healthy as he was before, is in as good physical condition as he was before he enlisted. His nervous system has suffered more or less and he requires all the assistance and encouragement and opportunity that we can give to him.

The report of the board of arbitration as to the value of the shares of the Grand Trunk is to be final; the representatives of the people are to have no opportunity of passing judgment upon it. I contend that that report should be submitted to the people, through their representatives in Parliament, for consideration and decision. The day of rule by commissions and Orders in Council should now be passed; we should revert to democratic principles in the administration of our affairs.

It is said that the connection of the Grand Trunk with the Grand Trunk Pacific gives us the reason why the Grand Trunk is to-day in the condition that it is. It is my opinion that the Grand Trunk should be dealt with separately from the Grand Trunk Pacific. I admit that the position of the Grand Trunk Pacific is such that we have had to take it over; it has been put under receivership by the Government. Hon. gentlemen speak of receivership for the Grand Trunk as being a calamity, but they did not hesitate to put the Grand Trunk Pacific under receivership. If it is practicable and desirable to have the Grand Trunk Pacific in receivership, I submit that it would be equally practicable and desirable to place the Grand Trunk, the parent company, in the hands of a receiver, as was the case with the Grand Trunk Pacific.

No doubt appeals will be made on behalf of the thousands of shareholders of the Grand Trunk, many of them people of small means in England and on this continent, who bought the shares on the strength of —I will not say false representations, but hasty representations, in many cases, to say the least, while the Grand Trunk were not looking after the interests of their road as they should have been. I shall always sympathize with holders of stock who were induced by exaggeration to enter into such speculation. But we must remember that our first sympathy is for the three or four hundred thousand returned men who fought our battles overseas and who need every possible assistance from us.

During the period from 1906 to 1916 $36,000,000 was paid by the company in dividends to the shareholders. Had they applied that amount to the improvement and maintenance of the road it would not be in the condition that it is in to-day, and the company, instead of trying to load the railway on the country, would be refusing to part with it. My advice to the company is: Let your shareholders do without dividends for another ten years and during that time direct all your energies to the operation, maintenance and equipment of the road; put into it every dollar that you can raise, and after a while you will be able to commence paying dividends to the shareholders.

There is another reason why I am opposed to the taking over of the Grand Trunk Railway system to-day. If one speaks of the East, or of the West, or on behalf of any particular portion of the East or of the West, that does not mean that he looks at these matters from a narrow or sectional point of view. Our country is one of immense territory stretching from the Atlantic to the Pacific, and naturally the conditions in its various parts are diversified; the products of the different sections vary. It is only by harmonizing the different elements of the country, facilitating the production and distribution of commodities throughout the whole country, taking full advantage of the different strategical positions, so to speak, occupied by different portions of our land, that we can possibly adjust conditions satisfactorily and do what is best for the national good. One of the reasons, then, why I am opposed to this project is that it is against the interests of the Maritime Provinces, more particularly against the interests of the ports of St. John and Halifax. I do not make this assertion from any provincial point of view. I believe, as I have already said, that the ports of St. John and Halifax have been placed where they are on the maritime coast of Canada by the hand of Providence for the well-being and prosperity of the whole of our country. In the words of George Etienne Cartier at the time of

5 p.m.

Confederation, when he advocated the construction of the line of railways which would have for its purpose the linking together of these different parts of Canada, the presence of these ports on the maritime coast have a tendency to rid Canada of the necessity of being under the whim of the collectors of customs of the United States.

What reason is there to-day for the taking over of the Grand Trunk? The Transcontinental brings the products of the great Prairie Provinces from Winnipeg, the centre of the grain production of the West, by the shortest route to our national open ports, shortening the distance of carriage by four hundred miles. This line has not been given the fair trial that it should have been given by the Government since 1911; but notwithstanding that neglect it carried the grain of the West last year to the Maritime Provinces four cents a bushel cheaper than it was carried by any other railway. If that road had been given a fair chance we would not to-day be under the necessity of sending out the greater portion of our wheat through American channels.

It is said by some that we have too many railroads in Canada; that we do not need all these transcontinental lines.

We need these three transcontinentals. It may be that the present railway situation is due to different governments of Canada having refused to adopt the principle of the nationalization of railways simultaneously with the construction of the Intercolonial forty years ago. In consequence, the private railroads have all been looking for communication with the great centres of distribution, Saskatoon, Winnipeg, Port Arthur, and so on, which has led to much duplication. Nationalization of the railways years ago would have avoided this duplication. It was in the interests of Canada that the Transcontinental railway should be built, because it brought the maritime ports four hundred miles nearer to Winnipeg.

There is another matter I wish to refer to in connection with this legislation. The ports of Halifax and St. John will be brought into competition with Portland, Maine. We have spent or are spending $40,000,000 on improving the port of Halifax, and $10,000,000 or $15,000,000 in improving the facilities at St. John. In passing I might say that one of the hon. members for Halifax stated when he was on this side of the House that the location of the facilities at Halifax was not the best. However, we are spending these great sums on these two maritime ports, and now we propose to take away their trade and send it to Portland, Maine.

Mr. McKENZIE: No truck or trade with the Yankees.

Mr. TURGEON: No, we must not send our wheat, our horses or our cattle to the United States where we can get a better price, but we are to give Boston, Portland and New York the advantage of our export trade. When the Liberal party had approved of the construction of the National Transcontinental from Winnipeg East, and of the Grand Trunk Pacific from Winnipeg to the Pacific Coast, there was another proposal submitted to Parliament and the people of Canada, for securing the shipment of goods through Canadian ports, thereby building up the business of those ports and of our own railways. A resolution was passed by the Liberal administration in 1906 or 1907 by which importers of goods from Great Britain enjoyed the British preference only in case their importations came through Canadian ports. That was done, first, to develop greater trade with the British Empire, and secondly, to encourage the railroads we were building in Canada. To-day we hear of public opinion in Ontario in favour of the nationalization of the railways, but for years men did not dare mention that principle. It was also from Ontario that the resolution I have spoken of met with the greatest opposition, some two or three Ontario members on the Liberal side going so far as to vote against their leader and against the resolution. In view of such strong opposition to a measure of national interest, what opposition may we not expect to-day to a proposal to divert Canadian trade from our own ports to the ports of the United States? The present outlet of the Grand Trunk is not one of our maritime ports, but Montreal, and thence to Portland. Now trade does not always follow the flag; it follows the streams that are open to it, and if you open the streams of trade from Montreal to Portland, as against Montreal to St. John and Halifax, trade will follow the stream and will be diverted to Portland. That applies not only to the roads west of Montreal, but to the roads east of Montreal. The money that has been spent on improving the ports of Halifax, St. John, and Quebec is apparently a secondary consideration with this Government.

When the Minister of Railways (Mr. Reid) was speaking the other day, my hon. friend from Royal (Mr. McLean) asked

as to the possibility of trade being diverted from St. John to Portland. The minister's answer did not satisfy me, and I put the same question to him in a more concise form. I used as near, as I remember, the words of the resolution of 1906 or 1907. I asked whether ocean traffic collected on the Grand Trunk west of Montreal and designated for ocean ports would continue to go to the ports of Halifax and St. John, and the minister replied that he could not add anything to the explanation he had given to my hon. friend from Royal. What was his answer to that hon. gentleman? He said:

> Of course, when we are on the Bill, I shall be glad to discuss that matter, but I might say this evening that the ports of St. John and Halifax have been and are being still further developed for our own Canadian ocean terminals, and the Government intend using those ports to their fullest capacity. There is no doubt about that. We have now the Transcontinental which was originally built for that purpose right into St. John. But Portland is a portion of the Grand Trunk system and the hon. member will understand that a large portion of the Grand Trunk is in the United States. There is the Central Vermont and other portions of that line, so that Portland will have to be used to a certain extent for portions of the Grand Trunk railway system. But I want to impress upon the hon. member that there is no intention of not carrying out the policy of the Government in the past of developing and keeping our traffic in our own Canadian ports so far as it is possible to do that.

The maritime road was a masterpiece of railroad construction and was a credit to the entire Dominion. It was built for heavy transportation, having more particularly in view the shipment of western products to maritime ports with a minimum of cost. But, I repeat, owing to a disastrous turn of events in 1911, there was a change of administration, with the inauguration of a policy which threatens to rob us of the full benefit of our national ports. The Minister of Railways, who I regret is not present, tersely says: "You have the Transcontinental running from Moncton." The policy of the Government has been to bring all possible traffic from the prairies and from the West via Winnipeg, not to Quebec or Moncton, but to Cochrane, diverting it towards Toronto and giving it to the Grand Trunk, and sending it to the ports of New York, Boston and Portland. It is with considerable apprehension that I view this condition of affairs. Possibly, Mr. Speaker, hon. members may think that I exaggerate, but let me assure my hon. friend, the member for Halifax (Mr. A. K. Maclean) that there are others in the Maritime Provinces who are equally as concerned as I am over the possibilities of the legislation now before the House. Only last Friday night the St. John Board of Trade passed a resolution in connection with the subject, expressing their opposition to the acquisition by the Government of the Grand Trunk railway in the absence of more reassuring information than they at present have. That resolution reads:

> Resolved, that this council views with grave apprehension the acquirement by the Government of Canada of the Grand Trunk Railway, including that feature which would involve the owning and operating of a railway in a foreign country, and in the absence of fuller information would oppose the plan. The council would, however, welcome any person that the Government might feel disposed to depute to explain to the board the advantages to the country of the action proposed, and in the meantime would maintain an open mind on the subject.

A copy of this resolution was sent to the Government for their information. I regret that the hon. member for St. John (Mr. Wigmore) is not in the House. If he were I would ask him if he has not already been deputed to convey to the people whom he represents the views of the Government in regard to the railway situation. At the beginning of the session I drew the attention of the Prime Minister to the fact that there was not a representative from New Brunswick in the Cabinet, and expressed the opinion that it was a matter of vital importance to that province that it should have such representation, at least to the extent of one member. Two months have passed since I made that representation, but no one from New Brunswick has been invited to join the Cabinet. And when I learned that this resolution would come before the House I thought that my hon. friend from St. John would be sent by the Government to pacify his constituents and give them every assurance that the interests of the country would not suffer as a result of this great undertaking which is contemplated by the Government. Let me assure you, Mr. Speaker, that the Board of Trade of St. John is by no means a political body, and certainly it is not Liberal in its sentiments. It is purely and simply a commercial organization, and the consensus of its influence tends, if anything, to the exclusion of Liberalism. When therefore that council in St. John appeals to the Parliament of Canada upon such a vastly important proposition as this, its representations, in my opinion, deserve every possible consideration. Now, the Minister of Railways said the other day that he would give an explanation. Well, Sir, there are some

explanations that, strangely enough, do not explain anything, and we are yet to learn from the hon. minister that the commercial value of our own national ports will not in reality depreciate. We have been told that our national debt is so vast as to stagger the imagination and that it will tax our greatest ingenuity to make both ends meet. We are faced with a yearly expenditure on interest aggregating some $175,000,000; yet we are going to undertake, by the acquisition of the Grand Trunk, an enormous annual expenditure.

Now, I appeal to my western friends who have left the Government because of their disagreements with them in regard to tariff questions. The farmers of the West, as well as those of the East, have been expecting a reduction of the tariff from day to day, and from year to year, in order to be able to revive their activities in the further production of food not only for our country but for the countries in Europe. They have claimed that they cannot produce to advantage because of the tariff exactions made upon them. They are clamouring for a reduction in tariff duties. They have been told by the Government to wait for another year or two. They were told last session to wait for the ministerial commission which would be appointed to travel over the country, take evidence and see what could be done in regard to the reduction of the tariff. The session ended the first week of July last, the summer is over but another session was called without regard to the work of this commission. We have been here for two months and the ministerial commission has not started out yet. We have been told to take as much time as we desired for the consideration of this question. We may be here if we wish until November or December but in the meantime the tariff commission remains in Ottawa and the producers of the West will have to wait for another year. How does that situation agree with the demand for tariff reduction from the West? The farmers of the West have no interest in this railway. It is the people of Ontario who want to make further connections between the Grand Trunk and Winnipeg. They want another outlet to the West and they will have to get that outlet either through North Bay or Port Arthur.

The situation is serious. I know that the Grand Trunk Pacific has to be administered in some way or other by the Government. Let us decide at once that we will take over the Grand Trunk Pacific, add it to the Transcontinental and have one national railway. In doing this we will certainly add again to the debt of the country but the country is confronted with a situation, not with a principle. Let some means be devised by the Government so that they can come to an arrangement with the directors of the Grand Trunk to relieve them of their responsibilities in regard to the Grand Trunk Pacific. Let us relieve them from these responsibilities and let the country assume them, take the road over and have one line from the Pacific to the Atlantic. Time will reveal that when the Grand Trunk Pacific was constructed it was constructed in the interests of the country. The requirements of the country demanded it and if the policy in regard to it had been maintained, if we had refused to duplicate that line from Edmonton to the Pacific coast by aiding the Canadian Northern to the extent of 800 miles we would not be confronted with the position that we face to-day. I think this is the best possible solution of the situation. Let some means be devised by which some arrangement would be made to take over the Grand Trunk Pacific and tell the directors of the Grand Trunk that they will have to exercise economy, raise means in all available ways, stop paying dividends to the shareholders that are not earned, and put every dollar of receipts into the maintenance and improvement of their road.

This project, since its introduction a few days ago, has been receiving the earnest consideration of thinking people throughout Canada. As we have seen by the resolution passed by the Board of Trade of St. John, and expressions coming from other directions, the people of Canada are considering the situation and are averse to putting any further financial burden upon the country. There are others who do not partake of the views of the Government but who are offering the Government every possible assistance in taking over the Grand Trunk Pacific and stopping at that in order not to plunge the country into a more serious financial condition than that in which it finds itself to-day. If we go on a few steps farther we may find the situation not only dangerous but disastrous.

My attention has been called to a letter published in the Ottawa Citizen the other day from one whom I consider an authority upon the resources of the country and the way in which they should be developed. In his earnest devotion to Canada he takes second place to none. The fact that he is a Liberal does not mean that he is not a Canadian. His suggestions merit the attention of the Canadian people and more particularly of those who are conversant

with his activity, his energy, his success in life and his devotion to his country. I refer to the Hon. Senator Edwards, of Ottawa, who to-day, unfortunately, is not permitted to come to the Senate and explain his views, and suggestions, patriotic as they are and worthy of the commendation of the Canadian people. He expresses my views not only upon the question of the nationalization of railways, but the position of the country and the future of our resources, resources which are immense, but which may be wasted as they have been in some directions in the United States, where they have exhausted their timber resources and to-day have to come to Canada for their supplies. If we pay no more attention to our resources than the Americans have done we will in the future regret the unwise freedom which we have taken in their development without consideration of the future needs of the country. After explaining his views, Senator Edwards arrives at certain conclusions. Let me read his words so that there will be no misapprehension:

> No one should criticise to any extent without offering some alternative to that which is suggested. As I understand, it is the purpose of the Government to take over the old Grand Trunk Railway system and add it to the many miles of existing railway which are already under the administration of the Government of Canada. Now, so far as I am concerned, I see no justification whatever for taking over the Grand Trunk Railway proper. It is a railway having a great portion of its trackage in the United States. It was constructed and is owned by British capital. It is true that the affairs of that railway are complicated by reason of its having undertaken responsibility with regard to the Grand Trunk Pacific. In my judgment the Government should not go beyond making arrangements to relieve the Grand Trunk system of that responsibility. That done, the old Grand Trunk system would be in its former position.

This is what I claim should be done. Let the Government make the best possible arrangement as to the Grand Trunk Pacific, from Winnipeg to the Pacific coast. Let them secure a good transcontinental railway, under Government ownership and control, and then allow the Grand Trunk themselves to do the best they possibly can, and direct their energies into the improvement of their road, and in time they will be able to surmount the difficulties which confront them without forcing Canada into a state which approaches a dangerous crisis, not to say any more. Our resources are well known in England. Let the directors and the shareholders of the Grand Trunk place before the capitalists of England the value of those resources and the necessity for extending temporary assistance. That assistance will then be obtained from the capitalists of England and also from the capitalists of the United States, where the Grand Trunk likewise operates. In the general interests of Canada I cannot support the Bill now before the House. I cannot support the project for taking over the Grand Trunk, because I see no national necessity for it. If it is not a national necessity it must consequently be against the interests of the Maritime Provinces; and it is opposed to the very idea of Confederation which brought together the Canadian East and the Canadian West, and had for its object freedom of trade throughout Canada under every possible circumstances which could have been foreseen fifty years ago. To-day we live on peaceful terms with the United States, and I hope that condition of peace will continue for centuries to come. The United States will undoubtedly do everything possible for the improvement of their own railroads and the development of their trade and their wealth, regardless of the needs of any other country. We also have our own interests to guard, and I foresee the danger in this project of a diversion of Canadian trade to United States seaports. For that reason I regard this policy as not only opposed to the best interests of the Maritime Provinces but highly prejudicial to Canada as a whole. If Canada as a whole is not prosperous, happy, and contented how can any portion of the Dominion be in that desirable state. It might be an advantage to Toronto to centralize the traffic and the offices of a great railway in that city, but that would not necessarily be in the national interests, Toronto does not constitute the whole of Canada. I have every possible respect for Toronto and the press but when that press make representations that are of a deceptive character, we must call upon the people outside of Toronto, and even outside of Ontario, to see that Canadian interests shall be preserved for the East as well as for the West, and that we shall embark upon no policy that will mar the prospect of having a happy, contented, and prosperous nation. For the reasons I have given. I shall vote against the Government's project.

Hon. T. A. CRERAR (Marquette): The question that is under review by the House at the present time is unquestionably, one of the most important—if not the most important—that has come before this Parliament. It is important for several reasons. It is important because it means the incurrence, of a very considerable addition to

the public obligations of the country. It is important also, because if this legislation is passed, one of the oldest railroads in Canada shall disappear. Now in any consideration of the question we have, I think, from the very force of circumstances, to take into account what the position of the Grand Trunk is at the present time. It is a matter of certainty that to-day the Grand Trunk railway is in a very difficult—and in reality when one surveys all the circumstances of the case—an almost, if not quite hopeless position. This is due to the obligations incurred by it in the building of the Grand Grand Trunk Pacific in order that it might have a through line to the prairies of the West and an outlet to the Pacific ocean. An argument has been put forth by the directorate and management of the Grand Trunk that it should be relieved of any liability in connection with the Grand Trunk Pacific. In the face of all the circumstances I think it is impossible for this Parliament to concede that position for a moment——

Mr. ROWELL: Hear, hear.

Mr. CRERAR: —and the best evidence of this is found in the report of the Royal Commission on Transportation that was appointed a few years ago to investigate the whole railway situation of the Dominion. What is the judgment of this commission in respect to that particular point? Let me illustrate by reading a brief excerpt from the report of the commission. This is taken from a letter which was sent by Mr. W. H. Biggar, K.C., General Counsel for the Grand Trunk and Grand Trunk Pacific railway. In that letter Mr. Biggar states:

> The construction by the Grand Trunk interests of a line into the western provinces appears to have been first suggested by Mr. Hays to the late Sir Charles Rivers Wilson, then President of the Grand Trunk, early in 1902. The correspondence between these two officials clearly shows that the chief purpose was the construction of a line to connect the Ontario lines of the Grand Trunk with the western provinces. The general outline of the scheme having received the approval of the directors of the Grand Trunk in London, Mr. Hays, on October 23rd, 1902, submitted it to Sir Wilfrid Laurier, then Prime Minister.

This is the statement of the General Counsel of the Grand Trunk railway, and I think clearly establishes the fact that the idea of building this transcontinental line originated in the minds of those who were then associated with the management of the old Grand Trunk railway. And of course, Mr. Speaker, for very natural reasons. The Grand trunk lines were confined to the provinces of Ontario and Quebec so far as Canadian mileage was concerned. The management realized it was handicapped in operating a road within this circumscribed area, and that if the road was to reach a position of strength in the country it was necessary to reach out into the western provinces and get, as it developed, a portion of the profitable business that originated in that portion of the Dominion. Consequently, for very good reasons, they approached the Government of the day with the proposal that this road should be built.

Now, in face of that how can we consider for one moment that the Grand Trunk Railway Company shall be relieved of its liabilities in respect to the Grand Trunk Pacific? I dismiss its responsibility for the operation of the National Transcontinental for the reason that the Government a few years ago, when that matter was under consideration, according to the Royal Commission I have referred to, practically relieved the Grand Trunk of any obligation to operate this portion of the system. But when we come to consider the position of the Grand Trunk in respect to the Grand Trunk Pacific, we find, according to the statements of this same Royal Commission that investigated our railway situation, that its present liabilities in respect to the Grand Trunk Pacific reach $5,000,000 a year, and at the end of 1923 will reach $7,000,000 a year.

Hon. Mr. MEIGHEN: The hon. gentleman is under a misapprehension. The Grand Trunk was not under any obligation to operate the Transcontinental; it was the Grand Trunk Pacific that was under that obligation.

Hon. Mr. CRERAR: It was a slip of the tongue; I meant the Grand Trunk Pacific but in any event it amounts to the same thing. The existing obligations of the Government in respect to the Grand Trunk Pacific amount, according to the statement of the ex-Minister of Finance (Sir Thomas White), a few days ago to probably $145,000,000. We have therefore in respect of the Grand Trunk Pacific this situation: that the old Grand Trunk, through its guarantees, is liable for the interest on the moneys invested in that road to the extent of over $100,000,000, and the Canadian Government is interested to the extent of over $140,000,000. The information placed before the House a few days ago in respect to the position of the old Grand Trunk indicates clearly that it is an impossible position as far as the payment of the interest on its investment in the Grand Trunk Pacific

is concerned. I will admit that the last two years of railroad operation in Canada have been difficult years, and that it is perhaps unfair to take those as a true index of the business of the Grand Trunk; but even if we take the history of the Grand Trunk back for the last 15 years, we shall find that it has not at any time earned sufficient net revenues to meet its obligations on the Grand Trunk Pacific in addition to its own fixed obligations. Consequently I think we are perfectly safe in arriving at the conclusion that the Grand Trunk Railway Company is in the position where it cannot meet its obligations on behalf of the Grand Trunk Pacific. In fact, it requires no argument to demonstrate that fact, because it has been admitted by the Grand Trunk railway itself.

Now, what is the position of Parliament and the country in respect to this? It seems to me there are only three courses open to us. First, to relieve the Grand Trunk of its obligations in respect to the Grand Trunk Pacific, and leave it as it was before this enterprise was undertaken. That, Mr. Speaker, let me say, is a condition that in my judgment will not be tolerated for a moment by the Canadian people. I do not think, in view of the fact of the part that the Grand Trunk Railway Company played in the initiation of this enterprise, that it should be relieved of its responsibility in connection with the Grand Trunk Pacific. What, then, is the next course? It is for the Grand Trunk to go into liquidation. There are several reasons why that is not desirable. In the first place, it might seriously damage the financial credit of Canada. We must bear in mind that our country is a developing country, and that for many years we shall have to go outside for assistance to finance our public enterprises. We have a large country with a population of only 8,000,000, but we hope that in 15 or 20 years we shall have a population of at least 15,000,000, and in order to carry on our national development it is necessary that Canada's credit be maintained unimpaired in the markets of the world. And in any case it is perhaps doubtful what would be the outcome of liquidation proceedings so far as the responsibility of the Dominion is concerned. It is doubtful, in my mind at any rate, whether it would relieve us entirely of our liability in connection with the Grand Trunk Pacific. What, then, is the other course to be pursued? To my mind it is the course that the Government have proposed in this resolution which we are now considering, and which commends itself to my judgment as the best way out of an extremely difficult situation.

We are not now discussing, Mr. Speaker, the question of whether this country should or should not commit itself to the principle of public ownership of railways. That question has been settled for us—settled, if you like, by the very force of circumstances that have developed in the last few years. We own to-day, independently of the Grand Trunk Railway Company, some 15,000 miles of railway mileage, and we are operating that mileage to-day—operating, it is true, through a company, but nevertheless the people of Canada in fact own and operate these roads. It is not a question, then, of the practicability of Government ownership. It is, in my judgment, a matter of making the best of a bad situation.

What is the position of our Government railways? We have the Intercolonial, the oldest Government line in Canada, running from the Maritime Provinces, to the city of Montreal; then we have the Canadian Northern lines, the National Transcontinental, and the Grand Trunk Pacific. But a study of the situation reveals this fact, that we have two Transcontinental lines, with a large number of branch lines in Western Canada—and I may say, those are located through the best territory in the West—with comparatively little branch mileage in the provinces of Ontario and Quebec. Now, if we are going to operate to the best advantage the existing mileage that the country possesses, is it not necessary from a sound business point of view to get additional mileage in the province of Ontario and also in the province of Quebec?

When the National Transcontinental was undertaken at the request—or at any rate, at the suggestion—of the Grand Trunk Railway Company, one of the arguments advanced in favour of it was that it would be a complementary system to the old Grand Trunk in Ontario; that the Grand Trunk required these extensions into the Western Provinces, required the transcontinental line, in order that they might more effectively carry on their business. If that argument was sound then—and it was considered sound—is it not equally true to-day that the Canadian people, having the Grand Trunk Pacific and the National Transcontinental, finds it necessary to have the old Grand Trunk as complementary to these systems? I think the question is beyond argument from a practical business point of view.

Some objections have been raised, particularly in a portion of the public press

of Canada, to the principle of public ownership. While I recognize that the question has much opposition, I say frankly, Sir, that I believe in the principle of public ownership, and there are strong evidences throughout the world that all democratic peoples are coming to a belief in it. But one of the strongest arguments advanced outside of this House against the public ownership of railways in Canada is that it cannot be made to pay, and the experience of the Intercolonial is cited as evidence of this. I have taken the trouble to make some inquiry into the relative rates of the Intercolonial and Canadian Pacific railways in the past. In the year 1918—my authority for these figures is Mr. Payne, statistician of the Railway Department—the average freight rate on the Canadian Pacific railway was eighteen per cent higher than it was on the Intercolonial, and the average passenger rate was twenty-four per cent higher. I venture the assertion that if the Intercolonial had enjoyed during the past thirty years a parity of rates with those of the Canadian Pacific, we would not have had the deficits that have occurred in connection with the operation of that road.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

Hon. T. A. CRERAR (resuming): When the House rose at six o'clock I was discussing the experience Canada has had with the Intercolonial railway and had referred to the arguments advanced against public ownership based on our experience with the Intercolonial as a road that had not been profitable. I pointed out that had freight rates on the Intercolonial during the year 1918 been similar to those enjoyed by the Canadian Pacific railway probably an altogether different result would have been obtained. There is, however, this fact to be borne in mind, that the Intercolonial was not built with the expectation of its being a paying railway. It was part of the bargain of Confederation, and when one bears in mind that the Intercolonial has had to compete with cheap water rates during the whole of its career it is not much to be wondered at that deficits have occurred on the road. I submit that it is not fair to cite the Intercolonial's failure to earn profits as evidence of a lack of virtue in the principle of public ownership.

There is another factor in connection with the Intercolonial that we may as well consider. There is no doubt that during its whole history the Intercolonial, up until very recent years at any rate, has been the subject of political management to a very great degree. I adduce these facts in support of my contention that the Intercolonial was never at any time considered seriously as a going business concern. The experience of Great Britain and the United States during the past few years has also been cited as evidence against the virtue of public ownership and the possibility of making public-owned roads pay. That also is not quite fair.

Mr. BURNHAM: Are we not now discussing this matter because private ownership has failed?

Mr. CRERAR: We are. In the case of Great Britain and the United States the public operation of railways has been carried on under conditions of extreme stress during the war period, when operating costs were high, and when the full advantage of systematic operation could not be had; but even in Great Britain such a competent authority as Sidney Webb, who is an economist of repute in the United Kingdom, argues, and I think with considerable force, that government operation of railways there during the past few years has not been a financial failure, and that if everything is fairly and evenly balanced up the railways of Great Britain under government operation have returned a very fair profit. I think it will be admitted by close observers that public operation in the United States during the years of the war has not had a fair trial. Those who argue that public ownership does not pay must surely have overlooked the experience of the railways of the United States during the past decade or more. I find on inquiry that on June 30, 1915, the latest figures I have, although I believe later ones have been published, there were 23,800 miles of railway in the United States exclusive of terminal and switching companies that were in receivership, embracing over 85 carriers. So it is not fair to argue that public ownership does not pay when we have striking evidence of private ownership failing to pay in a country like the United States. But what is the result of private railways going into receiverships in the United States? It is to create a public opinion through the newspapers and every possible public agency that is available in support of a demand for increased rates in order that

private companies who have increased their capitalization through stock jobbing and other processes of that kind might earn dividends on an inflated capital value.

We can cite some evidence of public ownership in the Dominion of Canada to show that public ownership can pay its way, and I should like to direct the attention of the House briefly to the experience of the city of Winnipeg in the development of its city light and power. Ten years ago the citizens of Winnipeg were paying to a corporation controlled by Mackenzie and Mann ten cents per kilowatt hour for electric light, and a proportionate charge for electric power to drive the wheels of industry in that city. Efforts were made to get this privately-owned corporation to give the people a fair deal in the price of electric light and power, but without success, and a very strong demand developed among the citizens that the city should undertake the development of its own hydro electric system and the sale of light and power to the citizens at a lower rate than they were then paying. That proposal met with opposition, and with the same kind of opposition that public ownership of railways is meeting in Canada to-day. Financial authorities throughout the country argued that the city in undertaking this expenditure of millions of dollars was committing financial suicide, and that nothing but bankruptcy could eventually result. Nevertheless, when the by-law was submitted to the people it carried by a large majority and the project was undertaken. What has been the result? That enterprise to-day has invested in it more than $7,500,000, which all will agree is a considerable amount for a city of 200,000 people. During the last six years it has returned a profit of over $430,000, after caring for all proper charges in the way of depreciation and maintenance. This was fully established by an independent audit of the books of the city in respect to its light and power. But what else happened? The moment the city turned the switches on to deliver light and power to the city of Winnipeg it reduced the rate from ten cents to three and one-third cents per kilowatt per hour. The people of that city have for the last six or seven years enjoyed that reduced rate, and there has been a revenue, after caring for all charges, as I have just stated, of over $430,000. We have also the case, on a much larger scale, of the hydro-electric in Ontario.

Mr. RICHARDSON: May I inform the hon. gentleman that it also compelled the competitors to reduce their rates from ten cents to three and one-third cents, and the people of Winnipeg were saved two or three million dollars every year.

Mr. CRERAR: I did not mention that fact because I am anxious to get through as quickly as possible. I know that there is a keen desire on the part of hon. gentlemen to get out in order to learn the election returns, and I am indeed grateful to them for giving me an opportunity to conclude my remarks, since I am obliged to leave shortly to catch a train. Of course, the private corporation that previous to that time had been selling light and power at a much higher rate immediately made a reduction to meet the reduced rate of the city.

I am aware that there has been considerable criticism directed against the hydro-electric in Ontario, and I know that supposedly competent financial authorities have criticised the administration of that enterprise, and have stated that it imposes immense financial burdens upon the people of that province. But, Sir, there is no danger of imposing financial burdens upon a province like Ontario in a matter of this kind, if in the sale of the article produced, sufficient revenue accrues to meet interest on investment and provide a sinking fund to retire at their maturity the bonds by which the money is raised. And from what information I can get, that is precisely the situation in Ontario. Let us consider the advantage it has been to that province in the matter of cheap light and power, and the advantage it has proved to the rural parts of Ontario. I have discussed this matter with many farmers of Ontario and they tell me that the introduction of hydro-electric into their municipalities and the consequent sale of electric energy on the farms is very largely changing the character of their agricultural work on the farms. Whereas hitherto the farmer's wife had to drive by hand a washing machine or churn and the other equipment in a farm house, this work is now done by electrical energy and the labour on the farm is correspondingly reduced. This is all accomplished after such provisions have been made as to make the enterprise pay its own way at every step of the journey.

The cases of the city of Winnipeg and of the Hydro in Ontario illustrate a fundamental difference between private ownership and public ownership in the operation of those utilities that are in their very nature natural monopolies. Private ownership is based on the principle of gain; it is an investment for profit. I do not find any fault

in proper limitations with that principle, which is perfectly laudable. On the other hand, public ownership is based on the idea of service at cost to the people, and I submit that in the case of great natural monopolies, such as railway transportation or the development of electrical energy, where by the very nature of the thing an individual or small group of individuals cannot carry on the service for themselves, it is in the interests of the State and of its citizens that the principle of public ownership should apply.

Another argument advanced against public ownership and operation of our railways is that it will provide a tremendous leverage to any political party in power to retain itself in office; that through the agency of your public railways an engine will be created whereby an existing party can maintain itself in power irrespective of the popular will. I do not know that public ownership offers any more danger in that respect than what we have suffered from under private ownership of our railways in this country, I think that all impartial students of the history of Canada for the last forty years will come to the conclusion that there has been no more potent influence operating in the public life of the country, operating on the legislation that flows from governments, than our private railway companies. We know the conditions that existed at the time of the Canadian Pacific railway forty years ago. I do not wish to criticise the legislators of those days. We know that the Canadian Pacific railway is a great railway and one that is well managed, but it is well to bear in mind that the people of Canada have been very good to that railway, which has secured altogether in cash subsidies from the provinces and municipalities and governing bodies of Canada over $70,000,000, besides some 26,000,000 acres of rich and valuable land, and also, in British Columbia, some $38,000,000 worth of completed road. Altogether, if you calculate in actual dollars and cents to-day what the Canadian Pacific railway has secured from the country, you will find that the total does not fall far short of $300,000,000 or $325,000,000.

Mr. RICHARDSON: I am informed that the land grant alone has realized nearly $150,000,000 and that they consider that what they have yet is worth $100,000,000.

Mr. CRERAR: That would depend, of course, on the value placed upon the lands, but I wish to be conservative in my estimates. Here is another aspect of the question: Suppose the Canadian people had built the Canadian Pacific railway; suppose it had not been built by private enterprise. We could have lost some ten or twelve million dollars a year during the whole period of its operation, and so far as the balance sheet of the country is concerned we would not be further behind than we are at the present time. Take the Canadian Northern railway. We all know what a bad influence it exercised on the public life of the country. We know how it lobbied in the Parliaments of Canada, and in some of the provincial legislatures as well, where it wished to extend its lines and get railway bonuses and guarantees and land grants. I know that I am on safe ground when I say that there has been no more unfortunate influence at work in the public life of the country than that of our private railway companies.

In considering this question, I would offer this suggestion to the Government, that in drawing up the agreement with the Grand Trunk railway upon which arbitration proceedings are to be based, they should be exceedingly careful to guard the public interest in every way. This is absolutely essential. The people of the country demand it and will hold the Government to strict account if it fails in this. For instance, the Grand Trunk should not be permitted to advance as an argument in the arbitration proceedings the plea that other railways were built that detracted from its business; nor, in my judgment, should its value be based on the existing values of equipment, buildings, rolling stock and all the other paraphernalia that goes into the operation of a railway. We know that the cost to-day of locomotives, cars, buildings, is almost double what it was prior to the war.

These conditions are not going to continue in this country; it may be four, five, or eight years, but eventually we will get back to something like pre-war conditions in reference to the cost of materials necessary to construct a railway and the equipment necessary to maintain it.

What will the position of the country be if we get this mileage? We will be, as some one said in the debate a few days ago, probably the largest owners of railway mileage on the continent of North America. I believe the hon. Minister of Railways (Mr. Reid) estimated that we would have something like 21,000 or 22,000 miles of railway, if Parliament approves of the proposal of

the Government and as a result the Grand Trunk is acquired.

The problem of operating it is a very great one. We cannot do it if we are, as a people, to face it with fear. If public ownership is to succeed we cannot do it by following timid steps or in a spirit of faltering fear. We have to go at it with determination; we have to go at it just the same as the people of Ontario have done with the Hydro-electric, and just the same as the citizens of Winnipeg have done in regard to public ownership of their light and power. Do you think that any of these people would go back to private ownership? Not for a moment. I am convinced that if we apply the same principles to the operation of our national systems of railways we can achieve the same success.

But there are a few matters to take into consideration with respect to it, and I want to offer a few suggestions in that regard. A survey of the railway situation reveals the fact that in our national system of railways we have considerable duplication. We have roads that were built at a very high cost, and some built without any regard for cost. I personally had the opportunity, when the Grand Trunk Pacific was being built through the mountains in northern British Columbia, to travel over 150 miles of that road when it was under construction, and there appeared not the slightest effort towards economy in the construction. I give that opinion as the result of my own observation. That was to be expected when we consider that the contract was based on a percentage to the contractors of the total cost of the road. Consequently we had to face the fact that we have a road whose capitalization has been increased by costly construction and duplication of lines. On that same Grand Trunk Pacific west of Edmonton you can travel for hundreds of miles and you will find the rails lifted off one track and the trains travelling over the other. That is where the Canadian Northern travels down one side of the river and the Grand Trunk Pacific on the other. There is no more need for it than anything one can imagine. Yet for these hundreds of miles that are to-day idle, and on which I venture to predict rails will never again be placed, there are outstanding capital issues to the extent of $80,000 or $90,000 a mile.

In facing this enterprise we have to face it as a sound business man would confront his position were he in a similar case. What would a practical, sound business man do under those circumstances? If he had been engaged in business and through unfortunate conditions he had secured a lot of equipment that was valueless, he would re-value the whole thing and put it down to a practical business basis. In fact, his bankers would insist upon him doing this if he wished to continue in business. That principle should be applied to the national railways of Canada. We should have a re-valuation of them, we should put them down to a fair basis, to the full value but no more. We are going to have public operation, and it should be given a fair trial. To attempt to obtain returns on a greatly over-capitalized valuation makes the thing difficult if not impossible from the first.

There is one other suggestion. It is absolutely necessary that the management of these roads be above public criticism and public cavil. There is no disguising the fact that there is to-day a widespread impression throughout the country that our Canadian national railways are too close to their old owners—Mackenzie and Mann. I have no reason to have any lack of confidence in the gentlemen who to-day are directing as president and general manager the operation of the road, but nevertheless it is incumbent upon the Government to demonstrate to the people that the Mackenzie and Mann influence is entirely eliminated from the road. That is necessary in order to thoroughly establish public confidence in it.

Another suggestion I would offer is that these roads should be incorporated into one complete system. There should be a very full report published at the end of every year of the operations of the road—just the sort of report that a successful management, or board of directors, would submit to the shareholders of a company, giving the information as fully and completely as possible in respect to the earnings, difficulties encountered in operation and the whole business in connection with that operation during the year. I would suggest again that the success of this enterprise will depend very largely upon the extent public confidence can be created in it, and the making of such a report as I have suggested is one of the steps necessary to create public confidence. I do not see much value in taking the financial reports of our national railway system and discussing them back and forth between the opposing sides of this chamber. I would offer the further suggestion that there should be a small and select body of the best men in this House, appointed as a

permanent committee, during the life of a Parliament to consider the reports coming from our national system of railways. What happens in a private company? You have a board of directors elected by the shareholders. They in turn select their management who operate the business for a year. At the end of the year they consider how this operation has been carried on, the whole business of the concern is thoroughly discussed by the shareholders, and very often valuable suggestions are received from them as to the course the business should take the following year. I would suggest the adoption of that principle in this respect; that is I would have this select committee take up with the directors and the management, the whole course of operations during the past year and study the road, its business and its development, and in turn report to the House, and through the House to the country, the result of its deliberations.

The fear has also been expressed, and there is considerable ground for it, that importunities may come to the Government to build branch lines of railway into communities that really do not need them. It might be worth while considering, having every application for an extension of a branch line in connection with the Canadian National railways passed upon by the board of railway commissioners, as to whether the expenditure in connection with it would be justified and whether such was really needed.

I think also the Government should investigate the possibility—when we secure the Grand Trunk, as I presume we will—of electrifying the branch lines of that road in the province of Ontario and also in the province of Quebec. I do not wish to pose as a prophet, but I will venture the prediction that within twenty-five years a very large part of our railways in the provinces of Ontario and Quebec, and possibly in the Maritime Provinces as well, will be operated through electrical power, and we will not need the immense quantities of coal that to-day have to be imported from the United States in order to develop the necessary motive power to run these railways.

There is one other course that should be followed, and that is the stimulation of national pride in our system of railways. In that regard I was somewhat struck by a statement made the other day by the Minister of Railways in introducing the resolution upon which this Bill is founded. Upon that occasion the hon. gentleman spoke as follows:

> Now, Mr. Chairman, the Canadian Pacific Railway system is a great one. It has done great work for Canada, and the fact of the Government owning and operating a system equal to that of the Canadian Pacific railway should not in any way allow any influence, or advantage to be exercised against the Canadian Pacific railway.

I quite agree with that observation in respect to the use of any unfair means against the Canadian Pacific railway; but I submit that it is not unfair for the Canadian people, who have their own national lines to the extent of 20,000 miles, not because they adopted public ownership as a principle but by the very necessity of circumstances, to use all the force of public opinion possible in support of our own national enterprise in this matter. I would offer this suggestion to the Government: that they could very well patronize our own telegraph system, if they are not doing it now—they could very well patronize our own telegraph system, our own express companies, and our own railways, as far as the business of the country is concerned, to the greatest extent possible. I was rather sorry to see that the train that carried His Royal Highness the Prince of Wales across Canada was made up by the Canadian Pacific Railway Company. I think it would have been an excellent thing if His Royal Highness had travelled on a train made up by our own National system. I also believe that a larger number of our returned men could have been carried to their homes over our National system of railways than were carried. The Canadian Pacific Railway Company has always demonstrated its ability to look after itself, and I have no doubt it will continue to do so. It is well managed and it occupies a strong position. On the other hand, our National railways are starting with a rather severe handicap, and it is the duty of every public-spirited man who desires to see the Government system a success to support it in every possible way.

Let me make one further suggestion. We expect to attract to this country within the next decade a large number of immigrants whom we hope to settle on the land. That statement has been made in this House and it is often discussed in the country. There is need of it. If we are going to overcome the heavy financial burden that this country is now supporting it can only be done by increasing our productive power; and one of the surest means to increase our productive power is by bringing into this country people who are willing to work, who will go upon the land and help to develop our rich-

natural resources. When the Government is carrying on its immigration policy I would suggest that it direct these immigrants as far as possible to lands adjacent to our own railways, with a view of building up business for those railways in the future. We have the lands and if we can get people to settle along our national railways will be creating a potential business for these roads in the future that will help to get us out of the difficulties that we have to surmount. There is good reason for hoping that a system of national railways can be made a great influence as a unifying power throughout Canada. Reference is frequently made to the character of our country, to its scattered population, the difficulty that exists, for example, in the people of the western provinces understanding the hopes and aspirations of the people of the Maritime Provinces and of Quebec. The same is true of the western provinces and of Ontario. Unfortunately, we have not a free interchange of newspapers between these portions of the Dominion. May we not entertain the hope that by means of this system of national railways we can create a national spirit of public pride in them that will have a unifying effect among our people and give them something to be proud of from one end of Canada to the other. It is not an impossibility—it is, in fact, a very possible and practical thing.

I do not wish to detain the House any longer, but I would add this: Canada is facing great burdens and the railway situation is admittedly a difficult one. The course that is being taken, while it, perhaps, affords much room for criticism, is, on the whole, the best course that we can follow. When we have our lines completed it will then be for the Canadian people, and for their representatives in Parliament, and for the Government who are entrusted with the administration of the country's laws, to use every legitimate means in their power to make it a success. I believe we can make it a success. I believe we can hand down to posterity an example and a tradition in this respect that will be worthy of the country and worthy of the sacrifices Canada has made in the last four or five years.

Mr. PIERRE F. CASGRAIN (Charlevoix-Montmorency): Mr. Speaker, in 1911 the Government that immediately preceded the present administration cherished the ambition to do better than the Laurier ministry. At that time the press of the country heralded the new Administration as a saviour which would keep Canada faithful to the flag and make the country prosperous. The incoming ministry were pronounced a new broom that would sweep clean; sweep away all that was bad in the previous administration of public affairs, and do better than their predecessors. But what happened? In 1911, when the Borden Government assumed office, our national debt was in the neighbourhood of $100,000,000. Six years afterwards it had mounted to about $336,000,000, and at present it approximates $2,000,000,000. It is true that the war largely increased our public debt and for the addition attributable to that cause there is perhaps not much criticism to be offered. Nevertheless, we notice that although the Government who were returned in 1911 constantly preached economy have overmanned all the departments of the Government and increased by over 15,000 the number of civil employees, notwithstanding their denunciation of the Laurier administration on the very same ground. As to railway matters, when the Borden Government assumed office they blamed the Laurier Administration for the existing railway situation and yet what do we find them doing? After assuming office in 1911 they continued the very same path that the preceding administration had been following.

That is to say, subsidies were lavishly granted to different railway companies, moneys advanced to them, and their bonds guaranteed in different ways. We saw the Canadian Northern people asking favours of the Government just as before, and finally forcing upon the Government the famous deal of 1917; and a year after we saw the stock of that company, which was declared valueless by the Drayton-Acworth Commission, valued by a board of arbitrators at about $10,000,000. This Canadian Northern railway, coupled with the other railways of the Government, according to a recent answer laid before the House in answer to a question put by an hon. member, had a deficit last year of about $9,041,464.62. The Canadian National railways to-day have a total interest paying debt of $460,225,148.93, and the amount of interest payable annually on this debt is $19,073,387.08. In view of this vast national indebtedness settled upon the country by different Administrations, and especially by the consummation of the Canadian Northern deal, is it wise to take another step towards completion of the nationalization of all our railways as now proposed? I say no, Mr. Speaker. The Government would be wise to " stop, look, listen.'

Let us see what certain authorities on railway problems have to say on the sub-

ject. Mr. E. W. Beatty, president of the Canadian Pacific railway, recently stated:

I am not attempting to persuade you to my views, they are not unalterable, but I am not convinced of the expediency nor wisdom of any such policy, because none of the advocates have been able to show ground for the faith that is in them, and before we change from a system which we understand, and which in the case of some companies at least has worked to the distinct advantage of Canada, we should be very sure that an improvement will be made and the results to the people, the owners, such as to warrant the extraordinary obligations they would assume.

It would be a pity, Mr. Speaker, to change from a system we know to a system of which we know very little. The ex-president of the Canadian Pacific railway, Lord Shaughnessy, made this statement not very long ago:

We shall within a short period learn the experience of our neighbours to the south of us in the management of railways in that country, and we may have some experience of our own in that regard. I do not wish to have it understood that I am taking a stand opposed to the nationalization of railways. If the people of this country want it, and if the Government decide that the people want it, this is a democratic country and they must have it. But whenever we start out upon that avenue, we should be very, very sure of our footing, or we may have a serious problem.

Before I go any further, Mr. Speaker, I should like to draw your attention to those words:

If the people of this country want it, and if the Government decide that the people of this country want it.

The election of 1911, if I am not mistaken, was fought on the Navy and Reciprocity issues; there was no question of the nationalization of railways. The election of 1917 was fought on the Win-the-War policy, and nothing else; there was no question then raised as to the practicability of Government ownership. I am not aware that this Government holds any mandate to impose such a policy upon this country. Let us see, for example, what was done. In 1904, when the Laurier Administration proposed a new policy in the way of railway construction, and wanted to launch the famous Grand Trunk Pacific agreement, which is now so much criticised, they went to the people on that very issue, and as a result of the election that policy was sanctioned by a majority of the electors. In 1911 the same administration wanted to go a step further and give to this country reciprocity with the United States. The same procedure was followed, and the result of that election is that to-day we have the present Government administrating the affairs of the country. Surely, Mr. Speaker, it cannot be said that the present policy is as democratic as the policy of the Laurier Administration. But there is one thing we may be sure of, that whether the people have decided that they want nationalization of railways, certainly the Government want it and has decided that the people want it, and we are going to have it at all costs.

Let us see what another authority said on the subject on the nationalization of railways. Sir William Hoy, general manager of South African railways and harbours, stated:

The wide conflict of practical evidence renders it extremely difficult to decide as to the relative advantages and disadvantages of State and private railways. On the whole, it would seem that the problem is one to be determined according to the geographical position and industrial, economic, political and social conditions of the country concerned, rather than according to the merits claimed for either system in other countries. The success or otherwise of State railways is influenced largely by the extent to which the management is freed from political influence. It is thus manifest that the problem is governed by many elements other than the purely economic.

Mr. Speaker, experience shows that politics always do creep into State management, irrespective of the statutory or other safeguards applied thereto, as in the case of Australia and Italy, and that the only managements immune from interference are the autocratic governments of Germany and Austria. The experience of England, France, Italy, and lately that of our neighbours, the United States, should suffice to convince us of the value of Government ownership. That is so true that President Wilson recently, upon his return from Europe after attending the Peace Conference, advocated that the railways which had been taken over and operated during the war under government control, should be handed back to their original owners. We find also that the United States Congress is taking action to avoid the injustice of the government operating railways in competition with privately owned railways; while here we find our own Government planning to build up a great railway system for the avowed purpose of attacking a privately owned railway which, every one will admit, has since its inception been giving most excellent service to the country and is well able to continue doing so.

Is there anything more dangerous and more serious than this tendency to use government powers for the purpose of attacking

and injuring private industry? In certain quarters, especially in the western provinces, this policy is finding much favour. The protection of the vested rights was always one of the first principles of Anglo-Saxon legislation. Are we going to embark upon a policy of confiscation?—because, Mr. Speaker, in my opinion that is what this project amounts to. If this policy is followed out as the Government propose it, there is reason to believe that sooner or later, due to the fact that the railway rates will have to be decreased because of competition with the Canadian Pacific, the Canadian Pacific itself will have to be absorbed and come also within the Canadian National Railway system. I am afraid that that may happen if this project is carried out. I do not say that it will happen, but it is a possibility—so many strange things have been done during the last few years that that is quite liable to happen.

The complications which will result from the increase in the expenditures of the Government if this project is carried out places its acceptance beyond the limits of reason; because it is evident that should the Government operate all these railroads, especially the Canadian Pacific, they would not be able to attain anything like the standard of service which this company is now giving to the people of Canada or obtain a revenue which would enable them to pay anything like the dividend which the Canadian Pacific is paying at present to its shareholders.

Experience has taught us that under government control, and partly because of it, the cost of operating railways and telegraphs increases heavily and that in regard to the former there is a reduction in the service offered to the public. The public pays more heavily for what it gets, and very often what it gets is not up to the standard.

In glancing over the report of the Drayton-Acworth Commission I find that it makes the following observation with regard to the Canadian Pacific:

> There was given to the Canadian Pacific at the outset direct aid with a generous hand and the aid was continued up to the point when the company could stand alone. . . . . The people of Canada, in our view, have had good value for their money.

In my opinion the same should have been done with the Grand Trunk Pacific and the Grand Trunk as was done with the Canadian Pacific. The only thing these companies want is to be left alone that they may pursue their own course; let them work out their own salvation. If they cannot do it now, in a few years they will be able to make both ends meet and to pay to their shareholders the amounts to which they are entitled having regard to the capital invested. But the Government, under the pretense of needing this company's railways to complete its system, wants to get control of the Grand Trunk in order, it is said—of course, we have no proof—to promote the interests of a certain faction which is back of the Government.

Let us see what certain newspapers which are friendly to the Government have to say in reference to the matter. In the Gazette of December 2nd last, editorial reference was made to a certain article which appeared in the Globe on a previous occasion. The Globe had stated very frankly and openly its opinion regarding this deal, as follows:

> Canadian speculators, led by a former minister of the Crown, who had a good deal to do with the formation of the Union Government, are seeking to obtain control of large blocks of the common and preference stocks of the Grand Trunk railway in the belief that should the Government determine to take over the railway the value of these stocks will be greatly enhanced and a handsome profit will result from their forethought. A more sinister version of the same story, which may be no more than a slanderous invention, is to the effect that the group of men engaged in the alleged speculation are powerful enough to sway the decision of the Government, and are, therefore, not gambling on a possibility, but investing in a "sure thing."

That is the article that was published in the Gazette of that day, and both the Gazette and the Globe are, or were at that time, friendly to the Government; in fact, they helped to put the Government where it is to-day.

Last spring, if I mistake not, the Hydro Electric Commission of Ontario was on the job, urging the Government to take over the Grand Trunk Railway system. If I remember correctly the reports in the press at that time, Sir Adam Beck came to Ottawa and tried to force upon the leader of the Government the policy of the Hydro Electric Commission. But apparently the leader of the Government, Sir Robert Borden, took a strong stand in the matter and did not accede to the suggestion. Nobody thought at that time that the people who were promoting this deal would succeed.

We have another authority on this subject, a man who used to be a minister of the Crown and who expressed himself as entirely opposed to the policy which the Government is following to-day. I refer to the former Minister of Public Works, Hon. F. B. Carvell. He said:

Possibly the present Government may succeed where others have failed, but it is a lamentable fact that Government operation of railways has been one of the most tragic farces in this country that we have ever seen.

Sir Henry Drayton, who, I am told, is Minister of Finance—the newspapers now report that he has been elected—says in the Drayton-Acworth report:

In our judgment it is not in the interests of Canada that the operation of its railways should be in the hands of the Government. We know no country in the world where a democratic State owns and operates its railways, and the railways have not had an injurious influence on politics.

Another expert in political economy, one of our foremost economists, Professor Mavor, has said—and I would like my hon. friend (Mr. Crerar) to note this:

It is possible that only by repeated and costly failure, such as the Manitoba Government telephones, will the public realize that the proper function of Government is not the conduct of industries but the impartial inspection of them under intelligent laws, adapted to the character and conditions of the community and the country.

Another authority in this matter is Mr. Acworth himself, who says that we can expect higher rates under nationalization than under the company system. In his book "The Railway and the Trader," Mr. Acworth supports Professor Hadley in saying:

It is a mistake to expect lower rates or better facilities from Government than from private companies. The actual results are just the reverse. The State is more apt to tax industry than to foster it; and when it attempts to tax industry, it is even less responsible than a private company. State management is more costly than private management, thus much capital is wasted. State management is demoralizing, both to legitimate business and politics.

This is the generally accepted view of economists. It was the view of statesmen up to 1896 who always preferred private ownership operation to government ownership. We may say that the Bill which is before the House is for the purpose of buying outright the Grand Trunk railway system. To me it seems the greatest and most complicated undertaking that has ever been urged on such weak grounds. The railway has a length of about 4,000 miles, its tracks measuring about 6,300 miles. It extends into the United States, to Chicago in the west, and Portland in the east. The capital invested is about $420,000,000.

One of the reasons advanced by the Hydro-Electric Commission for this deal is that it would be in the interests of a great number of municipalities who are responsible for the operation of the Hydro-Electric system. Another argument advanced in favour of the Bill is that it would give the Canadian Northern railway, already under Government control, terminal facilities which otherwise the Government would have to build or acquire. The sponsors of the Bill claim that the Grand Trunk will also serve as a feeder to the National railways in the West.

In order to attain the object of this Bill the Government will have to raise more money on the credit of the people of Canada, whose burdens have already reached nearly the limit. In my humble opinion, not a cent more can be added to their burdens without causing great danger, if not disaster, to the country. We find that in recent years nearly $367,000,000, or one-third of our national debt has been spent on our railways, while the operation of these roads by the Government has produced a deficit of about $13,000,000. Not a cent of interest on capital expenditure has ever been earned by these government roads. Calculating at the rate of 4 per cent we find that the interest on capital expenditure on government railways now approximates $15,000,000 annually, and that it grows from year to year. That to my mind is not very reassuring.

All these questions of terminal facilities and feeders for the Government system can be solved by making arrangements for interchange of traffic between the Government system and the Grand Trunk. The Grand Trunk railway in central Canada may be made a feeder to the National Transcontinental, and the latter a feeder to the Grand Trunk railway. The Grand Trunk terminals can be made available to the Government roads. By these easy business methods the taxpayers can be relieved of assuming this great new obligation. The whole people of this country have their eyes on Ottawa. They are begging and clamouring the Government not to consummate this gigantic deal. We can gauge the feeling of the country at large by the views of the press. The Gazette said recently:

It is the worst news that has come to us since the war. This means that the Grand Trunk railway will be undermined and put on the same level as the Intercolonial railway.

There is no doubt that the operation of a new line of railway by the Government would largely increase our national debt and create additional deficits which the country will ultimately have to pay. In

view of the condition in which the Grand Trunk railway is at present, I say we would be making a very bad bargain by taking that road over. We would simply be buying deficits. We would have to assume payment of dividends on $240,000,000 of stock and take care of a funded debt of $179,000,000. It is sheer folly on the part of those who are manipulating this huge deal. The Government is leading the country to ruin and disaster greater than we could have expected from the war.

According to the last statement in the newspapers our national debt increased by $65,000,000 during the last month, as compared with an increase of $25,000,000 for the corresponding period last year. The ex-Minister of Finance (Sir Thomas White) recently stated publicly at a certain investigation that the financial condition of the country was a most serious one, and that the policy of all nations which were belligerents would be towards retrenchment for the next few years. Why, Mr. Speaker, the representatives of the Government stated at this same investigation that there was not enough money for our brave soldiers. There is not enough to increase the members' indemnity. Moneys were voted last session for certain most urgent and necessary works in my own county, costing from $10,000 to $15,000, but the new Minister of Finance has stopped all progress on these works on the pretext that there is not enough money. Yet, in spite of all this, we have enough money to assume the payment of the interest on the huge sum I have just mentioned.

By this legislation Canada will be committed to an expenditure of half a billion dollars; and interest, losses and taxes will cost the country about $25,000,000 yearly. That is to say, the debt of this Dominion, which now stands at about $1,750,000, and will jump soon to $2,000,000,000, will by this transaction be carried to about $3,000,000,000, without taking into consideration other obligations which this country will have to carry, such as public works, pensions, and other war obligations. And who is going to benefit by this huge deal? We know that the shareholders in England or those who have obtained control of their stock will make a nice sum of money, besides getting rid of the payment of interest on a capital of a few hundred millions of dollars invested in an enterprise in Canada with which this country has nothing to do.

In exchange for the physical assets of the road the Government is pledging Canada's security for the payment of interest to the shareholders on a certain portion of the guaranteed preference stock and on the value that will be fixed on the three other stocks. The shareholders will receive their interest whether it is earned or not. Arbitrators will be appointed, Mr. Speaker, to value these stocks, and in order that the Canadian Northern deal may not be repeated, I would suggest that, whatever be the valuation arrived at, the result of the arbitrators' delibertions be made subject to complete investigation by this Parliament, and that their findings shall be of no effect until they have been ratified by the representatives of the people. If such a provision were made I would certainly support it. It is useless to discuss at any length the probable deficits that will ensue, when we compare the cost of operation and fixed charges of the Canadian Pacific railway, which amount to $70, to do $100 worth of business, with the expenses of the Intercolonial and other government railways—operating costs and interests included—amounting to from $200 to $220, to do $100 worth of business. In connection with this statement, I would refer the House to "the Canadian Railway Problem," W. F. Tye, Civil Engineer, 1917. Professor Irving Smart, an ex-professor of McGill estimates at about $50,000,000 the deficits of our Railway system when the Grand Trunk is added to it. A few days ago when we were in committee on the resolution I was astounded to hear the President of the Privy Council (Mr. Rowell) make the statement that he was sure that most of the people were in favour of this proposition. He said that they were in favour of the nationalization of railways. He informed us that Ontario and the Western Provinces were favourably disposed to the proposition, but that Quebec and the Eastern Provinces were opposed to it, and he read an article in the Toronto Globe in support of his contention. Well, Sir, let me remind my hon. friend that "he who hears one bell hears only one sound." In my opinion, the great majority of the serious people of this country are opposed to the legislation which is now before us. The Montreal Star, which has hitherto been a strong supporter of the Government, is opposed to it. This is what that newspaper had to say in an editorial of Thursday last:

> The obvious unreadiness of Government speakers at the opening of the debate on the Grand Trunk deal stands in somewhat startling contradiction to the ministerial determination to rush the thing through. It is a bit unusual to hear two ministers bolstering up a vital point of Government policy with arguments

which flatly deny each other. It is pleasant, however, to note in these Government transactions a lack of that mutual distrust between buyer and seller which too often marks the ordinary business deal. The Minister of Railways had no information with regard to the amount of expenditure necessary to modernize the road. He did not need any. The management had assured him the road was in good condition. What more could be want?

The article goes on to say:

If the country is let in for this deal, hastily and without a prepared avenue of alternative when the inevitable disaster impends, we shall be led near to national ruin, if not over the brink. This population cannot bear the burden of debt and deficits, the burden of waste and graft, the burden of political domination by the huge machine which the administration of a great transcontinental traffic system by politicians will thrust upon us. But so rigid are party bonds, even under the coalition, that there are apparently none in Ottawa to make a fight for the public welfare in so desperate a difficulty, except for party reasons. But whatever the underlying motive, there is sound common sense back of the Opposition demand for slow progress and careful consideration of every step in this portentous project.

Mr. Speaker, we have a good excuse on this side of the House for our attitude on this subject, when we see a newspaper which has been amicably disposed to the Government, and which indeed has helped it considerably, justifying the Opposition in this House in the stand they have taken, and expressing the opinion that in their action the members on this side are doing the public a good service. When such institutions as the Montreal Board of Trade and La Chambre du Commerce and other important bodies protest against this legislation, I think the Government would be acting very wisely if they proceeded with caution and were exceedingly circumspect before embarking on this huge transaction. The Minister of the Interior (Mr. Meighen) said the other day that we were opposed to this Bill because it emanated from the Government, just as we would be opposed to any other measure coming from the same source. Let me assure my hon. friend that such is not the case. Our attitude on this question is prompted purely by a desire to serve the public interest; and personally, when I oppose this proposition, I do so because I feel, from the bottom of my heart, that it is fundamentally unsound. It is a bad bargain, and should not be entered into, and we on this side would be derelict in our duty if we did not strenuously oppose it. Whatever may be said, the Opposition must always be the watchdog of the public and must express the conviction of the people.

Mr. E. B. DEVLIN (Wright): Mr. Speaker, the question before the House is involved in Bill No. 33, which is an Act respecting the acquisition by His Majesty of the Grand Trunk railway system. So much has been said in and out of the House on the subject that it would seem idle to go into the figures in connection with this gigantic purchase. And personally I would not care to add anything to what I have already said in the committee stage of the resolution, were it not that I tremble at the very thought of the extent of the increasing debt of the country, the obligations of the country, the credit of the country, the rehabilitation of the country, and of the Acts performed daily, as we see them now, by the present Government. A few weeks ago a very representative body of the citizens of Canada, known as the Great War Veterans Association, approached the Government with the request that their financial condition might be bettered.

There was certain correspondence followed up afterwards by interviews. In citing what I am going to cite now I do not wish it to be understood that I want to stir up one class in this country against another, but I am forced to quote from a letter from the right hon. the Prime Minister (Sir Robert Borden) dealing with the subject of the War Veterans' demand, in order to have you, Sir, grasp at once the meaning of my words when I say that it is appalling to what a state the finances of this country are coming under the administration of the present Government. On August 27, 1919, in answer to a letter written by Mr. C. G. MacNeil, the Dominion Secretary-Treasurer of the Great War Veterans' Association of Canada, the right hon. the Prime Minister said, amongst other things:

Apart from all this, however, the financial situation of the country is such as to preclude the Government from entertaining any proposal for a larger or further gratuity or bonus. The payments under the Order in Council of December last will run into at least $130,000,000. In addition the expenditure under the provisions of the Land Settlement Act will probably amount to at least $125,000,000 or $130,000,000. Besides this there will be a heavy annual expenditure for some years by the Department of Soldiers' Civil Re-Establishment in hospital treatment, vocational training, etc.

In the Budget speech delivered by Sir Thomas White on 5th June last, copy of which is sent for your information, it was pointed out that the interest on the national debt for the coming fiscal year will amount to $115,000,000, and that for a century or more we must look forward to providing annually from 35 to 40 million dollars for pensions. In addition to this there is the ordinary expenditure required for the administration of public affairs which usually amounts to $125,000,000 or more.

In addition, inevitable deficits in the operation of our railways and capital expenditure for the most modest extension of railway facilities will run into many millions every year. The country is face to face with a very serious financial situation which will call for rigid economy and careful retrenchment.

I read that letter once, twice; I read it three times; and I wondered where, in view of our falling revenue, in view of the fact that every year we are calling upon the people of Canada to subscribe by way of victory loans an amount to help pay our outstanding obligations, this country's credit was going. When I heard a few hours ago, or a few days ago, the question of the Minister of the Interior "would you have the Grand Trunk go into the hands of a receiver?" I thought, Sir, that I would a thousand times sooner see the Grand Trunk railway go into the hands of a receiver, just as the Grand Trunk Pacific had done, than see my native country go into the hands of a receiver, which will inevitably follow if the statement made in that letter to Mr. MacNeil by the Prime Minister is correct, and if the Administration, in the absence of the Prime Minister, involves this country in added obligations which are not for the winning of the war, which are not for the re-establishing of the status of the country, and which are not at all necessary for the people any more than they have been necessary during the war.

A great deal has been said about public ownership. Some, right away, get up and ask: "Are you in favour of public ownership, or are you against public ownership?" I am speaking for myself alone. I want to say right here, Mr. Speaker, that I do not think it is necessary to say whether one is in favour of or against public ownership to oppose the legislation now before the House. The question is not one of whether we are in favour of public ownership or whether we are opposed to public ownership. The question is: Are we in favour of crippling the finances of the country or are we opposed to it? In order that I may not be accused even by the Minister of the Interior (Mr. Meighen), whose habit is to split hairs with a bludgeon, I will say that in view of the experience of this country, in view of the experience in the United States, in view of the experience in Great Britain, I do not believe in the public ownership of railways at the present moment. I believe that any man who compares the financial statements of the Government-owned railways with the financial statements of the Canadian Pacific, a private-owned railway, will not hesitate to say that the private-owned railway has been a greater success than any public-owned railway could be in a country of Canada's extent.

I want to call your attention to what the public are saying before I treat of the financial aspects of the roads. The Canadian Railroader of the 18th October this year came out with a consideration of the nationalization of the Grand Trunk and declared that it would be a blow at our railroad workers and the public generally, and in a very able article Mr. T. Kelly Dickinson brings out these facts:

The purchase of the Grand Trunk Railway will immediately involve Canada in an obligation of nearly half a billion dollars, and in interest charges and loss of tax receipts, from $25,000,000 to $35,000,000 per annum.

That is the exact truth according to the financial statement offered by the Government in this matter; and I ask you, Sir, is this country able at the present moment when it is saying to its returned soldiers: "We cannot find the means to give you one cent more"—is it in a position to assume an obligation of nearly half a billion of dollars, with annual interest charges and loss of taxation to the extent of $30,000,000? It seems to me, Sir—am I prejudiced when I say it?—that that statement coming to us as an appeal from a certain section of people in this country is a correct statement, one which bears upon the facts of the case, and to which we should unhesitatingly reply: "This country is not in such a condition." There is another point in the argument. Let me resume the quotation from Mr. Dickinson's article:

And who will reap the harvest of this prodigious railway absorption? Shareholders in England will be the only beneficiaries of such a deal, as they will be relieved of a capital stock interest of several hundred million dollars invested in this country (which stock interest now carries no obligation on the part of the Dominion), and in exchange will be given Canada's promise to pay, in the shape of bonds having the entire assets of Canada as security.

The Minister of the Interior said here the other day that one of the reasons which tempted him to be in favour of the purchase of the Canadian Northern was the fear that it might fall into the hands of the Canadian Pacific, and that one of the reasons which prompted him in seeing that this road is taken over by the Canadian Government is the fear that it might fall into the hands of the same railway company. But according to the statement I have quoted, the stockholders of the Grand Trunk, who apparently live in England, are to be the beneficiaries and not the people of Canada. The people of Canada are to assume the obliga-

tions but the beneficiaries reside in England.

Mr. McCREA: It may be found that some of them are residing in Canada.

Mr. DEVLIN: Some may reside in Canada, but the minister informed us this afternoon that the greatest number, or practically all of them, reside in England. A few days ago the Minister of the Interior made a statement about the difference in the stock. A statement from the London Times was also quoted by the minister, and in that statement the financial editor of the Times says something which seems to bear out the words of Mr. T. Kelly Dickinson, because, quoting from the Ottawa Citizen of October 15, last, I find this:

> The Financial Editor of the Times says the news of the agreement regarding arbitration reached between the Canadian Government and the Grand Trunk railway was received in the city yesterday with undisguised satisfaction. He adds:
>
> "Much disappointment had been felt over the long delay, and it is undoubtedly a fact that the success of the negotiations will go a long way towards restoring confidence in the city in the Canadian Government's attitude toward British investors, which it must be admitted have been strained by the Government's persistence in adhering to a policy which rendered friendly settlement impossible."

So I would conclude that thought with this one statement: The people of Canada who are to-day harassed by debt are called upon to subscribe further by way of Victory Loan in order, as the Minister of Finance puts it, to clean up our war commitments and to again establish Canada's capacity and standing. If we are to borrow money from the Canadian people to establish Canada's capacity and standing, then it ill becomes the Government to put the Canadian people heavily in debt to the extent of hundreds of millions of dollars. In speaking thus I am not dealing with the interest now, I am dealing with the total amount; hundreds of millions of dollars are given out with one hand to stockholders in England and at the same time the other hand is held out to the tax-payers of Canada with the appeal: "Lend us more money, give us more taxes, we must help the Grand Trunk's bondholders in England." Sir Thomas White also fears that the Grand Trunk will fall into the hands of the Canadian Pacific and tells us that the Canadian Pacific is the best-managed railway in America. If the Canadian Pacific is the best-managed railway in America, and if the Government railways are the worst-managed railways in America, would it not be to the advantage of the Canadian people (even if such a contingency were to happen) that the Grand Trunk should fall into the hands of the Canadian Pacific and be well managed rather than fall into the hands of the Canadian Government and be badly administered and impose a debt upon this country?

Now let me inquire for a moment what this Government is assuming. The Minister of the Interior told us that the Government is to acquire the first, second, and third preference stocks and the ordinary or common stock of the system, amounting to a total face value of £37,073,431 which translated into our figures would amount to $185,000,000—I am not giving the exact figures. Then he goes on to say:

> Their actual value will be determined by the Board of Arbitrators.

He does not know their actual value; the Government do not know their actual value; we who are asked to become parties to the agreement do not know their actual value. And when will we know it? We will know it when this Parliament has empowered the Government to make any arrangements that they want to make as to the valuation of these stocks once the arbitrators have set a value upon them—whether face or any other value. Then he continues:

> To pay the award, whatever it may be, there will be issued a new non-voting stock. The new stock will bear interest at four per cent and be redeemable after thirty years at par.
>
> So far as the debenture stocks are concerned, they are taken over, the Government becoming responsible for the interest. These stocks amount to £31,926,125. The four per cent guaranteed stock of the company is also treated by the Government as an obligation and the interest will be paid thereon by the country.

Mr. Speaker, I do not want to fill the pages of Hansard with figures, and therefore I will simply state that we are going to pay annually about $16,000,000 in the way of interest, and besides that we are going to assume untold obligations; and, further, we are going to take from the Grand Trunk —with the results of the Provincial election coming in frequently it is very hard to speak to—

Mr. A. K. MACLEAN: Is my hon. friend addressing himself to the Government?

Mr. DEVLIN: No, I am addressing the House generally.

Mr. A. K. MACLEAN: I quite appreciate the difficulty of addressing the House at a time when one is not receiving attention. Would my hon. friend object to continuing

until ten o'clock? We will all promise to listen to him attentively, and at that hour we might adjourn.

Mr. DEVLIN: Would not the minister be willing to call it ten o'clock now?

Mr. A. K. MACLEAN: If my hon. friend will promise to be as brief as possible to-morrow.

Mr. DEVLIN: I assure the minister that I know I cannot be too brief for him.

Mr. A. K. MACLEAN: I consent to the adjournment of the debate.

Mr. DEVLIN: Mr. Speaker, I beg to move the adjournment of the debate.

Motion agreed to and debate adjourned.

On the motion of Hon. A. K. Maclean the House adjourned at 9.50 p.m.

Tuesday, October 21, 1919.

The House met at Three o'clock.

SIR HENRY DRAYTON INTRODUCED.

Mr. SPEAKER: I have the honour to inform the House that the Clerk of the House has received from the Clerk of the Crown in Chancery a Certificate of the Election and Return of Sir Henry Lumley Drayton, for the Electoral District of Kingston.

The Right Hon. Sir GEORGE FOSTER (Acting Prime Minister): (Translation.) Mr. Speaker, I beg to introduce to you, Sir Henry Lumley Drayton, who has been returned for the electoral district of Kingston. Sir Henry has signed the roll and has been sworn in; he now wishes to take his seat.

Mr. SPEAKER: Let the hon. member take his seat.

LOAN OF $25,000,000 TO ROUMANIA.

On the Orders of the day:

Mr. JOSEPH ARCHAMBAULT (Chambly and Verchères): I should like to know from the Minister of Finance, whom I welcome to his seat in the House, if he is in a position to inform the House what amount of the loan of $25,000,000 to Roumania has already been advanced. I ask this question because I regard it as one of great importance and urgency in view of the fact that I was informed yesterday by a prominent gentleman who has just returned from Roumania that the "lei" the monetary unit of Roumania,, which in normal times is worth 20 cents, is now fluctuating between half a cent and three cents.

In view of this, does the Government intend to advance any more money to Roumania, if there is any balance of the $25,000,000 not yet advanced?

Hon. Sir HENRY DRAYTON (Minister of Finance): I shall be very happy to look into the question the hon. gentleman raises, and give him an answer later.

INTERNATIONAL TRADE CONGRESS.

On the Orders of the Day:

Mr. J. A. ROBB (Chateauguay and Huntingdon) (Translation): Mr. Speaker, before the orders of the day are called. I wish to enquire from the minister of Trade and Commerce, whether Canada is represented at the International Trade Congress now in session at Atlantic City?

Right Hon. Sir GEORGE FOSTER (Translation): Would the hon. member be good enough to repeat his question?

Mr. ROBB: Mr. Speaker, I desire to ask the Minister of Trade and Commerce if Canada is represented at the International Trade Congress now in session at Atlantic City.

The Right Hon. Sir GEORGE FOSTER (Translation): No, Canada is not represented at that Congress.

Mr. JACQUES BUREAU (Translation): As the hon. minister of Trade and Commerce seems so willing to speak French, may I enquire why Canada is not represented at that Congress?

The Right Hon. Sir GEORGE FOSTER (Translation): Canada has not been invited to attend.

GRAND TRUNK LEGISLATION—HALIFAX BOARD OF TRADE.

Mr. WILLIAM DUFF (Lunenburg): I should like to know from the Government—

Sir GEORGE FOSTER: In what language is my hon. friend now speaking?

Mr. DUFF: If my hon. friend's English is no better than his French I can understand why he cannot understand me.

Mr. BUREAU: The minister is qualifying his language.

Mr. DUFF: Has the Government received a telegraphic communication from the Board of Trade of Halifax, Nova Scotia, with regard to the Grand Trunk legislation? If so, what is the nature of the communication?

Sir GEORGE FOSTER: I am not aware that any communication has been received

from the Halifax Board of Trade in respect of this matter.

Mr. P. F. MARTIN (Halifax): I may say, Mr. Speaker, that I received a telegram from that Board of Trade, and the hon. member for Lunenburg would not have asked the question if he had not got the information from me.

Mr. COPP: I beg to differ from the hon. member for Halifax (Mr. Martin); I received a communication myself this morning in regard to this matter.

Sir GEORGE FOSTER: In answering the question I answered for the Government. As far as I am concerned as Acting Prime Minister, I have not received it. Some of my colleagues may have received a telegram. I think that the hon. the Minister of Railways (Mr. Reid) has received one.

Mr. McKENZIE: I would like to ask the Government further, if they have had nothing direct from the Board of Trade in Halifax, did the representatives who are representing the city and county of Halifax here make any representations to the Government?

Mr. J. D. REID: There is a message in my office—I noticed it this morning—from the Board of Trade, I think, signed by Mr. Saunders, secretary of the Board of Trade, Halifax.

Mr. ARCHAMBAULT: In English, please.

Mr. J. D. REID: I think the telegram contained a resolution as passed by the Board of Trade. I have no objection to laying it on the Table, but I suppose the hon. member himself (Mr. Copp) received a copy of the same telegram.

SALMON FISHERIES IN BRITISH COLUMBIA.

APPROVAL OF CONVENTION FOR PRESERVATION BETWEEN HIS MAJESTY AND THE UNITED STATES.

On the motion of Hon. Newton W. Rowell (President of the Privy Council) the House went into committee, on the following proposed resolution, Mr. Boivin in the Chair:

That it is expedient that Parliament do approve of the Convention between His Majesty and the United States of America providing effective measures for the protection, preservation and propagation of the salmon fisheries of the Fraser River system, which was signed at Washington on the second day of September, one thousand nine hundred and nineteen, a copy of which has been laid before Parliament, and which was signed on behalf of His Majesty, acting for Canada, by the plenipotentiaries therein named, and that this House do approve of the same.

Some hon. MEMBERS: Explain.

Hon. Mr. ROWELL: The convention which has been concluded between His Majesty and the United States referred to in this resolution relates to the sockeye salmon industry in the province of British Columbia. Hon. members of the House are no doubt aware of the fact that of recent years the number of cases of salmon which it has been possible to secure from the salmon fisheries has undergone a very serious diminution. In one year, with the past ten years, the total number of cases of sockeye salmon packed in British Columbia and Washington exceeded 2,300,000. That was the largest on record. For a number of years, usually the fourth year, the pack ran from 500,000 to 600,000 cases, and up to, as I have said, 2,300,000. In recent years the number has been rapidly declining. Last year was the smallest for a long period, the total number of cases both in the United States and Canada being approximately 67,000, and the estimate for this year is still lower. The estimate on the Canadian side is 10,000 and the American 20,000, coming down to a total of 30,000 from a maximum of 2,300,000 some years ago. The position at present is that the industry is in process of extinction unless action is taken by international agreement between the two governments for its preservation. The object of this convention is to secure the adoption of regulations governing the salmon industry in both countries which will make possible the preservation of this great industry. It is estimated that the industry may provide a catch worth $30,000,000 a year if properly cared for, whereas at the present time it is reduced to a very limited amount indeed.

The first Article of the convention provides for the enactment of regulations which will govern salmon fishing on both sides of the international boundary. These regulations are to determine the times, seasons, and methods of sockeye salmon fishing in the waters specified and also the nets, engines, gear, apparatus, and appliances which may be used therein, the object of the regulations being to ensure the preservation and perpetuation of the industry.

Article No. 2 provides the manner in which the regulations shall be brought into operation and makes provision for the trial and punishment of those who may violate the convention and regulations. Article No. 3 defines the waters which are to be covered by the treaty, namely, the waters in which

the sockeye salmon are now being caught. Article No. 4 provides for the appointment of an international fishery commission to study this industry with a view to suggesting further regulations for its protection and preservation. Article No. 5 defines the jurisdiction of this commission, the investigations they shall carry on and the work they shall do. Article No. 6 defines the period during which the regulations shall remain in force. It provides for a period of eight years, and thereafter until terminated by notice as in the Article provided. The object of the eight-year period is that the salmon is what is called a four-year fish. The salmon returns to the spawning beds when it is four years old. It goes out the first year, and returns on the fourth year. It is therefore to cover two periods of four years each that the regulation provides for an eight-year period. Provision is also made by Article 6 for a change in the regulations in case changes are considered desirable by the international commission which may be appointed under Article 4. Article 7 provides the period during which the convention shall remain in force, namely fifteen years, and thereafter until two years from the date on which either of the high contracting parties shall give notice to the other of its desire to terminate this convention. Article No. 8 provides for the ratification of the treaty.

Hon. members will see that the object of the convention is to secure the promulgation and enforcement of regulations drawn up and approved by both countries. The regulations already prepared and approved are printed as an appendix to the convention. One of the most important of these regulations makes provision for a close season when the salmon run is at the peak, so to speak, in order to ensure the arrival on the spawning beds of large numbers of the salmon which would be caught if there were not this close season.

At present there is a close season of some thirty-six hours each week. It is estimated that if we add to the weekly close season this special close season when the run is at its height, approximately fifty per cent of the salmon which are now caught and used in the canneries would be able to ascend to the spawning grounds in the Fraser river. By this means they expect year after year to increase the supply of salmon at the spawning grounds and re-establish the industry on a sound basis. The close season every year is one of the most important provisions of the regulations.

Another very important provision limits the area in which purse seines may be used. In the past, fishing with purse seines has been carried right up in the narrow channels between the island between Vancouver island and the state of Washington and has seriously depleted the supply of salmon; purse seines are now restricted to deep water and cannot be used out of deep water.

The third important provision is a more effective method of opening trap nets during weekly close time so as to assure fish passing through them.

It is considered by the Department of Marine and Fisheries that if these regulations are faithfully lived up to they should be sufficient to ensure the re-establishment of this very important industry on the Pacific coast. If, as a result of the investigations of the international commission which is to be appointed under this treaty, further regulations are necessary, it is to be hoped that the two countries will agree in adopting such regulations so that this most valuable industry may be saved to both countries. It is not possible to preserve the industry unless there is agreement between the United States and Canada so that similar measures may be adopted on both sides of the boundary line to protect the salmon-fishing industry from extinction. That is the object of the convention.

Mr. J. A. ROBB (Chateauguay-Huntingdon): Before the resolution passes, could the minister tell us what number of licenses have been issued in the salmon fisheries of Canada for the present season and if, in the issuance of those licenses, preference is given to returned soldiers? We have been told that some of these licenses are controlled by aliens. I think it would be interesting to have a statement from the minister as to the proportion of licenses controlled by British subjects, and the proportion controlled by men of foreign birth who are subjects of foreign nations.

Mr. A. K. MACLEAN: It would hardly be possible to answer my hon. friend's question without some notice. If he desires an answer I shall endeavour to have the information for him to-morrow. I think, however, I can say to him that all fishery licenses are held by British subjects. During the present year, and last year, whenever possible, salmon-fishing licenses were given to returned men.

Mr. WILLIAM DUFF (Lunenburg): We have listened with a great deal of interest to the remarks of the President of the Privy

Council with reference to this great industry on the Pacific coast, and I am sure we will all agree with him that it is necessary that this industry be protected in the future. After reading the Convention between His Majesty King George and the United States Government we realize that this is a step in the right direction for the perpetuation of this important industry. I presume, Mr. Chairman, that this is one of the results of a conference which took place, either in the fall of 1917 or early in the winter of 1918, between commissioners, or plenipotentiaries, appointed by the Government of Canada and also by the Government of the United States. The commissioners for Canada, if I remember correctly, were Sir Douglas Hazen, now Chief Justice of the Supreme Court of New Brunswick; Mr. Desbarats, Deputy Minister of Fisheries; and Mr. W. A. Found, another official of the Fisheries Department. The commissioners for the United States were Mr. Redfield, Secretary of Commerce; Mr. Sweet, assistant Secretary of Commerce, and Dr. Smith, United States Commissioner of Fisheries. I notice, Mr. Chairman, that the commissioners have filed a report with their governments, and this is what they say about the rehabilitation and protection of the salmon of the Fraser river system:

In the light of all the existing conditions, your Commissioners are of the opinion that a Treaty of Convention for the proper regulation and protection of this fishery should forthwith be entered into by the two countries; that commissioners should be appointed, under this Treaty, to thoroughly study the situation and that they should have to assist them two experts, one appointed by the Government of each country, who should conduct continuous investigations into the life history of the sockeyes, hatchery methods, eradication of natural enemies on the spawning grounds and in salt water, and other related subjects; and also that the sockeyes hatchery operations on the Fraser should be inspected by the commissioners so appointed.

Your Commissioners also recommend that the Commission to be appointed cause an examination by competent engineers to be made of the sides of the Fraser river, at Hell's Gate, and at other places where slides into the river that might bar the ascent of salmon are probable, such examination being for the purpose of ascertaining what may be feasible to avert such danger.

It is the judgment of your Commissioners that the hatchery work on the Fraser river system should be extended as rapidly as available supplies of eggs will warrant by the establishing of new hatcheries on spawning areas now being sparsely seeded and that to this end eggs of sockeyes and possibly other species of salmon be made available from water of the United States, as well as from other Canadian waters, for the Fraser river hatcheries to as large an extent as practicable.

It is also important that the two governments arrange to ascertain accurately how long it takes sockeye salmon from the time they enter Juan de Fuca Strait to reach and enter the Fraser river, and as far as possible to pass from point to point along the said strait and the Gulf of Georgia.

And also that the two governments arrange to carry on investigations and experiments with a view to finding some feasible means of overcoming the seal and sea-lion menace to the salmon fisheries in the treaty waters, and if such means be found to put them into operation.

Now, Mr. Chairman, several of the recommendations are covered in this convention, and I presume the other matters suggested will likely be dealt with when these gentlemen are appointed to carry out this agreement. The commissioners made other recommendations to their governments, one being with reference to the removal of the Canadian duty on fresh and fresh frozen fish, not including shellfish. That recommendation is as follows:

In the light of these facts your Commissioners feel constrained to recommend that the Canadian duty on fresh and fresh frozen fish, not including shellfish, be removed and with a view to assuring stability in the industry that the two countries enter into an agreement by which such fish will be admitted customs duty free from either country into the other, and that such arrangement remain in force for fifteen years, and thereafter until two years after the date, when either part hereto shall give notice to the other of the wish to terminate the same

The commissioners also, Mr. Chairman, made some recommendation with regard to the removal of all barriers to the production and movement of fish in Canada and the United States and that recommendation is as follows:

They, therefore, recommend that Article 1 of the Treaty of the 20th October, 1818, be amended so as to make available in either country, to the fishing vessels of the other, the privileges covered by the instructions of the United States Secretary of Commerce to collectors of customs of that country, dated February 21st, 1918, and by the Canadian Order in Council dated March 8th, 1918, in substance as follows:

1. That the fishing vessels of either country may enter, from the high seas, any port of the other and clear from such port back to the high seas and the fishing grounds.

2. That the fishing vessels of either country may dispose of their catches and purchase bait, ice, nets, lines, coal, oil, provisions and all other supplies and outfits in the ports of either country.

3. That the repairing of fishing implements in the ports of either country be allowed to the vessels of the other country.

5. That the fishing vessels of either country may ship their crews and tranship their catches in the ports of the other country.

6. That the fishermen of either country may sell their catches in the ports of the other country, subject to local tariff, if any.

If these recommendations meet with the approval of the two Governments, your Commissioners suggest the propriety of arranging that the amending treaty is signed on the 20th October next (1918). Such would be a most appropriate method of marking the one hundredth anniversary of the original treaty.

It seems to me that something should have been done with regard to the removal of the duty on fresh and frozen fish, and also with regard to the removal of all barriers to the production and improvement of fish both in Canada and the United States. I am therefore rather surprised that the recommendations made to the Government have not been acted upon, and that these matters were not taken into account and the necessary steps taken to deal with them.

I notice that the Pacific halibut fisheries were also reported on—

Mr. ROWELL: If my hon. friend will permit me? I speak subject to correction—I have just had a telephone message sent to the department to make sure—but I think my hon. friend is putting on the record a portion of the report which has not yet been made public. By agreement between the two Governments the portion relating to the salmon fisheries in British Columbia has been made public. I may say to my hon. friend that the other matters of the report are now under negotiation with the Government of the United States. Therefore it would not be proper, as a matter of international courtesy, to put on record matters that have not so far been made public by consent of the two Governments.

Mr. DUFF: Of course, I am willing to agree to almost anything. I would like to know why the other matters were not dealt with at the same time as the salmon fisheries of British Columbia were. It is almost two years since those commissioners met, and something should have been done before now, as this matter of fresh and frozen fish and the other matter I referred to are very important to the fishermen on the Atlantic coast, and it seems to me they should have been discussed at this convention as well as the matter of salmon in the Fraser river. Of course, I will not go any further in view of what the minister (Mr. Rowell) says. There is also another very important matter—the halibut fisheries of the Pacific coast. I believe the commissioners made a favourable report thereon, and it should have been dealt with at the same time as the matter now under discussion.

Mr. FIELDING: Mr. Chairman, I want to offer my congratulations to the Government on the return to sane proceedings in relation to treaties with foreign nations. This is a Canadian treaty dealing with Canadian business, which is very properly submitted for the consideration of this House. It does not give us any knowledge of the affairs of the Czecho-Slovakia, it takes no account of the skull of the Prophet or of the missing Koran. It deals with Canadian affairs and does not contain any manifestation of national swellheadedness; it does not assert any new statues; it does not make any claim to new nationhood—it is just an ordinary common sense treaty of the old-fashioned or common garden variety of treaties such as we have engaged in from time to time. There is not a word in this treaty that it is between Canada as a new nation and the United States; there is not a word asserting our right to make treaties as an independent nation. This is just a treaty between His Majesty the King and the President of the United States—the King representing not Canada alone but the whole British Empire, and inasmuch as the treaty does relate to Canada a gentleman representing Canada—named by the Canadian Government, I presume—has been chosen as one of the parties to it. I take it for granted that Mr. Justice Hazen was chosen not only because of his eminent ability but also because he was Minister of Marine and Fisheries when these negotiations were begun, but I merely want to congratulate the Government on getting back to the sensible, common, old-fashioned way of making our treaties.

Sir GEORGE FOSTER: I think it is too bad that such a compliment should not be acknowledged. I therefore beg as Acting Prime Minister for the time being to thank my hon. friend for the compliment that he has paid to this Government. It has been an exceedingly reciprocal arrangement as between my hon. friend and ourselves. The occasion has enabled him to pay us a great compliment. It has also given him an opportunity to pile another criticism upon the criticisms which he was so very profuse with during the earlier periods of this session. One would have thought that he had said sufficient on that ground. But if it pleases him, it does not hurt us, and as long as it is accompanied with a compliment we thank him for both.

Mr. FIELDING: It is a case where we can agree on reciprocity.

Resolution reported.

Mr. ROWELL: I beg to move that a message be sent to the Senate informing their Honours that this House has passed this resolution, and requesting their Honours to unite with this House by filling up the blank therein with the words "Senate and."

Motion agreed to.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

The House resumed the adjourned debate on the motion of Hon. Mr. Reid for the second reading of Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system.

Mr. E. B. DEVLIN (Wright): (resuming from yesterday) Mr. Speaker, when the House adjourned last night I was stating that I was opposed to this Bill for several reasons, one, because under the circumstances I am opposed to public ownership. Another reason was that owing to the maladministration of our national affairs for the last few years I was at a loss to find where we were going to get the money to pay for these added obligations. I said that I was not alone in that opinion, but that it was the opinion of Boards of Trade throughout Canada and of the press and of the people of Canada. Since the House adjourned certain events have occurred—I do not wish to transgress any rule by referring to them—but certain events have occurred at our very door which should lead the Government to stop, look, and listen, before entering into any further large expenditures which are not for the direct or even the indirect welfare of the people. I have said that the press and the people of this country are opposed to this transaction, and I think in view also of the events to which I have alluded it would be well for the Government to consider whether the handwriting is not already upon the wall which should warn them to go very, very slowly in embarking on further gigantic expenditures which will fall upon the people in the way of taxation and will not confer any benefit upon them.

Sir, this is the people's day, be they farmers, labourers, merchants, traders, or members of any other class. This is essentially the people's day, and the people intend to carry on in this country a government for the people and by the people, and before this Government increases taxation they should consider whether the expenditure proposed is in the interests of the people. I want to call attention especially to the fact that it has been pointed out by the financial editor of the London Times that this transaction is viewed with favour by the citizens of London because they are the investors in the Grand Trunk railway, and they are looking to Canada to help them in their investments and are not in any way considering the taxes that this obligation will place upon the people of Canada. To the Government then, I repeat, consider not the investors in England at the present moment, but consider the investors in Canada, who are the taxpayers of this country and who must meet the obligations which the Government is incurring at every step.

I do not want to refer to any past extravagance on the part of the Government. Their history since they took over the reins of power in 1911 is a record of the most extravagant expenditure that this country has ever witnessed. Nor do I wish to go into the details of that expenditure. I do not want to recriminate, but I would urge this upon the Government: Before you impose upon the people of Canada this gigantic obligation, especially at this juncture, when the Acting Prime Minister has said to the returned soldiers in writing that this Government is unable to help them further because Canada is passing through a most serious financial time, when the ex-Minister of Finance (Sir Thomas White) has publicly stated that the financial position of this country, whilst not critical, is serious. I appeal to you to consider the words of advice given to the people of Canada through the Prime Minister of this country and not take advantage of the Prime Minister's absence to commit the country to this gigantic undertaking which will not be for the benefit of Canada. I repeat, it would be solely for the benefit of the investors in England.

How much is this going to cost? There has not yet been a clear statement from the Government of what we are called upon to sanction in the way of dollars. We had a report tabled a few days ago entitled "A Memorandum in regard to the Grand Trunk Railway System" showing that the Grand Trunk and the Grand Trunk Pacific have a total mileage in the United States and Canada of 8,138; and total securities with the public amounting to $707,929,817. The financial statement for 1918 shows that the Grand Trunk had a surplus available in that year for dividends of $8,760,

and the Grand Trunk Pacific a deficit of $875,640, or with fixed charges and loss on branches, amounting to $9,442,739, a gross deficit of $10,316,379. For the first six months of the present year, the gross revenue of the Grand Trunk was $29,601,321; the expenses were $28,058,018, and the net $1,543,303, an increase of $691,053 over last year. The operating percentage for the six months was 94.78. On the other hand, the statement which has been brought down to the House shows that the interest which this country will have to pay annually will amount to about $16,000,000, or between $15,000,000 and $20,000,000, and current liabilities coming due within three years amount to $75,000,000. Then according to the Drayton-Acworth report (page 36) $30,000,000 is required for immediate repairs. As to indirect liabilities, the ex-Minister of Finance stated in the House the other day that they would amount to $145,000,000. Without wearying the House with any more figures, I want to ask this question: whatever may be the amount of the arbitration award on the preference and common stock—and it may be a terrifically large amount; it certainly will be in the hundreds of millions of dollars—where is the money going to come from to pay for it?

At the present moment the Government are issuing a call to the people of Canada for a loan of $300,000,000 to endeavour to meet current liabilities. This loan is called a Victory Loan, and it is essential and absolutely needed by the Government if the government of this country is to be carried on. But at the very same moment the Government are telling the people: We are going to impose further obligations upon you, and if the current revenue be not sufficient to meet those obligations we must appeal to you again next year for a further loan. I said yesterday; let me repeat it to-day: Where is the money coming from, and where are we going to? I appeal to the judgment and intelligence of hon. gentlemen in this House, who are independent in character, who are not swayed by party affiliations, but who claim to possess some degree of independence: Are you going to allow the people's money to be squandered as it is being squandered, in face of the verdict which we have had throughout Canada, a verdict which has been pronounced by the most important boards of trade, by every class of the community, by the people themselves, and which has been asked for simply by two parties—should I say three parties? I will if I include the Minister of the Interior (Mr. Meighen)—the parties asking for it being the Grand Trunk investors in England and the Canadian Northern railway, which wants to get this road. The Minister of the Interior said in this House within the last few days that one of the reasons which prompted him into deciding upon the acquisition of the Grand Trunk railway and the Grand Trunk Pacific railway was that they should not fall into the hands of the Canadian Pacific Railway Company. Whether or not the Grand Trunk railway falls into the hands of the Canadian Pacific is a matter of total indifference to me; but if the Canadian Pacific, a privately-owned railway, can carry on their business through the stress of the circumstances of the war and show dividends at the end of the war, then the quicker our other railways are carried on by the Canadian Pacific or similar corporations the better for Canada and for the taxpayers of Canada. If Canada must help her railways let her help them, but do not add to the obligations of the people at a time when Canada is groaning under her heavy indebtedness. Be fair to foreign investors, but do not cripple Canada's credit out of sentiment for foreign investors. Our duty to-day—and it is one preached by the Government and by all economists in the country—is to retrench and to economize. If we are to retrench and to economize let us not get into any further wild railway schemes. Do not cripple the Canadian people because of fear lest the Canadian Pacific acquire the road. While it is true that Canada is rich in resources, as we are told by the Government from time to time, and that she will be able to pay all present indebtedness, if the Government continue emptying our mines, cutting down our timber to the last tree, getting rid of our fisheries, which form the capital of this country, imposing upon our farmers obligations which render life practically impossible for them, imposing upon our labouring classes obligations which are making for them a tremendous problem of how to meet the cost of living, then the Government are getting rid of the wealth of Canada.

My concluding words to the Government are these. If the Government for some purpose, unknown to me or unknown to a great part of financial interests of this country, are bound that they shall expend still more of the money of the Canadian people instead of economizing and retrenching, stop class legislation, stop helping solely manufacturers and railway corporations and railway promotors and railway stockholders, and

4 p.m.

bonus farmers and labourers who are the taxpayers of this country and who are entitled to cent for cent of their holdings in this country. Let us get rid of class legislation; let us legislate for the people of Canada, that the Government of this country may essentially become a people's government for the benefit of the people.

Mr. JAMES McISAAC (Kings, P.E.I.): Mr. Speaker, I desire to say a few words on this question which is of paramount importance to the people of Canada, which is indeed one of the most important matters that has come up for discussion in this Parliament for some time. The debate has taken a very wide range and many things have been said. Some things have been said that have had direct bearing on the question under review, and quite a number of things have been said that seem to have very little connection therewith. I will endeavour, in my brief remarks, to confine myself as nearly as may be to the subject matter of the Bill before the House. I believe that I shall be able to understand the subject better myself and to present my thoughts clearer regarding the question if, with your permission, Sir, I briefly review the history of this railway matter and inquire what are the steps and what are the different changes which have brought about the conditions in which the Grand Trunk Railway Company now finds itself. It is proper too that we should inquire why this legislation is before us; why this company comes to this Parliament seeking aid, and why the Government of Canada are now negotiating with the Grand Trunk Railway Company and are putting this legislation through Parliament in order to meet the request that has been made in this connection.

At the risk of repeating words that have been said probably more than once in this debate, I shall endeavour to give the House a resumé of the history of this question. The original intention of the Grand Trunk Railway Company evidently was to build a western line commencing at Winnipeg and extending through the western provinces in order to compete for the increasing trade in that section of Canada, a trade that was looked after very successfully by the Canadian Pacific Railway Company. It seemed quite reasonable that the company should desire to extend their lines to secure as large a proportion of trade as possible in the western provinces. But for some reason or other when they approached the Government in 1903 to obtain their charter they were persuaded to consider a more comprehensive scheme than they at first entertained, and instead of simply building a branch westward to the Pacific Coast from Winnipeg they conceived the idea of building eastward as well, from Winnipeg to Quebec and Moncton, thus committing themselves to the construction of a transcontinental line. When this matter was presented to Parliament by the then leader of the Government, Sir Wilfrid Laurier, that gentleman certainly painted a most roseate picture of the wonderful things that were to come about as a result of this new undertaking, and the enormous benefit it was to prove to Canada. It was to cost Canada very little to complete another railway from ocean to ocean. In the debates of that time, the Prime Minister on the first reading of the Bill on the 30th July, 1903, is thus recorded in Hansard:

> The sum total of money to be paid by the Government for the construction of that line of railway from Moncton to the Pacific Ocean will be in the neighbourhood of $12,000,000 or $13,000,000 and not a cent more.

Further on he says:

> The surplus of this year will pay for the construction of this line.

On the same date, at page 7695 of Hansard, he made use of these words:

> The cash subsidy which is promised and which is to be given under this contract to the Grand Trunk Pacific Company will not exceed $13,000,000 or thereabout.

That certainly looked exceedingly promising. Canada was to have a complete transcontinental line from coast to coast for practically nothing, but this entrancing picture proved to be not quite in accordance with the facts. It was agreed that the road should be built in two divisions, one from Winnipeg to the Pacific coast and the other from Winnipeg to Moncton, that portion of the line from Winnipeg to Moncton to be known as the National Transcontinental railway and the other portion, extending to the Pacific ocean, as the Grand Trunk Pacific railway. The Government were to build the portion from Winnipeg to Moncton, and the company the other section. The National Transcontinental line, having been built by the Government, was intended to be operated by the company after a few years, and a nominal rental was to be paid. To dispose of this branch of the road which does not enter into the question to any great extent at the moment, it is sufficient to say that it cost this country, according to the Drayton-Acworth report, about $160,000,000; and, further, that the company completely failed to carry out their

part of the agreement. They never operated the road, the Government having had to do so from the beginning. It will be interesting to see just how the branch extending from Winnipeg to the Pacific coast fared, whether or not it was a success, and what assistance the company were obliged to seek from the Government. Parenthetically, I may say that another road was subsidized by the Government running west—the Canadian Northern railway. This was a handicap to the Grand Trunk Pacific Company, and it would almost seem that the Grand Trunk Railway Company deserve some sympathy in view of the difficulties and handicaps with which they had to contend in any endeavour they might make to carry out their contract and build the road from Winnipeg to the Pacific. The proposition that was submitted to them apparently mesmerized them, but it was a Utopian scheme that did not stand the test of practical investigation. It was a railway mirage and the Grand Trunk Railway Company seem to have been lost in a maze of ramifications which completely confused and discomfited them. The Grand Trunk Company were not long engaged in their construction work before they were compelled to come to the Government for assistance.

They continued seeking aid again and again, until, to use the words of the ex-Finance Minister—and I am sure I can refer to no better authority—the Government of Canada were under obligation, in the connection with this Grand Trunk Pacific, to the extent of $145,000,000 directly and indirectly. In addition to that, the parent company, the Grand Trunk railway, are under obligation to the Grand Trunk Pacific to the extent of $100,000,000. That is the history in brief of the financing of this great road. We are not saying that it may not be great, but it has cost Canada a very large sum of money. We are disappointed because it was emphasized when the road was about to be built that it would make practically no demand upon the finances of Canada beyond $13,000,000.

Then, reverting for a moment to the Canadian Northern, it, too, got into financial difficulties and was obliged to come from year to year knocking at the doors of Parliament in order to secure financial aid to carry on its business. There were poured out or loaned from year to year millions and millions of money, till at last the Government of our day decided that no more money should be given to them unless the road should belong to the Government. The time had come when no more risks should be taken by loaning and giving millions of money to a corporation which did not seem to have any near prospect of being able to pay any portion of the money back. The Government had taken over or assumed $40,000,000 of the stock of the road, while the proprietors, or those responsible for the company, had $60,000,000. In 1917 it was decided that no more money should be given to the road unless it became the property of the Government. Legislation to that effect was introduced and passed in 1917. In order that the Government might find out what was the reasonable value of the property or of the $60,000,000 of stock that remained in the company, a board of arbitrators was appointed. While on that I just wish to dwell for a moment on something that took place then. In connection with the legislation of 1917 on this question, the Government had agreed, as I have said, that they would appoint arbitrators to determine the value of the remaining stock. I find that the then leader of the Opposition, the late Right Hon. Sir Wilfrid Laurier, in discussing this question, placed himself on record, as will be found in Hansard, August 13, 1917, to the effect that he had no objection to arbitrating, but he raised the point that

> "No assistance should be given to the Canadian Northern railway unless at the same time it is provided that the Government have power within a reasonable time to acquire the ownership of the entire stock of the company at a price to be fixed by arbitration, not to exceed $30,000,000.

What I wish to establish is that the Opposition, through their leader, made the statement in Parliament on the 13th August, 1917, that they would not object to the award of the arbitrators provided it did not exceed $30,000,000. I wish to mention this because I may take occasion a little later in the course of my remarks to refer to this particular part of the question again.

In connection with the legislation of 1918, reference to which will be found in Hansard of May 15, 1918, page 1996, the right hon. the Prime Minister (Sir Robert Borden), discussing the question and alluding to the matter of the arrangement with the Canadian Northern, stated that:

> By the arbitration agreement subsequently made it was provided that the price should not exceed $10,000,000.

You will observe that this is one-third of the amount of money that the Opposition had stated, through their leader, they would be satisfied the arbitrators should fix. They were willing to go as high as $30,000,000, while here we find that one-third of that

amount, or $10,000,000 is the amount awarded by the arbitration. I wish to make that statement at this particular stage because I may have occasion to make some reference to that particular point a little later on.

We know that subsequently to the session of 1918 the Canadian Northern railway became a part of the Canadian National railway system. We will leave that aside for a moment and consider what has happened to the Grand Trunk Pacific.

They went on borrowing money from the Government until, to quote the statement of the ex-Finance Minister who dealt with this question in an excellent manner a few evenings ago, the borrowings from, or the obligations to, the Government, direct and indirect, in connection with the road, amounted to $145,000,000. All will remember that early in the first Parliamentary session of the present year it was made known to the Government that the Grand Trunk Railway Company, who were and are the owners of the stock of the Grand Trunk Pacific Railway, would be unable, after the 10th day of March to meet their financial obligations, and that they would be obliged to cease operating that railway. We all know what happened. The Government took immediate action and placed the Grand Trunk Pacific in the hands of a receiver. It must be said that the Grand Trunk Pacific and the Canadian Northern railways, which encountered these financial difficulties, were really not, correctly speaking, transcontinental lines; they were only parts or wings of a great transcontinental railway. It does not appear that the time had come when Canada should have practically three transcontinental railways. The development of trade, and the growth of the country's population had not arrived at the state when Canada could sustain any such plethora of railway mileage. How has it happened that we have come to the stage that the Grand Trunk railway is to be taken over by the Government? Hon. gentlemen opposite have expressed surprise, indeed indignation, that this great and paramount question, this question of such very great importance to Canada, should, as they say, have been sprung upon Parliament without any previous intimation that the Government had any intention of taking over the Grand Trunk. But, Sir, it is a matter of fact that negotiations in this direction had been going on between the Government and the Grand Trunk Railway Company for a year and a half or thereabouts. As early as the 15th May, 1918, when the Prime Minister, Sir Robert Borden, was making a survey of the general railway situation, he intimated quite positively the existence of the possibility that having taken over the Canadian Northern, and as we have seen the Grand Trunk Pacific, the Grand Trunk itself might also be taken over. While the discussion was going on the position of the Grand Trunk came up in the course of the debate, and no serious objection to that possible consummation was taken by the then leader of the Opposition, the late Sir Wilfrid Laurier, because he said on that occasion:

> I think that the Grand Trunk Railway system should be productive of good results. For the present I do not condemn the idea of taking this railway over.

The two competing railways in the West—the Canadian Northern and the Grand Trunk Pacific, finding it impossible to successfully continue operations, had to succumb and the Government had no option in the matter but to take them over. These railways have absorbed millions and millions of the people's money, and in order that they might be preserved and utilized for the benefit of Canada there was only one thing to do—the Government were faced, as a matter of necessity, to take these railways over. Now let us see what the facts are with regard to the parent company of the Grand Trunk Pacific, the Grand Trunk. As I have already said, negotiations had been going on with the Grand Trunk. Intimations had been given in the House with respect to the matter from time to time, and numerous questions on the subject had been asked by the Opposition. I remember very well that not only during the present session but last session, hon. gentlemen opposite inquired whether any progress had been made in the Government's negotiations with the Grand Trunk, or whether or not the Government had any announcement to make with regard to the project. Any hon. gentleman who was present on those occasions cannot fail to have a distinct recollection that questions of that kind were asked and from time to time the Government answered, and could only answer that no definite conclusion had been reached and that there was no information to make public. Eventually a stage was reached in the negotiations when the Government practically gained their ultimatum, although the company made various overtures in order to learn whether it was not possible to obtain better terms. The Government, however, considered that the terms they had offered were

adequate, just, and reasonable, and that they would not be warranted in making any other proposition than those that had already been placed before the Grand Trunk directors. Then the day arrived when the directors of the Grand Trunk accepted the Government's terms, slightly changed in one respect or another, but not on that account any the less advantageous to the country. Then the Government lost no time in coming down to the House and making known what had been decided, and asking Parliament to ratify that bargain on behalf of the people, in order that the Grand Trunk railway might become a portion of our Government system of railways.

Now, Mr. Speaker, the terms of the agreement have been before the House and are familiar to hon. members. But our friends of the Opposition do not seem to be satisfied with those terms and they proclaim that the bargain is very disadvantageous to Canada. Let us see what the meaning of the whole business is. As I have already stated more than once during the course of my remarks, many millions of dollars had been paid out of this Treasury in a generous attempt to enable the Canadian Northern and the Grand Trunk Pacific to continue in operation. But when the time came that the Government was obliged to take those roads over it found itself in this position: With two outstanding wings, as it were, of a great railway system —not a system, but two portions of a system divided in the centre by the Grand Trunk railway. Then the Government considered it essential in the interests of the country that the Grand Trunk railway should be acquired on the most advantageous and reasonable terms to link up the two outstanding wings, so that we would have a great transcontinental system. And let it be remembered that this course, too, was forced upon the Government in consequence of the Grand Trunk railway being unable to meet its obligations. Therefore it appears to me, Mr. Speaker, that no reasonable objection can be taken to the course which the Government has pursued under the circumstances I have recited.

Why does the Government do this? Because, in the first place, it was forced to it; and, in the second place, in order that the railways which have been already forced upon them may be made of the greatest use to the people of this country—that we may have a great co-ordinated transcontinental system stretching from ocean to ocean, and so be in a position, under public ownership, to compete with the great trans-

continental railway operated by the Canadian Pacific railway—a truly marvellous institution. But it appears to me there is no reason why in due time the Government of Canada may not be able to compete on equal terms with, and operate its transportation business just as successfully as the great Canadian Pacific Railway Company. Yes, Mr. Speaker, there is no reason at all why our Government cannot do that successfully, profitably, for I am confident that the system will pay for all the expenditure that may be made upon it and still show a surplus. This desirable state of things may not come about to-day or to-morrow, it will take some time, but ultimately it is my conviction, Sir, that our national railways will be operated on a paying basis. Therefore, not only is this a good business proposition, but it is a patriotic proposition.

I would like to refer briefly to some of the objections that have been raised to this proposition. To tell the truth, Sir, it appears to me that those objections are most frivolous. I do not think one real, valid and substantial objection has been presented during the course of the debate. It is said that the legislation was sprung upon Parliament. But surely no hon. member would deny that he had some knowledge that these negotiations were proceeding. The proposition was brought to Parliament at the earliest possible moment, that is, when the agreement had been reached. Then it is said that there is no time in the dying days of the session for a proper discussion of this proposal. But, Mr. Speaker, there is no limit to the session. It does not appear to me that it can be said that the session may not continue and every member of the House have every opportunity of discussing this question from every angle and point of view if he is so disposed. Therefore there is nothing in that objection.

I do not see my friend the hon. member for Antigonish and Guysborough (Mr. Sinclair) in his seat. I regret his absence, for in his attack on this measure he said, among other things, that he feared what the award of the arbitrators might be regarding the value of the common stock of the Grand Trunk railway, and that he had great fears that a fictitious value, a value altogether erroneous and beyond reason, would be given to that stock. And as evidence of his sincerity he made the statement that when the Canadian Northern railway was acquired the arbitrators of that day valued the stock to be taken over

by the Government at $10,000,000, which he thought was in the highest degree extravagant. But, Sir, in the session of 1917 his then leader, the late right hon. Sir Wilfrid Laurier, stated when the matter was under discussion that if that stock went as high in value as $30,000,000, he would find no fault with the valuation. Apparently my hon. friend (Mr. Sinclair) did not then disagree with his leader; but subsequently when that very same stock was acquired for the people of Canada for $10,000,000 he holds up his hands in holy horror.

With him it makes all the difference in the world whose ox is gored. It mattered not how great the extravagance might be so long as it was committed by his leader, but when a genuine business proposition was proposed from this side of the House for acquiring the stock at one-third of the price he was willing to sanction, he thought that was something terrible.

The objection has been made that the finances of the country at the present time do not warrant us in undertaking any very large expenditure. We all realize that the country's expenditure is very great, and that our financial position may even be considered serious, but, as the ex-Minister of Finance (Sir Thomas White) has said, it is not critical. With proper management, good judgment and good government Canada will be able to meet all her financial obligations. In acquiring the Grand Trunk the Government are not legislating only for to-day, nor for a year, but for the future. Suppose we did not take over the road and connect it up with our National system of railways, but allowed it to go into liquidation, that would be a most unfortunate thing for Canada in more ways than one. Our credit would certainly be injured when the whole world knew that one of our great railway systems had gone into liquidation. The trade of the country would be entirely dislocated, and there is the possibility that the Grand Trunk might be taken over by the great Canadian Pacific Railway Company, because that is the only company that could take it over. Under the circumstances, are not the Government acting wisely? They have decided to take over the road even if it will cost the country something because, as I said before, we are legislating not only for to-day, but for the future time when the great arteries of trade will be loosed after the upheaval caused by the war has subsided, and when the lines of transportation will be extended, and trade becomes rejuvenated and virile. We are simply getting ready for the great expansion and prosperity to which we look forward for our country. After all, what we are called upon to pay immediately is the 4 per cent interest on about $60,000,000 of guaranteed stock and about $155,000,000 of debenture stock. Then stock will be issued for the amount arbitrated for the preferred and common stock. We must not forget that the Grand Trunk is a going concern. It is not stagnant, but it is doing business, and will continue to do more and more business after the Government takes it over and engrafts it on our national system of railways. Until the last two years, when owing to the war very few railways were able to show a surplus, the Grand Trunk were able to meet the interest on their bonds and pay a dividend now and then. I therefore do not think we should be far astray in assuming that the surplus earnings over the cost of operation of the Grand Trunk railway will go a long way towards meeting the interest on the guaranteed and debenture stock.

For the reasons which I have endeavoured to put before the House I am convinced that it is the duty of this Parliament on behalf of the people of Canada to stand behind the Government and carry through this legislation. I am firmly convinced that it will be of the greatest possible advantage to Canada in the years to come.

Mr. D. D. McKENZIE (Cape Breton North and Victoria): I have closely followed the discourse of the hon. member for Kings (Mr. McIsaac), and while I have never stood in awe of his great ability I always used to give him credit for a desire to place the facts before this Parliament. Now I am sorry to say I have to change my mind and hold not only my old opinion that my hon. friend does not possess an overwhelming amount of ability, but also that he is not scrupulously particular as to his facts. His account of the railway history of this country reminded me of a gentleman who was compiling a dictionary on fish. His definition of a lobster was "A lobster is a fish, red in colour, and it walks or crawls backward." He showed this definition to a friend who was a better authority on fish than himself, and his friend said "That definition is all right except that this creature is not a fish, is not red in colour, and does not walk backward." I think that the history of the railways of this country as given by my hon. friend from Kings is about as true as that definition of a lobster. It was abso-

lutely wrong from start to finish, and set forth not one scintilla of fact on which you could rely. He made the extraordinary statement that we on this side of the House, and, indeed, the late leader of the Opposition, had said that we were willing to submit the value of the stock of the Canadian Northern to arbitration provided it did not exceed $30,000,000. It is most extraordinary that any hon. member who professes to understand his duties in this House and to represent an intelligent people should stand up here and undertake to say that we made such a proposition. As a matter of fact, the whole opposition was bent upon seeing that the matter should not go to arbitration at all. We relied on the Drayton-Acworth report which said that the stock was not worth one cent, and we contended that it was therefore ridiculous to submit the value of the stock to arbitration. The argument was: What is to be arbitrated? This Government and this country have found a court of capable commissioners whom the Government have appointed to ascertain the value of the different roads in this country, and that competent board have brought down a report in which they say that this stock is not worth one dollar. The hon. member for Kings (Mr. McIsaac), in the face of that report and in the face of the discussion that took place upon it, puts himself on record as saying that my late distinguished leader, the Right Hon. Sir Wilfrid Laurier, said that he was willing to submit this matter of straw, old straw at that, to arbitration, provided that the result would not net any more than $30,000,000. That is absolutely absurd, absolutely wrong and absolutely without the slightest foundation in the parliamentary history of this country or of this House. What has happened?

Mr. McISAAC: Will the hon. member permit me a question?

Mr. McKENZIE: I have the floor. What has happened and what is the history of this matter? Hon. gentlemen in this House will remember that in the early stages of that discussion, the Hon. Dr. Pugsley, then member for St. John, who spoke in the House on this question before the hon. member for Kings had a seat in the House, moved a resolution that the matter as it stood then should be submitted to arbitration, and that a proviso should be embodied in the Act that the result of the arbitration was not to exceed $30,000,000. What has happened since then? Millions upon millions of dollars have been lent by the Government to this company. The proposition of the Hon. Mr. Pugsley was made on a discussion on the question before the House of lending $45,000,000 to the Canadian Northern. That proposition of arbitration was not accepted, and the $45,000,000 was lent, all at one slap, or $15,000,000 more than the award of which we were speaking. Millions of dollars were lent after that discussion in regard to the $30,000,000. Yet the hon. member comes here to-day, and he forgets the loan of $45,000,000, the loan of $10,000,000, and the loan of $7,500,000 which were made to that company after that proposition of arbitration was made, and he squares himself with the truth by saying that we said that, upon the same basis as the stock was worth when the last arbitration was made, we were willing to give $30,000,000. Those are the circumstances, and the hon. member forgets entirely to take the slightest notice of the millions and millions of dollars that we lent after that proposition was made. If the hon. gentleman wants to be fair about this thing, he will take an account of the $45,000,000, the $10,000,000 and the $7,500,000 that were paid over to the company after the arbitration proposition was made. If he does that, he will be correct in his history and in the figures that he might submit to the House.

Leaving the speech of the hon. member at that, I do not know that I shall pay any further attention to it just now. The hon. member says that we knew all about this legislation; that we knew that this business was coming up, and that there was nothing of surprise about it. Why should there be, he says. I venture to think that the right hon. gentleman who leads this House (Sir George Foster) understands Parliamentary procedure equally as well as the hon. member for King's (Mr. McIsaac). His education and Parliamentary experience are at least equal to that of the hon. member, and as the leader of the Government and as the Acting Prime Minister just now, I think that he knew more about the business before the House and the purpose for which this session was called better than the hon. member. If the hon. member for King's, who is fond of history and fond of reading, I will say parts of the reports of the proceedings of the House, will look at page 858 of Hansard of the present session, he will find that the leader of the Government said:

This session of Parliament was called, not for private business, but for one special purpose, and it has been confined largely to that, and

I think the general sense of the House has been that it should be confined to that.

And the right hon. gentleman went on to say that we should close; that we had come here for a special purpose; that we had finished that special purpose; that the country expected us to confine ourselves to that purpose and then to go home. That was the view of the Acting Prime Minister expressed in this House on the 3rd October and appearing on page 858 of Hansard, and on the strength of that statement many hon. members left Ottawa; some of them are today on their way to the Old Country, some of them are in the West, and some of them are in other places, believing that the right hon. gentleman believed what he was speaking about, and I have no doubt that was his judgment at the time. But, of course, the hon. member for King's wipes that aside and says: Why should we take any notice of the statement of the leader of the Government? Why should we take his opinion? Did he not at that time know that there was something up the sleeve of the Government which was going to come down, and that we were not going to get away when we expected? We had, however, a right to believe the leader of the Government; we did believe him, and I am not accusing him at all, because I think he told us what he believed at the time. But somebody could not wait; some big interest thought it was well to strike the iron while it was hot; that it was well to rush this thing through, possibly while the Prime Minister was away or for some other reason. The Government no doubt consulted the hon. member for King's, and he told them that it was all right, and here it is.

5 p.m.

I do not wish to take up very much time of the House at this stage; but occupying the position that I do and realizing the very grave importance of the business that is before the House, I wish to state as concisely as possible the views which I hold upon this question. There is no wiping aside of the great question of transportation in this new and large country of ours; it must be attended to properly and well. No party, no Government, no Opposition, can afford to treat lightly dealing with the question of railways in this country, and hitherto both parties, Liberal and Conservative, have been giving their attention to this question to the very best of their ability. Mistakes may have been made; but if so, they were possibly mistakes of the head rather than of the heart and intention of public men of this country. The party to which I belong have nothing to take back and nothting to apologize for on the question of railways.

When the railway policy of the Liberal party was formulated in 1903 by Right Hon. Sir Wilfrid Laurier, Prime Minister of Canada, the scheme was fully discussed in Parliament and thereafter submitted to the people. An election was held in 1904, in which this question was comprehensively discussed and its minutiæ were presented to the people from coast to coast. The people enjoyed the benefit of the discussions on the question in Parliament the winter before. The newspapers had opportunity to deal with the subject from every standpoint and to publish everything in regard to it they deemed desirable. The railway question was also discussed on the hustings, and the Opposition of that day, led by the present Prime Minister (Sir Robert Borden) dealt with it in every part of the country. Every candidate, whether for the Government or for the Opposition, discussed it as completely as he desired. Altogether the people were in an ideal position to understand the subject in all its bearings. Fully comprehending it, they went to the ballot box and voted upon the question, giving their well considered judgment. You, Sir, I believe, were a candidate at that time, and I submit to you that the only question that was before the people in that election —at least, the only question worth talking about—was whether or not the Government should undertake the building of the Transcontinental railway and the further extension of it under the name of the Grand Trunk Pacific. The people of Canada passed judgment decisively upon the question. They sustained the Government, virtually saying to Sir Wilfrid and his Government: "We have considered your scheme and are satisfied with it. Go ahead and carry out the policy which you have submitted to us." Well, a start was made and in 1908, four years afterwards, the Government was again on its trial. An opportunity was given, both in and out of Parliament, for ample discussion of this question. The general election came on, but very little was said about it. In any event, the Government was again sustained. In 1911—and the building of the road was progressing rapidly between 1904 and 1911—an opportunity was afforded the people of learning how things were getting along and what the Government was doing. Another question, an entirely new one, was before the people in 1911, and not a word was said by the Opposition of that day criticising the building of the road. Nothing was said adversely in regard to enter-

ing upon the undertaking or as to what it was costing. I know whereof I speak, Mr. Speaker, because I have been through all those fights, and in our own province of Nova Scotia public questions of this kind are as keenly discussed as they are in any other part of Canada. I submit, and you know, Sir, that in 1911 there was a totally different question before the electorate, and the approval of silence was given to the railway policy of the Liberal party. The reciprocity treaty was discussed in this House very fully, and no vote was taken upon it for a couple of months, I think, if not more than that; and there was ample opportunity of criticising the Government not only in regard to the reciprocity treaty, but in connection with its general administration. It was the duty of the Opposition of that day, it was the duty of the Conservative press, to criticise not only the reciprocity policy of the Government but the whole administration and record of the Government, and the most striking slogan of the leader of the Opposition, now Prime Minister of Canada, was: "Leave well enough alone." That was his slogan: "Everything was all right. This country is in first-class condition. Don't take any chances by intermeddling or dabbling in things the consequences of which you cannot foresee. Your railway policy is all right; your immigration policy is all right; your financial policy is all right. Don't break into any new territory which you do not understand. Stand pat; leave well enough alone." That was the slogan, and hon. gentlemen on both sides of the House know that these things were said not only on the hustings but in this House also, as can be seen from Hansard of that date.

Thus it is plain that the policy of the Liberal party in connection with railway extension was not formulated in secrecy. It was not kept under a bushel, for every one knew about it and all the people of Canada gave their assent to it. If there was nothing wrong about it but the undertaking cost more than the people thought it would, we must bear in mind that surprises may lie in store for any concern. When you undertake to build—whether it be a house or a barn or a railway—the cost may exceed your anticipation. If, however, the work is done honestly, if there is nothing improper about it, what can be said except that you were mistaken in your calculation? Not only did the Canadian people approve of the railway policy of the Liberal party, but when a change of government took place in 1911 we find the Minister of Finance of that day (Sir Thomas White) endorsing it, in effect. He brought down his Budget on the 13th of March, 1912—the Budget of a capable financier, fresh from the country and, although a financier of many years' experience, a member fresh to the House, anxious no doubt to see just how matters stood and to ascertain that everything was all right before taking over his duties. I would refer hon. gentlemen to his speech delivered on the 13th March, 1912, in which he refers to the railway policy of the Liberal Government. He refers to those railways that were built and were in the course of construction, and says: "I do not regard those railways as any handicap or embarrassment to the Canadian people. I regard them as an asset of the people and of the country." These may not be his exact words; I have not Hansard here, but I take the responsibility for repeating in effect exactly what the Minister of Finance at that time said, entirely approving, as he did, of the building of the road and of everything else in connection with the railways that were handed over to the Administration of which he was a distinguished member. In the fall of 1913 we find the Prime Minister (Sir Robert Borden) himself, with a galaxy of his Cabinet, going to the province of Quebec. I think my good friend, the Minister of Railways (Mr. Reid) was among them. If not, assuredly they made a mistake in leaving him behind. However, there was a goodly number of the Cabinet down there. They went, of course, to be ingratiated into the good manners and advanced education of the gentlemen whom they would meet in the great old city of Quebec, and I must say, reading the speech of the right. hon. gentleman who then led the Government, that he acquitted himself admirably, and no criticism can be passed upon any of those who attended him concerning their demeanour on that occasion. What did he say? He came into power in 1911, and these things took place in the fall of 1913. For capable business men that was ample time to ascertain how matters stood. The whole speech was read and put in Hansard this session. It was full of laudations of the marvellous development of Canada that was forthcoming, and forthcoming by reason of the building of the Transcontinental and Grand Trunk Pacific. There was nothing too big, there was nothing too flowery, there was nothing to optimistic to be thrown on the canvas to excite the admiration not only of the province and city of Quebec, but of the whole world. That speech was well delivered, as the Prime

Minister's speeches always are, interesting and well put together, and I would invite hon. gentlemen to read it. It was delivered by the right hon. gentleman after he had had plenty of time to consider the effect of this railway policy. There is not one word of criticism in it. It simply pointed out that we had arrived at a stage when a policy had been established in railway matters that would do justice to the great potentialities of this country, bring to Canada great streams of immigration and great streams of traffic that would be carried from one end of the country to the other. That was the decision of the Prime Minister—I have already mentioned the decision of the Finance Minister of that day—in connection with this railway policy of the Liberal party. I submit, we have nothing to apologize for; if there is anything to apologize for, that apology should and must come from the hon. gentlemen who took hold of this policy but who were not able to carry it out, who fell down, who have made a failure where there should have been success.

Now I come to the present situation. What is being done? The Prime Minister at that time told us that there was to be a wonderful development of the country by reason of these railways. We find an entirely different state of affairs. In those days they were hopeful down in the Maritime Provinces. The people of St. John, Halifax, Sydney, of my own town of North Sydney, of Louisburg, and other places where there are good harbours were looking for marvellous results from the great development of this country. There was a proviso, wisely put into the legislation of 1903, or at least into the agreement that was made with the Grand Trunk Pacific and the Grand Trunk, that the traffic from the West should not be switched aside and sent to Portland, it was to go to the Maritime Provinces, to St. John, Halifax, possibly to Sydney and sometimes to Louisburg. What do we find now? We find that millions of money have been expended on the harbour at St. John. Only last winter we made an arrangement by which the Government took over the harbour of St. John. We arranged to pay some millions of dollars and expect to pay a large amount to keep the harbour of St. John in proper shape to receive the trade of the West and of the rest of the country, the harbour to be owned by the Government to all intents and purposes. That was all right; there was no criticism of that move in this House. But, after all this expenditure, all this preparation, all this camouflage, we find that the water is cut off the mill. The mill is there, the wheel stands still, traffic is cut off and everything henceforth goes into a foreign country—to Portland. I do not know how much has been spent in St. John, but about $40,000,000 has been spent in Halifax, changing the railway, constructing docks and all the rest of it, and now the same thing is done; the traffic is taken away and the Maritime Provinces are left without any further prospect of development along the lines which they so hopefully looked forward to.

In another part of the country we looked forward with great hopefulness to the development that the country would receive in this way. We expected that the day was not so far distant when a ship loading coal at Sydney Harbour would deliver that coal at Port Arthur, and that in addition, when that ship had discharged her coal at Port Arthur, she would receive flour, grain, and the manufactured goods of Ontario and bring those back to the province of Nova Scotia with further transportation across the Atlantic if necessary. These were the big things to which the people of this country were looking. But they are all cut off. There is no further talk of developing the waterways of Canada. There is no necessity for it, according to the authors of this new scheme because we have to devote our attention to the further development of the harbour of Portland in the United States, a foreign country—good enough in its way, but not Canada. If there is any trouble at any time in the future, which we hope there will not be between Canada and the United States, we have to stop at the border, our water outlet is cut off, we have neglected the development of our internal waters, of our own eastern harbours and we are put back possibly a hundred years in the development of our country because we have forgotten to consider our own country, the development of our own ports and the encouragement of our own navigation but have made them subservient to the interests of ports in the United States.

These are some of the results that will likely flow from this new policy which is being developed—the neglect of our own country, the neglect of our own harbours, rivers, canals and ports to the advantage of a foreign country, the switching of our trade to another port entirely of which we had never thought and which was never in our contemplation when we were preparing for this large development of our country.

The hon. member for Kings (Mr. McIsaac) —and he will pardon me for referring to him again—spoke of this as a very slight affair. It was a very small thing and he thought that it was ridiculous that hon. members on this side should discuss it at all. The matter was so plain, so simple, so palpable, and what we were offered was such a bargain that we should all rush at it, wait not for one word of criticism or inquiry as to what the price was going to be, what it consisted of or anything else about it, but just grasp at this wonderful pearl of great price that the Grand Trunk are laying on the bosom of the Canadian people. That is the idea that we get from the hon. member and hon. gentlemen on this side of the House who undertake to criticise are told that they are really wasting the time of the people and of the country and that they should not discuss such matters at all.

I myself, Mr. Speaker, am not of that view. My own position is that the Canadian people should get possession of every facility in this country that they possibly can get, provided they can do so at a proper price and provided they are able to operate that utility as much to the advantage of themselves and the country as it would be worked if it were in the hands of a corporation or private owners. There is no disguising, and I am not trying to disguise, where I am on this question—I am on record a hundred times in this House on the question of a man's individual ability and results when he is working for himself compared to his ability and results when he is working for a government. There is no question whatever about that. I always look for the best results when a man is working for himself, as compared with the results obtained when he is working for a government. When a man is working for himself he is ambitious, he is keen, he has got all his wits about him, he knows that the prize is for himself, and he wants to use his brain and his ability to the very best advantage. On the other hand, we find that a man is sluggish, indifferent, and careless when working for a government; he is only a cog in a wheel, there is not very much notice taken of him. He knows he is a cog and he will remain in that wheel—he will do the work of the wheel and that is all he will do. That is what is happening in this country and that is where the vast difference comes in between the results of the operation of concerns publicly owned and operated and the results of concerns privately owned and privately operated. In the great majority of cases, I am happy to say, we find privately-operated concerns making money, but that is not the case with public utilities. Of course, there are towns and cities who supply their own water and light, and some of them are making money—some of them are making ends meet and some making a profit—but that is entirely different from the working or exercising of the right of running a railway some eight or nine thousand miles long or dealing with such almost incomprehensible things as the operation of such systems. I suppose that, as in the past, a great deal of fault will be found with me because I express these views. I care not about that at all; I hate now, and will always continue to hate, pharisaical hypocrisy; and if hon. gentlemen opposite wish to take shelter in the camp of a pharisaical hypocrite, they can stay there—I will not.

Now, I am a single individual. I might on this question be absolutely wrong. I am not speaking as the leader of a great party, I am speaking for myself. That is my view, although I may be wrong. Before I sit down I hope to be able to prove to the House and to the Canadian people that I am right in saying that we get the best results from people handling their own business as corporations rather than from the loose way of government ownership and government operation. Mr. Speaker, we are told to be very much afraid and to pass by on the other side for fear we may touch the institution known as the Canadian Pacific railway. We are told to avoid it as far as we can; and indeed it is dangerous for a public man to express an opinion with regard to it because he is at once branded as being in sympathy with that concern and in their service, and as not being honest. Why that great public organ, the Globe, is calling myself to task for being in the service of, and in improper sympathy with, the Canadian Pacific. I have been in public life, Mr. Speaker, for thirty years. Fourteen years of that time have been spent largely in the service of the town and municipality to which I belong. Twenty years—five of them in Halifax and fifteen of them here—have been absolutely in the public service. I have been elected four times to this House, twice to the legislature of Nova Scotia, and fourteen times in municipal elections. That is a fairly good test, Mr. Speaker. I invite the Globe to look over those years, to look over that history, and if they find one single blemish, or anything that looks aught but what a public

man's public service should exhibit of public honesty, they will have some license to attack me as being in favour of private ownership. That is my position, Mr. Speaker, and with that history, Sir, I think I have a right to say to hon. gentlemen in this House that whatever my views are they are honest, and there is nothing behind them except what I deem to be regard for the best interests of the Canadian people.

Now, supposing the taking of the Grand Trunk system is a good bargain. There is many a poor boy who walks along Sparks street on a cold day and sees nice boots in the shop windows and nice coats hanging up inside. He is very cold; he would like to get boots; he would like to get clothes; he would like to be well clothed to stand the severity of the weather. But he has no money to buy boots or clothes; the condition of things forces him to go without. Now, supposing this railroad bargain is all right, have we got the necessary money to carry it out? I submit, Sir, that we have not. I give no evidence of my own on that point except to say this: That while we talk about two billions of money as being the public debt of Canada I am informed on very good authority that it amounts to $2,270,000,000—that is the aggregate public debt of this country. We also have a railway debt of $400,000,000 which we now pass over in the name of the Canadian Northern; that is not added to our public debt although to all intents and purposes it forms a part of it, for we have taken over the road, we have assumed the obligation, and we might as well be honest with ourselves, add it to the general debt of Canada and reckon it in that way. On the authority of good financiers in this country who have gone into this matter, I received the figures just as I have given them to the House, and they constitute the main block of our indebtedness. Before coming down to details I appeal to the people of Canada and I appeal to hon. gentlemen if it is not a time when we should pause and examine the situation and determine whether we are in a position to impose such burdens upon the country. We are but a small group here representing about 8,000,000 of people, and commissioned to look after national affairs, and our friends at home rest at ease, believing that we will not enter into any contract or obligation but what is in the best national interest. Our constituents are busy about other matters, and when we take upon ourselves the responsibility of representing them they leave to us the duty of seeing that nothing shall be done here except what is in the best interests of the country. For that reason, Sir, I submit that it is the duty of every hon. member to ascertain the financial obligations of the country, and to consider carefully whether it is proper that we shall force on the people anything which they can do without. I contend, Sir, that we can do without this Grand Trunk for the present, and that the financial condition of the country is such that we should not attempt to take over the railway.

I was saying that the financial state of Canada was such as not to justify the position the Government is taking. Up till to-day who is there that we should look to as the best authority on the financial condition of the country? I submit that for the last seven or eight years the hon. ex-Minister of Finance (Sir Thomas White) has known more about the finances of the Dominion than any other Canadian. What is his advice? When he was talking upon a subject which involved the assumption of some further financial responsibility by the people, his advice was: "You cannot do it. If you take my advice you will not add another dollar to the obligations of Canada." And, Mr. Speaker, I have here a summary of what was put forward in support of that advice:

$30,000,000 is required this year for pensions;
$25,000,000 for soldiers' land settlement;
$10,000,000 for soldiers' civil re-establishment;
$102,762,000 for interest on the public debt;
$350,000,000 for war expenditure for 1920.
A total of $517,762,000.

And the same authority tells us that that is only a portion of what we have to provide, for in the session which closed on the 7th of July we passed estimates totalling $550,000,000. That immense sum of money has to be provided for, and the items mentioned here are but a very few of those aggregating the $550,000,000 which we then threw upon the shoulders of the people. But taking it as it is here, we find the items which I mention aggregate $517,762,000; and we are told by the very excellent authority that the aggregate revenue expected from every source this year will be $224,000,000. That, hon. members will observe, leaves a deficit of $273,762,000. Now, supposing that one-half of the $550,000,000 estimates we passed are yet to be provided for—I will not take half, I will say that we have $250,000,000 not yet provided for. Add that sum to the $273,762,000 and we have a deficit of $523,762,000. That means that this country during the current year must find

$523,762,000 for which we have not one cent of revenue, because our revenue was exhausted long ago—and it must be remembered that our actual revenue often falls short of the estimate made by the Finance Department. But at the very best we are now confronting a situation where $523,762,000 must be borrowed, not so much for public works, but for the ordinary expenses of the country. There is no camouflage about that, these are figures given by the best authorities that the Government can put forward, they are the records of the Department of Finance given to us without question on the authority of officials of that department, including the ex-Finance Minister himself.

In the light of that situation would not sane, wise men say: Well, anything that Canada can do without for the present should not be acquired, but should be left over to be dealt with later under better circumstances; unless it can be shown that it is a very good proposition and something which will bring money to the coffers of Canada instead of placing us under new obligations. I submit, Sir, that if there is any fact in the present life of Canada which should receive our sympathetic support and careful consideration it is this fact of the returned soldier and his wife and children; they should receive as much consideration as anything else that could possibly come before this Parliament. We have been advised by the Government, and it is a matter of record, that there is nothing they can do for our returned men. We have been told on the floor of this House by the hon. Minister of Justice (Mr. Doherty), who was then leading the Government, that it had already been decided that nothing could be done. Of course, there is something going on now—I do not know what it will amount to—but the record of the Government and the letter of the Prime Minister to the secretary of the Great War Veterans' Association, which was read here yesterday, are to the effect that the financial situation of the country is such that not a dollar can be raised to relieve those worthy sons of Canada who have done so much for the Empire and for this Dominion. If we have no money for the soldier—if his baby must cry for bread and we have no bread to appease its hunger—have we money to buy old railway stock? That, Sir, is the situation. We have been told by the Prime Minister, no doubt on his honour and what he thought was the fact, that much as he would like to help the soldiers he had not the means and dared not undertake to do anything which the financial situation of the country would not justify. But to-day there seems to be plenty of money to buy old stock that is worth nothing, to buy a railroad that is hopelessly insolvent and has not paid a cent of dividends for years.

Mr. J. D. REID: That is not so. How can the hon. gentleman say that?

Mr. McKENZIE: If it has paid a dividend, Sir, it has paid it out of the life blood of the road, out of money that should have gone into the upkeep of that road, according to the Drayton-Acworth report which is the Tory gospel.

That report says that $36,000,000 was taken out of the earnings of the road and paid in dividends, whereas it should have been put into the road. I am not responsible for the truth of that statement; it is in the Drayton-Acworth report. The report has been public now for nearly two years, and we have not heard that statement called in question by any Grand Trunk official. They admit that they have allowed the road to run down, taken money to pay dividends, and played the market—I say that advisedly—with the road, hoping when it has gone to rack and ruin to pile it on the shoulders of the Canadian people. A copy of the Drayton-Acworth report has just been put in my hands, and I find this (page lxxxvi, section 10):

> The Grand Trunk Company proper has made unjustifiable charges to capital. Its lines have not been adequately maintained. More than $21,000,000, which ought to have been spent on maintenance in past years, has not been spent. New capital expenditure of over $30,000,000 is immediately required. The country is suffering from the company's inability to give adequate service. The Grand Trunk railway ought to be managed in Canada, and not from London.

That, I think, is sufficient justification for what I said, but in another part of the report it is actually stated that the sum of $36,000,000 which should have been put into the road to keep it in proper shape was paid out in dividends.

Mr. J. D. REID: That has been denied by the Grand Trunk officials.

Mr. McKENZIE: It may have been, but woe betide any man on this side of the House who says that the Drayton-Acworth report is not literally and actually correct as to every word and every figure. Well, I have found those figures in that report, and I take them as being correct and shall stand by them until the Drayton-Acworth Commission tells this House and the country that they were mistaken and that that

money was not used in the way they stated.

I was dealing with the question whether this was a good bargain or not. Whether or not it is a good bargain, I submit that we are not in a position now to launch into an expenditure of this kind, but we should get along as cheaply as we can consistent with present circumstances and the times in which we live. We have been told over and over again by the ex-Minister of Finance (Sir Thomas White) that this is just as much a war year as any of the five years during which the war was on. If this is a war year, if it is necessary for the purposes of the war to borrow $350,000,000 this year and another $350,000,000 next year to square the account, is it not reasonable that we ought, if Canada can raise the money and we have money to spare, to look after our soldiers in the most sympathetic and generous manner? But out of that $350,000,000 we have not got a dollar for the soldier. We cannot give the soldier any because there are other demands. We are asked in some quarters to be generous with the shareholders of the Grand Trunk. I say that we have been generous with them for over sixty years in this country. If there is any generosity in the hearts of members of this House or the people of this country those who have the first claim upon it are the soldiers of Canada and not the shareholders in the Old Land. If we cannot be generous with our own flesh and blood I do not think there is any room for argument for generosity for wealthy men and women in the Old Country. We are anxious, of course, to give a fair deal to every man and every woman in the Old Land who chooses to put money in any of our enterprises; that should be our desire, and we should do it for the sake of our reputation. But the Drayton-Acworth report says that there was bad management in connection with this company. It declares that the road was badly managed both at the operating and the financing ends, that the management were, practically speaking, playing the market and neglecting the requirements of the road. Now that they have let the road go to rack and ruin, is that the time for the people of Canada to step in and pay for all the blunders and mistakes and shortcomings of the management of this road during the last sixty years? I submit that we have stronger calls upon our generosity and upon our finances. There is a greater need elsewhere for any generosity and energy that we possess. The proper thing now is to see how public ownership of railways is going to work out before we take over this system. Then, if public ownership of the railways is found to be good business, and if our finances will permit of it we can take the road over when public ownership has been made a success. To take an illustration, if one of my farmer friends in this House or outside buys a Jersey cow from a man to-day and is asked to buy another Jersey cow from the same man to-morrow, would not a sensible farmer say, "Let me see how the cow I bought from you yesterday is going to turn out, how much milk and butter she gives? Then, when I know what sort of a cow she is, I can talk to you about buying another one." That is business. Why not apply the same principle to the public ownership and operation of railways? We have from 14,000 to 16,000 miles of railway on our hands now. Surely we should be permitted to see how the operation of this mileage works out before we are asked to take over another 8,000 miles without knowing whether public ownership and operation of railways is good business or not. I submit that in view of these considerations and the facts I shall give later on, it is not a fair proposition to ask us to take over this road at this stage.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

Mr. McKENZIE: (Resuming) Mr. Speaker, just at six o'clock, I was making some reference to the bargain with which we are dealing as not being a good one, and also to the financial condition of Canada, and I was drawing the inference that the purchase proposed was not a wise one nor a good bargain, and that the Canadian exchequer was not in a prosperous condition that would warrant entering into a speculation of this kind. A good deal of credit is claimed by the Government in connection with public ownership, and they have been trying to make out that they are pioneers in this matter and that they are doing it as a matter of policy and in the best interest of the country. I wish to quote from a cablegram which appears in this blue book which is endorsed "Grand Trunk Railway Company Acquisition and Memoranda respecting the same," published by the Government and placed in the hands of hon. members a few days ago. The very first cablegram which appears on page 3 is one from the Rt. Hon. Sir Robert Borden to the Dominion High Commissioner at London. It is marked "confidential," and reads:

Following for Smithers, President Grand Trunk. Begins. Most Confidential. Public opinion greatly exercised by proposed increase of railway rates. We are hearing appeal to-day from Railway Board's decision. Having regard to all conditions which confront the Government it seems highly probable that circumstances will compel us to take active steps toward nationalization of Canadian railways in immediate future.

I quote that, Sir, to show that the view of the Government at that time was not that they were entering upon a promising business or upon something that was inviting, but that they were confronted with a condition which would compel them in the near future to take over the railways. It is hardly necessary for me to point out that a business man does not enter upon a business venture in a spirit of that kind if he believes it to be a good one. He enters upon that business because he believes it is going to be profitable and that it will be a good investment for his money, or if he is investing somebody else's money, because he thinks it is a profitable venture for the person whose money he is handling, and he will not make use of such language as the Prime Minister uses here, namely, that he finds himself in a condition where, in the immediate future, he must deal with those railways as a national-owned railway.

I find a little further on in this book, at page 7, a reference in a letter which the hon. Minister of the Interior (Mr. Meighen) wrote on the 11th July to Sir Alfred Smithers. I am quoting that letter only to show that the Government regarded the Grand Trunk railway and the Grand Trunk Pacific railway at that time as one and the same company and one and the same property. The hon. gentleman (Mr. Meighen) in this letter says:

This latter company—

That is the Grand Trunk Pacific.

—is in every sense subsidiary to, and its stock is wholly owned by the Grand Trunk Company.

A little further on, he says:

Throughout the negotiation and indeed prior thereto, it has been made clear to your company that the obligations of the Grand Trunk company to the Grand Trunk Pacific company could not be ignored and that the Government could not undertake to assume the indebtedness of and to operate the Grand Trunk Pacific and branch lines thereof, and to relieve the Grand Trunk of responsibility therefor, while the Grand Trunk itself, as a subsidiary of which and indeed as an extension of which the Grand Trunk Pacific was built, remained in independent hands.

This clearly shows that the Government and the Minister of the Interior at that date regarded the Grand Trunk and the Grand Trunk Pacific as mutually responsible for the obligations of the one and the other, and that the Grand Trunk was not going to get out from the responsibility which devolved upon it by reason of extending its road, as the minister said at that time, and building a branch to the West, and the Grand Trunk Pacific was at that time regarded as an extension of the Grand Trunk railway. I am mentioning that in connection with the horror with which the Government now view the idea of putting any railway into the hands of a receiver. The Grand Trunk Pacific is a road which the Government regard as part of the Grand Trunk. They say it is to all intents and purposes an extension of the Grand Trunk, and they immediately, without the slightest hesitation, put that branch, that part of the road, of the same company, into the hands of a receiver.

Mr. J. D. REID: Might I suggest to my hon. friend that they put themselves in that position because they refused to operate?

Mr. McKENZIE: I am talking about the question of receivership.

Mr. J. D. REID: That is what I am talking about.

Mr. McKENZIE: According to the Government, it is practically the same company under a slightly different name. According to Mr. Meighen's letter, it is the same road. The main body of the road is in Ontario; some of it is in the United States; but according to this letter there was an extension of it, namely, the Grand Trunk Pacific, into the West. That portion of it the Government do not hesitate to put into the hands of a receiver, and if it is proper business to put one portion of a road which defaults and one section of the same company which defaults, into the hands of a receiver, I can see no great sin in putting the balance into the hands of the receiver. That is why I say it does not lie in the mouths of hon. gentlemen opposite who have adopted this rule of practically putting this whole company into the hands of a receiver, to say that it is a horrible thing to do so.

In view of the conditions that existed in 1903 and 1904, I submit, the Grand Trunk and the Grand Trunk Pacific are inseparably associated in their business, which is essentially indivisable from every standpoint, moral and practical. It may suit the convenience of the Grand Trunk to repudiate the Grand Trunk Pacific as a fail-

ure to bad management; but if the Grand Trunk Pacific had been successful and had made money—if its stock were away beyond par—you would see the Grand Trunk claiming it as absolutely their own, and arguing that there was no difference between the two except for a slight addition, and the extra word "Pacific" as applicable to the portion extending from Winnipeg to the West. If in the interests of Canada it is necessary to put one portion of the road into the hands of a receiver when it cannot pay its bills, there is no good reason why the rest should not be submitted to the same receiver, if the Government wants to keep it out of the hands of strangers. No man wants to buy any real or personal property without very definite information concerning the seller's title. If any trader comes to the door of any hon. member with a horse to sell, naturally the first question will be "Is it yours?" and if the seller says it is his, subject to five or six bills of sale which are recorded, the other man will decline to buy it encumbered in that way. He will tell the seller to clear the bills of sale and get a good title, and will not heed any suggestion that he should take the horse and allow the bills of sale to be submitted to arbitration to ascertain what equity there might be in the horse. In this case we are asked to buy property, in the shape of a railway and its belongings, that is ten times covered over and patched up and literally buried under mortgages and bills of sale of all kinds. There is no title in the company, because it is encumbered to the hilt. But we are told: "Take it off our hands and if there is any question about title the arbitration will settle it." The company say to themselves: "The company is a wreck; everything is smashed; and the Lord knows what the arbitrators may do. They may give us something, but if we don't get anything we cannot be worse off than we are now."

Now, an offer was made to the Government to buy this road, as appears on pages 12 and 13 of the blue-book. That offer is made on behalf of the company by Sir Alfred Smithers. The letter was addressed to the Prime Minister (Sir Robert Borden) and bears date London August 8, 1918. It reads:

Dear Sir Robert Borden:

At the meeting yesterday between you and Mr. Ballantyne and General Mewburn and a committee of my board and myself, I made a proposition which, after a long discussion, you asked should be put in writing.

I think, in order to put it in its true perspective, I should just put down the propositions that have passed between the Government and the company. You have all the particulars of those propositions, and therefore I only shortly put down the bare figures.

At your request on the 25th January, conveyed through the High Commissioner, asking the board to say on what terms they would recommend the sale of the Grand Trunk and Grand Trunk Pacific to the Government, I replied with a statement of terms which at the end of 1930 would have resulted in an annual payment by the Government of 1,609,000 pounds. On the 7th March you replied on the part of Government, with an offer which at the end of eight years would have involved on annual payment by the Government of 739,000 pounds, or you were prepared to leave the whole question of the amount to be paid to arbitration. At our meeting yesterday I proposed that the Government should pay a net annual sum of 977,000 pounds, being the amount of net earnings for the year 1913, the last normal year before the war, and thus following the course pursued by the British Government towards the British railway, and leave to arbitration what further sum, if any, the shareholders are entitled to in respect of the prospective value of the undertaking that must arise from the development of the Dominion. This offer I now repeat. But, it was also suggested that an alternative offer should be made of a definite sum without arbitration, and I am authorized to say the board would recommend to the shareholders the payment of an annual sum of 1,163,000 pounds.

There were other offers, but I think, without confusing the issue, that I am safe in treating this as the offer that was made by the company to the Government. The Prime Minister replied indirectly to this offer on 10th September, 1918. I say "indirectly," because his letter is addressed to the High Commissioner at London and was likely by cable. It bears date 10th September, 1918, and is as follows:

Perley, Dominion,
London.

B107. Please inform Smithers with respect to his letter 13th August that I have consulted Minister Finance who has just returned as well as my other colleagues. The Government has not power to guarantee proposed note issue without the authority of Parliament and we do not consider it practicable to ask Parliament for such authority. The Government is disposed to assist in every reasonable way the maintenance of company's credit as is evidenced by the advance of one hundred and twenty-two thousand pounds on July 1st and by our offer of 12th July last to advance three hundred and eighty thousand pounds to meet fixed charges upon terms which were regarded as reasonable but which the company declined. We shall be glad to have any further suggestions from Smithers as to the methods of assistance. There is strong objection in Council to any increase of our offer for the following reasons. It is most unwise and undesirable for a Government without the report of a commission or Board of Arbitration or a vote of Parliament to undertake a large annual payment which would represent the capitalization of eighty or a hundred million dollars. The offer already made is

based on the Drayton-Acworth report which affords a sufficient foundation for Government's proposal.

If we go beyond the bounds of that report we have no certain guide as to what we should propose. Council will not accept either of the offers which Smithers put forward and unless they receive further offer before end of month they will consider negotiations at an end.

I have read that part of the Prime Minister's cablegram because it bears out the attitude which we take in this House. It has been said—perhaps it was said by myself while the resolution was before the House—that we should not consider the purchase of this railway until a proper report was made as to the actual condition of the company. We are borne out in that attitude by the Prime Minister, who says in this cablegram that the Government have nothing before them but the Drayton-Acworth report, and that that report would not justify them in accepting the proposal made by the company. I propose to show that there is nothing before Parliament or the Government except the Drayton-Acworth report and that there is nothing in the Drayton-Acworth report that would justify the attitude of Parliament or the Government in reference to this proposition to-day. When the Prime Minister refers to the Drayton-Acworth report, what does that report say? While I have not read the whole of the report and there may be some things in it which I do not know, I find reference to this question at pages lxiv and lxv. It says:

It will be seen that the average amount paid in dividends has been $3,600,000 per annum. So the Stock Exchange valuation practically capitalize the dividends on 5 per cent basis. And this, in a rapidly developing country, might be reasonable, if the dividends had been earned and could be maintained. But in view of the statement of the company's own officers that $21,000,000, which ought to have been spent out of revenue for maintenance has not been so spent, it cannot be contended that the dividends have been earned. In view of the further fact that the company has to face immediate liabilities of over $5,000,000 per annum in connection with the Grand Trunk Pacific, and of the statement of its own officers that a capital expenditure of $30,000,000 is immediately required on its own lines to put the company in proper condition to do its existing business, it can still less be contended that the dividends are maintainable. It cannot therefore be expected that the trustees should acquire the stock from the shareholders on the basis of past dividends. Even if the Government were to relieve them entirely, as suggested by their president, of their unfortunate Grand Trunk Pacific venture—and as we have already said, we cannot think that this request can be reasonably justified—it is evident that the Grand Trunk Company is not and will not be for some time to come, in a position entitling it to pay out any money at all in dividends. We regard the entire share capital of the company as being intrinsically of but small value at the present time. On the basis of present value of maintainable income the fair compensation would be very small.

According to this report the stock of the company is practically valueless.

Mr. J. D. REID: Read on to the next clause.

Mr. McKENZIE: I am going to read; my hon. friend need not be afraid. I will give him the sweet with the bitter if he thinks that it is sweet:

But we do not think that this is the only basis on which the people of Canada should proceed.

I would like to tell my hon. friends that the authors of the report are now getting into a charitable frame of mind. It is likely after dinner when they are writing this part of the report the austerity of the other paragraphs has disappeared and they are becoming charitable.

But we do not think that this is the only basis on which the people of Canada should proceed. We think this is a case for generosity rather than strict justice. Canada is under obligations to the Grand Trunk shareholders, who, in the early days, with but small Government assistance, and in competition with the railways of the United States with their vastly greater resources, built up the first Canadian railway system. In later times the company has had further to meet the competition of heavily subsidized Canadian rivals. And it cannot be said that at any stage of its history the shareholders have obtained excessive profits on their enterprise. On the whole we recommend that, on condition of the surrender by the Grand Trunk Company of their entire share capital, guaranteed, preferred, and ordinary, the trustees grant a certain annuity, charged as a working expense on the whole undertaking of the Dominion Railway Company, for the first seven years, increasing at the termination of that period by something like 40 or 50 per cent.

Mr. J. D. REID: That is just what we are doing.

Mr. McKENZIE: I will satisfy my hon. friend to his heart's content that this is not what he is doing:

We have left the figures blank as there will be questions of cash in hand, value of stores, etc., which must make the precise figures subject to negotiation.

Mr. J. D. REID: That is what we are doing here.

Mr. McKENZIE (reading):

But our meaning is that the first figure should be a moderate but substantial percentage of $3,600,000—

"A moderate percentage of $3,600,000." I would like to know from the Minister of Railways where under this bargain he

makes an annual payment of a moderate percentage of $3,600,000.

Mr. J. D. REID: There is the $2,500,000.

Mr. McKENZIE: Evidently the hon. gentleman refers to something in the bargain that I could not come across. The hon. gentleman says "$2,500,000." That is the payment on the preferred stock but he has immediately alongside of that to pay nearly $8,000,000 on the debenture stock.

Mr. J. D. REID: This was to be in addition to that.

Mr. McKENZIE: This report does not say so. This report says that the company have to deliver up everything they have.

Mr. J. D. REID: No, it does not.

Mr. McKENZIE: That is the suggestion here. They have to deliver, holus bolus, everything they have from common stock up and then the Government comes in and makes an allowance upon the basis of $3,600,000. not the whole but a moderate or substantial percentage of the amount. That is the suggestion of the Drayton-Acworth commission and that is the only authority which the Government have to-day. They have had no further investigation, no inquiry, no report, no arbitration. The Prime Minister, in his cable to the commissioner of the 10th September, 1918, says that there must be some substantial basis for the figures in the offer before anything of this kind should be done and that it should not be done except after investigation, inquiry and report to the Government. There is no such inquiry, no such report, no justification for the bargain to-day which is infinitely, away and beyond anything that could by the most lively stretch of the imagination be justified under the Drayton-Acworth report. They were travelling in the dark and without a shadow of authority at all except what negotiations may have gone on here, as to which we have no report and nothing upon which this House can base any decision. Now, Mr. Speaker, those were the preliminaries and those were the matters which passed back and forth between the Government and the president of the road, and also the reference that was made to the Drayton-Acworth Commission report by the Prime Minister and making it a basis for further negotiations. I wish to point out, and I am using the Drayton-Acworth report for that purpose, that this company has not been for the last ten years in anything like a good business condition; that it is not in good business condition to-day; and that when the Government is taking the road over they are taking it over with that knowledge and with this report before them which was made by the select commission appointed and known as the Drayton-Acworth Commission. I said before—and many of the members of this House have said the same—that before we depart from the basis of that report, before we depart from the attitude which we took at that time and which the Prime Minister took, there should be something substantial and something reliable upon which the people of this country can base any different decision at which they will arrive.

I propose to show that the bargain we are making is going away and beyond what was proposed at that time, and away and beyond the value of this undertaking. I hold in my hand a copy of the report made to his company by Sir Alfred Smithers on the 21st March, 1919, in which he states:

> I have had most heartrending appeals from the many thousands of British investors who have invested their money in the securities of the Grand Trunk Railway.

Is that the institution which the Canadian people want to take over? Have we not enough appeals, and just appeals, now with respect to the moneys that this country can produce and pay out? Have we not enough of that without going to take over the heritage which this gentleman who was president of this board has howling around him and which he is anxious to pass over to the Minister of Railways?

Mr. J. D. REID: Might I suggest to the hon. member, they could not pay the dividends, although they were earned, as long as the Grand Trunk Pacific was in default.

Mr. McKENZIE: They have never paid one farthing on those bonds, and they are not paid yet. We have to pay them or they must be done without. That is the position of the Grand Trunk Pacific and the Drayton-Acworth report went fully into the matter. They say nothing about money being paid to the Grand Trunk Pacific. They say that this company has been badly managed, badly financed, and badly operated; and that they have taken the life blood out of it, and for the sake of appearances, passed money around in the shape of a small dividend to keep the thing going, which money should have gone into the operations of the company. Those are the facts, Sir, and it was under those circumstances that this distressing statement of Sir Alfred Smithers

was made, which I have read. If the Grand Trunk Railway Company—by one means or another, by any means, I care not what they were—induced money owners to put their money in an enterprise which is not legitimate—that is, legitimate from not having an earning capacity—is that any of our affair? We have never deceived them in any way; we have never treated them harshly; we have never charged them any more than any other company which was doing business in this country. And if they have failed to make ends meet, if they are not paying out their dividends as they ought to pay them, is that any reason why the wreckage should be brought home to the Canadian people and we should be obliged to pay one hundred prices for it so that this howling which is rending the ears of Sir Alfred Smithers should cease and "that the lowing of cattle and the bleating of lambs should not be heard any further in the land?" I submit, Sir, it is not a reason; and no matter how much we may sympathize with the people who have been fooled in this way and have lost their money, and no matter how much we might like to help them, we must be just to ourselves, just to our own people, and just to the taxpayers of this country whose money we handle. It is not our money and we must be just before we are charitable. We have no business to pay out moneys which do not belong to us in order to take over an ill-advised and ill-managed concern such as this company evidently has been.

Now I pointed out the offer that was made and the offer that we could have accepted if we had been anxious to take over this company at that time. I have prepared a statement based largely upon the figures which appear in the blue-book that was published by the Government for the information of members, and also upon information furnished to me direct by the Government, and as I wish to be very careful about these figures and as they require careful presentation, I would ask your indulgence, Mr. Speaker, and the indulgence of the House, in order to refer to my notes a little more than I usually do on occasions of this kind. On the guaranteed stock of the Grand Trunk railway, which amounts to £12,500,000, we undertake to pay annually $2,500,000. On the debenture stock, which amounts to £31,926,125 we undertake to pay in perpetuity $7,981,531. On a very close and conservative estimate we shall find that arbitration will value the stock at not less than $55,610,238, upon which we agree to pay interest at four per cent, amounting to an annual charge of $2,224,409. I submit when I am making this calculation that this stock may be put by arbitrators at fifty per cent. This stock that is likely to be submitted to arbitration is ranging now from eleven cents on the dollar up to forty-five and fifty; some of it, I understand, is as high as seventy and will go higher. Now, we had stock to arbitrate in this country a couple of years ago, that the Drayton-Acworth Commission stated was worth nothing—not worth one cent at all—but arbitration found it was worth eighteen cents on the dollar and called upon this country to pay $10,800,000 for it. Now it is not hard or fallacious or specious reasoning to say that if stock which was declared by a competent authority to be worth nothing at all, sold for $10,800,000, stock which is ranging from eleven cents to forty, fifty and seventy, should be found to be worth fifty per cent by arbitration. I trust it will not if we have to buy, but there is no telling what may happen, because this Government, when it established the very vicious precedent of allowing to go to arbitration stock which was worthless, put the argument in the mouths of all people for all time to come that this stock, declared to be worthless, was found by a competent court to be worth the amount I have mentioned, $10,800,000, and that equally valueless stock of any other railway companies might justifiably be treated in the same manner in future. The outstanding indebtedness of the Grand Trunk for equipment and other matters amounts to $552,556,019, and the annual interest on that debt, all of which is at 6 per cent, amounts to $33,153,361.

Mr. J. D. REID: Does the hon. member mean that the annual interest is that amount, or that that is the principal on which the interest is computed?

Mr. McKENZIE: That is the interest for one year; I do not know how long it may be continued. If the bonds and securities are taken over and the Government only pay the interest, that is the annual charge they will have to pay to keep that going.

Mr. J. D. REID: I was looking at page 39 of the blue-book. There I notice that under Notes Payable, which I take it are equipment bonds, the amount is $35,548,235. The figures are not quite the same, but I mean there would be interest on that $35,000,000. I understand the hon. gentleman to say that there will be that amount of interest instead of that being the amount on which the interest will be computed.

Mr. McKENZIE: That is the position I take, and I have obtained my figures from the blue-book which the hon. gentleman holds in his hand. There is also a stock issue of $50,126,655, shown on page 39 of the same blue-book recently issued by the Government in connection with the financial and business standing of the Grand Trunk. That stock, which we also assume, bears interest at four per cent, which will amount to a further claim against the country of $2,005,066. The total annual interest upon all the Grand Trunk liabilities which we assume is $47,864,367. The earnings of the Grand Trunk for the railway year ending 31st December, 1918, were $64,482,316; the operating expenses were $53,435,801; leaving a balance, of $11,046,515, from which must be deducted the loss on the roads operated in the United States amounting to $1,639,317. This leaves a net balance, without deducting the fixed charges, of $9,407,198; but subtracting the fixed charges, which were $9,398,438, there is left only $8,760. Taking the very best situation in which the road can be placed for that year and giving credit for a clean earning of $9,407,198, and deducting that amount from the annual interest charge of $47,864,367, there is left a deficit of $38,457,169 on the year's operations of the Grand Trunk, which deficit must be paid annually by the people.

Mr. J. D. REID: I think the hon. gentleman has made a mistake in regard to the equipment bonds.

Mr. McKENZIE: The mistake is very slight, if any. I mean that my figuring was rather in favour of the company—not intentionally, but some of the debenture stock is at five per cent and some at four per cent, and by mistake I figured the whole of it at four per cent, thus giving the company the advantage of that difference.

Mr. J. D. REID: I do not say that the hon. member is intentionally wrong, but I understood him to state that there was $35,000,000 interest on equipment bonds, or rolling stock.

Mr. McKENZIE: There are a great many things in that indebtedness besides rolling stock. The hon. gentleman I think will find on pages 38, 39 and 40 of this blue-book a long list of indebtedness, including rolling stock and many other things besides. I have subtracted from that the stock which we are dealing with separately, and am dealing with the balance as being a standing indebtedness of the company. This is infinitely worse than if the Government had accepted one of the offers made by the company in the early part of 1918—that is the offer which I read to the House when the negotiations were instituted.

On that occasion the company offered to accept an annual payment of $4,885,000, leaving to arbitration any further allowance which should be made to the company for the prospective value of stock; or in the alternative the company offered to accept a total annual payment of $5,815,000, without any arbitration at all, the amount of $5,815,000 being for the full claim of the company for the road. It will be noticed that the difference between the two offers is $930,000, and in that way one can have a glimpse of the value which the company placed upon the prospective value of the stock which was to be arbitrated under their first offer.

If you capitalize $930,000 at 4 per cent, it will amount to $23,250,000, that is, it will require $23,250,000 capital at 4 per cent to produce an income of $930,000.

We are now agreeing to pay $2,500,000 on the guaranteed stock of £12,500,000 and $7,981,531 on the £31,926,125 debenture stock, total annual payment for all time, upon those two classes of stock, $10,481,553. The company capitalized the prospective value of their stock evidently at $23,250,000. Supposing they only get 50 per cent of that value from the arbitrators, or say $11,625,000, that amount invested at 4 per cent brings an annual income of $465,000, making the annual payment under the present agreement of $10,946,553 on the stock alone, without reference to the outstanding indebtedness of the company, which must be provided for.

It is to be noted, as already stated, that on the 8th of August, 1918, the company offered to accept in full, without arbitration, $5,815,000, an amount of $5,131,553 less than the present bargain into which the Government have entered. This, of course, does not include the liabilities of the company or the outstanding indebtedness outside of the stocks herein mentioned. All of this goes to show that to-day the country is making a very poor bargain indeed, and one which cannot be justified or supported upon any business principle.

The official figures furnished to me by the Government show that in the year ending 31st December, 1918, the Canadian Northern Railway had total earnings of $60,689,257; the operating expenses were $55,843,154; fixed charges, $21,677,965, leaving a deficit for the operation of the year ending 31st

December, 1918, of $16,831,862, which the Government had to provide for, and on which the country had to pay interest to the extent of $841,000, making a total deficit of $17,672,862 for that year.

I have already referred to the result of operations on the Grand Trunk for that same year, and will not say anything further for the present.

For the same year, the Grand Trunk Pacific had a revenue of $11,888,808; the operating expenses were $13,687,681; fixed charges $9,398,438, leaving a deficit on that year's business of $10,263,281. On that deficit the interest amounted to $513,164, making a total deficit for that year of $10,777,445. In connection with the Grand Trunk Pacific, I have received further figures from the Minister of Railways and Canals. Up to August 31, 1919, the sum of $5,407,522.26 had been advanced to the road, and the net operating deficits are given as follows:

March 10 to 31, 1919	$185,447.66
April	458,286.61
May	586,434.45
June	518,816.56
July (estimated)	446,515.00
August (estimated)	505,247.00

A total deficit for March, April, May, June, July and August of $2,700,746.68. Those figures are for what may be regarded as the best part of the year, and are by no means encouraging.

The Transcontinental railway for the year ending 31st March, 1919, had total earnings of $10,412,407; operating expenses were $13,028,381; deficit $2,615,974. The capital invested in the Transcontinental railway is $173,000,000, interest on which amounts to $8,650,000 and interest on the deficit for one year $130,798, leaving a net deficit for the year's operations of $11,396,772.

The Intercolonial railway for the year ending 31st March, 1919, had total earnings of $26,435,343; operating expenses were $28,236,506, leaving a deficit of $1,801,163 for that year's operations. The capital invested in the Intercolonial is $125,000,000, interest on which amounts to $6,250,000; interest on deficit $90,058; total deficit, $8,141,221.

The total deficit for the last railway year of the three roads operated by the Government amounts to $47,988,300. If we add to this amount the deficit of the Grand Trunk $38,457,167, there is in prospect for government operation of railways an annual deficit of $86,445,467.

[Mr. McKenzie.]

Mr. J. D. REID: What did my hon. friend make the total deficit of the three roads?

Mr. McKENZIE: I said $47,988,300.

Mr. J. D. REID: The statement I submitted to the hon. member showed the deficits as follows: Canadian Northern $16,831,862, Grand Trunk Pacific $10,263,281, Transcontinental $2,615,974, Intercolonial $1,801,163, or a total of $31,512,280. Has the hon. gentleman added the interest on capitalization to those figures?

Mr. McKENZIE: That is true. Those figures bear incomes and disbursements but do not include interest on the capital investment. The figures the minister handed me were $43,423,500, which included some interest. We are paying 5½ per cent for money now and I have figured the interest only at 5 per cent. I did not make it 5½, but I am sure it would be no exaggeration to figure interest at that rate on any moneys the Government have to borrow to-day. I have calculated the interest on the capital investment, which in the case of the Transcontinental is $173,000,000. I have also calculated interest on the investment of $125,000,000 in the Intercolonial, because we are paying interest on that money. Of course, these moneys when not earned constitute a deficit and an obligation which must be paid out of other revenues.

The minister and the House know that the Grand Trunk has obligated itself to a certain amount of bonds and other obligations which we will have to assume when we take over the road with its assets. These obligations, which appear on pages 51 and 52 of the blue-book, amount roughly speaking, to $198,389,720. Some of these we may not be called upon to pay; I do not know. All that I say is this, that those roads in connection with which we gave those guarantees went nearly $2,000,000 behind last year. The Grand Trunk was called upon out of its Canadian earnings to send nearly $2,000,000 into the United States to pay for the operations of those roads. In connection with those roads, the Grand Trunk has given guarantees to the amount which I have mentioned, and when a man puts his name on the back of a note, he should always be prepared to pay it if called upon, and he must regard it as an obligation. He may not have to pay it, but he may; and when we find conditions of this kind confronting us, namely, that those railways do not pay and that they do not pay their obligations, the strong probabilities are that we shall have to meet

those obligations and to make good those guarantees. For those reasons we must take into account the guarantees of the Grand Trunk to the extent of $198,389,720 which appear on pages 51 and 52 of the Blue Book. That is the condition of affairs of public-owned railways of this country, and I submit to businessmen that that is not a very inviting proposition. We must suppose that the operations are carried on as reasonably and as cautiously as the operations of a Government road can be carried on, and yet we are confronted this year with a deficit of something like $50,000,000. This House is deciding upon the question whether or not it is advisable to continue the undertaking and to continue adding to a property which does not seem to promise anything better than, if as good as, the roads with which we have been already dealing.

I have here some authorities on the working of the road and on the policy of Government ownership. Having spoken now longer than I expected, I will not trouble the House with quoting these authorities, and indeed the House is familiar with them. I was going to quote the Montreal Daily Star of October 27, which speaks very strongly against Government-owned roads and the operation of railroads by a government. I was also, on the financial question, going to quote a paper friendly to the Government, the Ottawa Journal, of October 14, 1919, which strongly warns the Government to undertake no further obligations along the lines suggested by this legislation. I was going to make reference to an authority which has already been quoted, Lord Shaughnessy who is, of course, running a railroad that might be regarded as in opposition to Government railways. But when we have to deal with authorities and men who know business, we must not refuse to give credence to their judgment because they happen to be opponents in business. We have in this opinion expressed by Lord Shaughnessy the word and experience of a man who has made a success of a great railway system in this country, and we should not lightly throw aside any suggestions that he may make about public ownership. He asks us to be cautious on this subject and not to plunge headlong into undertakings that may prove fatal to the country. I have also the authority of a certain Mr. Mitchell, president of the National City Company of New York, who, speaking before the Canadian Club in Montreal, gave that club the experience of the American people in connection with government-owned railways. He explains in his statement that the freights on the roads have been increased to the tune of something like $885,000,000 in the last year—that is, that much more money has been taken out of the American people than under private ownership of roads—and after paying this $885,000,000, they find that they have to put their hands into their pockets to the extent of $210,000,000 to square up the year's operation of the roads. The experience in England is not at all inviting, and I have given the House as carefully as I can the figures so far as I can get them in connection with the operation of our roads in Canada. With this evidence before the House, I think I have done all that can be expected of me, not all, perhaps, but at least a portion of what may be regarded as my duty as a representative of some of the Canadian people.

When the facts, the experience of operations of this road, are put before Parliament and the Government, it is then for the Government to decide, and if they make a mistake in the light of proper information and of the truth, the responsibility is entirely theirs. I trust that the Government will not plunge headlong into this undertaking without at least getting some more information about it, and at all events getting the information of which the Prime Minister speaks in his cablegram to the High Commissioner bearing date 10th September, 1918, and appearing on pages 14 and 15 of this Blue Book. In that cablegram he emphasizes the fact that there should be full information before the House before they would depart from their original undertaking or from the first offer that they made. I pointed out to the House that the offer we are making, the undertaking we are now willing to legislate upon and to pass into a bargain and obligation on the part of the Canadian people, is away and beyond and above the amount which was first spoken of and which the Government, in the early days of negotiation, were willing to pay.

As a last word, let me say to the Government that some days ago I pointed out that if this proposition must go through Parliament and we have to deal with it, we should take some precaution to protect the Canadian people against speculation regarding this stock. The negotiations commenced as far back as 24th January, 1918, that being the date when the Prime Minister (Sir Robert Borden) sent his cablegram to Sir George Perley asking him to open nego-

tiations for taking over this road. That became public at once on that date, and the whole world had an opportunity of speculating in that stock from that date forward. The value of that stock should be governed, not by any impetus which it might have received by the negotiations, but entirely by its value on the 23rd January, 1918, before the negotiations became known at all, because that is the real genuine value of that stock, and not the value that it might have obtained after the negotiations became known. We know that after the negotiations got abroad the stock increased in value, and any value that was given to it was given to it not because the property is any better, but because it was hoped that the Government would take it and render it more valuable, but we have no business to pay for that stock any more than it was worth when we commenced the negotiations.

That is the date at which we should consider what this stock was worth.

Now, Mr. Speaker, I would move this amendment:

That the Bill be not read a second time but that the House do come to the following resolution:

That the Bill proposes an uncertain but very large addition to the debt of the Dominion at a time when existing obligations, arising out of the War and from other causes, are so vastly in excess of all previous obligations as to give much cause for anxiety on the part of all who are concerned in the financial position of Canada and the maintenance of the public credit.

That a measure of such wide-reaching character and large importance requires a study by the House and the people that cannot possibly be given in the closing days of the session.

That the present session of Parliament was called for a special purpose which has already been accomplished.

That on Wednesday October 8th the Honourable the Minister of Trade and Commerce, acting as leader of the House in the absence of the Prime Minister, stated that the Government's expectation was that the session would close within the then current week.

That under such circumstances the introduction by the Government of a measure of such great importance as the acquisition of the railway and property of the Grand Trunk Company of Canada is improvident and inexpedient.

That for these reasons the further consideration of the Bill be deferred until a future session of this Parliament.

I move this amendment, seconded by the hon. member for Shelburne and Queens (Mr. Fielding).

Mr. J. D. REID: Mr. Speaker——

Mr. ROWELL: Mr. Speaker——

Some hon. MEMBERS: Who has the floor?

[Mr. McKenzie.]

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. ROWELL: My hon. friends will have ample opportunity to cast their vote against public ownership when the time comes.

An hon. MEMBER: How soon?

Mr. SPEAKER: Order.

Mr. ROWELL: The argument advanced by the leader of the Opposition (Mr. McKenzie) against the second reading of the Bill and in support of the amendment for the six months' hoist was based principally on four grounds. First, my hon. friend clearly stated his position as being opposed to public ownership of railways or utilities of this kind under any conditions which he conceived possible in Canada. Secondly, he took the ground that this proposal was not in the public interest, so far as the merits of the proposal itself were concerned; thirdly, if I understood him aright, he thought that the financial position of Canada was not such that the country should undertake the purchase at the present time; and lastly, my hon. friend expressed the view that it was inopportune at this session to bring forward the present Bill. I think I have fairly summarized the grounds upon which my hon. friend is opposed to the second reading of the Bill and moves the amendment for the six months' hoist.

Mr. Speaker, I desire to deal with these questions briefly and in the order mentioned. The hon. gentleman states his opposition to the principle of public ownership. Suppose we concede, for the sake of argument, that it is a debatable proposition. Then I submit my hon. friend has not made out a case, because in Canada we have public ownership of railways on a very large scale and must continue to have it for many years to come.

Mr. JACOBS: Has it been a success?

Mr. ROWELL: That depends entirely on the standpoint from which you view it. The Intercolonial was built as a political railway to serve political considerations of very great national moment. It was not built originally as a paying transportation proposition; it was intended to serve great national ends. During the long period of the existence of that road it was operated as a political railway, in the sense that business and transportation considerations were not the dominating motive in its management, and every hon. member on both

sides of the House knows that to be the case. Under these conditions, you cannot test the question of public ownership of railways by the Intercolonial, and there is not an hon. member in this House who will say that the experience with the Intercolonial is a fair criterion as to the success or failure of the public ownership of a great system of railway transportation. We now have that added to by many thousands of miles of railway,—added to not primarily because the Government of Canada wanted to embark on the purchase of railways but because of the colossal failure of the private ownership and operation of railways in this country. The whole railway situation, which is calling for the most earnest consideration of the members of this House, and of the business men and the people generally of Canada, arises, not out of the public ownership of railways but out of the bedevilled condition created by private ownership of railways in Canada. If our railways are in trouble to-day it is not because of public ownership but because of private ownership.

An hon. MEMBER: What about the Canadian Pacific railway?

Mr. ROWELL: My hon. friend asks what about the Canadian Pacific railway. Well, it is a magnificently operated railway and has been a great success. But it has been subsidized by public moneys and lands as few railways in existence have been subsidized, and I doubt very much if it could have been the success it is had it not been for the great assistance which it received at the hands of the Government of Canada. But to come back to the other railways. They are in the hands of the Government not because of any failure of Government ownership but because of the failure of private ownership and operation of railways in Canada. Tens of millions of dollars have been invested in railways in Canada for which the public will receive no adequate return, because of the duplication of lines over stretches of territory where that duplication is wholly unnecessary, and the people of Canada for a generation must bear the burden. The transportation of the people must suffer by reason of this enormous and wasteful expenditure of public money under private ownership, and as a result of the action of both political parties in handling the railway problem in Canada. We are faced with a railway situation to-day where millions of money have been invested in sections of railways which are not needed in the public interest and for which the investors will never get an adequate return, for the traffic along these lines will not provide sufficient freight to enable them to earn a return. This condition of things is due not to public ownership but to private ownership of railways in this country.

Although public ownership and operation may not be as great a success as some of us hoped and believed it might be, or as some of my hon. friends feared, I venture to think it could not very well be worse than the experience we have had in Canada in connection with the private ownership of railways. I mention that because my hon. friend asked a question.

We have public ownership of railways in Canada whether we wish it or not, and the taking over of the Grand Trunk is not embarking upon a new venture. It is the endeavour to make more safe and secure our existing investment in these railways. Do hon. members say that this is not a wise and prudent thing in the national interest? Concede all my hon. friend says about the cost of operating our present railways, concede all my hon. friend says about the shortage, the difference between revenue and expenditure in operating these railways, concede all that my hon. friend has claimed about the deficits—although I was quite unable to follow his figures on many points—what does it mean? It means that we have this liability on our shoulders and unless we adopt some such expedient as securing this additional piece of railway, Canada will have to continue to bear that burden, will have to continue to meet these deficits, will have to continue to carry that huge liability without any immediate prospect of being relieved of the burden or of its being substantially reduced.

My hon. friend's whole argument absolutely lacks any business or common sense basis. We have got these railways, they are not paying at the present time and one reason why they are not paying is because we have not got a system which is complete in itself, we have not got the connections in the East for the important lines operated in the West. We want feeders in the East as we have them in the West, and one way to save the country from this annual expenditure which it must make in connection with its transportation system is to link up with this great system of railways in the East, the Grand Trunk railway with all its lines through the provinces of Ontario and Quebec, its great opportunities for gathering up freight to send out over our transcontinental railway and its great opportunities for

distributing freight from the West throughout the provinces of Ontario and Quebec. With such connections it should be possible to reduce these great annual deficits which we must continue to pay if we do not link up with this system in the East. Without that, as my hon. friend the Minister of Railways and Canals (Mr. Reid) in introducing the resolution pointed out, we must pay out millions of dollars to establish connections in the East. I appeal to my hon. friends opposite, I appeal to any man of business common sense, looking at the matter quite apart from any question of public or private ownership, what would a business man do if he had a system of transportation such as the Government of Canada has, which could never be made to pay under existing conditions, and in which not millions but hundreds of millions of dollars are invested? What I ask would a common sense business man do?

Mr. CANNON: Throw some more good money after bad.

Mr. ROWELL: My hon. friend would be forced to do one of two things; he would be forced to endeavour to make it a good and complete transportation system in itself—that is one possibility—or he must be prepared to sacrifice the investment he has already made. I venture to think that a common sense business man, in his own interest, would choose to protect the investment he has by making the additions which would ensure a complete and successful system of transportation. That is what the Government is now proposing. While the merits of this proposal are not dependent on the question of public or private ownership, in so far as I am concerned and speaking for myself, I believe that a national system of transportation under efficient management can be made a success.

Mr. McCREA: Has it been made a success anywhere else?

Mr. ROWELL: It has been made a success I believe in many countries in Europe. It has not been tried in Great Britain or the United States except under the stress of war conditions when there can be no fair trial from the standpoint of earning dividends. My hon. friend knows that under war conditions the earning of dividends is not the primary consideration in operating these railways. The question during the war period was to get the largest amount of freight to its destination in the shortest space of time, no matter what the expense might be. Financial considerations or the earning of dividends did not enter into the problem. Therefore, the experience of Great Britain or the United States is not a test of public ownership under nomal conditions.

An hon. friend near me says "Give a case." I say that we have in the Hydro Electric of Ontario the case of a great public utility efficiently managed which has saved millions of dollars to the people of Ontario.

Mr. CANNON: What happened in London yesterday?

Mr. ROWELL: My hon. friend may speak of London or any other place; the people of Ontario are behind a publicly-owned and operated hydro-electric system, and they would vote in favour of it if they had the opportunity just as decisively as they did on the question of prohibition yesterday. My hon. friend asked for an illustration and I have given one.

Mr. CANNON: Give us another one.

Mr. ROWELL: Until my hon. friend can dispose of the one I have already given I think that will do for him. There is no reason why such a system should not be efficiently managed if given business management. It cannot be managed efficiently and successfully if it is made part of a political machine, every hon. member of the House knows that. One of the reasons why public ownership has not been successful in the case of the Intercolonial is that because, as my hon. friend knows, for a long time political party considerations did determine the question of appointments in connection with that road. But my hon. friend knows, and the Government is pledged to the policy, that in so far as the operation of this great transportation system is concerned, political considerations will not interfere with appointments or promotions to any branch of the railway service.

Mr. CANNON: Will the minister give the House the promise that that pledge will be better respected than that which was given to the Ontario farmers in 1917 by himself?

Mr. ROWELL: My hon. friend's question will give just about as much comfort to the opponents of public ownership as his speeches in the Dorchester by-election gave to the German people when they were published in the German press. Coming back to the question I was discussing—the question of the operation of this system under public ownership—it can be operated if it is operated as a business proposition.

My hon. friend from Shelburne and Queens (Mr. Fielding) says that you cannot take the operation of this railway out of political control. I hope my hon. friend does not mean all that may be drawn from such a statement. I hope he does not mean that it is necessary that political appointments should be made on the staff or among the employees of the government railways.

Mr. FIELDING: There is no limit to political control.

Mr. ROWELL: If my hon. friend means that, then I emphatically dissent from his view. I should hope it would be possible for the people of this country to put in power in Canada a Government that would have sufficient backbone and sufficient force to refuse—

Mr. ARCHAMBAULT: Well, resign then.

Mr. ROWELL: When we think of the horrible thing that would follow if we did resign, it is enough to deter any Government from resigning.

Mr. McCREA: Resign or reform, one or the other.

Mr. ROWELL: I should hope, Mr. Speaker, it is possible for the people of Canada, and for the Government of this country, to put national interests before political and party considerations in the management of our great national railways.

Mr. FIELDING: I did not mention "party control." I used the expression "political control" on the part of the Canadian people through their representatives. I did not speak of party interests at all.

Mr. ROWELL: I put the question to my hon. friend and he said there were no limits to political control,

Mr. FEILDING: Surely.

Mr. ROWELL: Therefore, I inferred my hon. friend meant all that I said in my subsequent statement. I do not wish to carry my hon. friend one step further than he desires to go in that respect. I go back to my statement again, and I say it is a sad reflection upon the public men of Canada and upon the intelligence and patriotism of the Canadian people if they are not prepared to put a great system of railway transportation on such a basis that it can be managed solely from the standpoint of the public interest on a sound business basis and free entirely from party considerations and from political appointments.

Mr. CAHILL: Does the minister believe that the management of our railroads is in that position now?

Mr. ROWELL: I believe our national system of railways is in that position now. I know there has been no political interference with appointments since the Canadian National Railway system was turned over to the board of management. I know that so far as I am concerned I have never been consulted with reference to a single appointment, and I am quite satisfied that is equally true so far as my colleagues are concerned.

Mr. BUREAU: Does the minister include the Intercolonial and the Transcontinental railways in the Canadian National Railway system?

Mr. ROWELL: I include all those now managed by the board of directors that is managing our railroads.

Mr. BUREAU: That is not an answer to my question.

Mr. ROWELL: I believe they are all under one board of management.

Mr. BUREAU: Is the Transcontinental under the Canadian National Railway system?

Mr. ROWELL: The Transcontinental is, but the Grand Trunk Pacific is under the receiver.

Mr. BUREAU: I am talking about the Intercolonial and the Transcontinental; I did not mention the Grand Trunk Pacific.

Mr. ROWELL: The Intercolonial and the Transcontinental are both under the board of management.

Mr. BUREAU: When was the Order in Council passed?

Mr. ROWELL: I cannot give my hon. friend the date, but he knows these railways have been under the management of that board for months. I submit, Mr. Speaker, that not only has there been no interference on the part of the Government, but I do not think the board of directors would permit any interference—

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: That is too strong.

Mr. ROWELL: —because they have been appointed on the understanding that they are to manage that system solely from the standpoint of the public interest.

Mr. BUREAU: Some system!

Mr. ROWELL: My hon. friends opposite cannot understand that.

Some hon. MEMBERS: Hear, hear.

Mr. ROWELL: The difficulty is, some men judge others by themselves.

Some hon. MEMBERS: Hear, hear.

Mr. ROWELL: My hon. friends cannot believe but that if they were in power they would be exercising this political and party control. Therefore, they cannot give others the credit for not exercising it. This Government has deliberately divested itself of patronage by the Civil Service Act.

Some hon. MEMBERS: Oh, oh.

Mr. ROWELL: My hon. friend again is incredulous. My hon. friend knows he would not divest himself of patronage but would use it to the best of his ability. Therefore, he does not credit anything that is done by anybody else.

Mr. DUFF: It is a question of patronage.

Mr. ARCHAMBAULT: Would the minister permit me to ask him a question?

Mr. ROWELL: Certainly.

Mr. ARCHAMBAULT: Will he tell the House whether the railways are under the Civil Service Commission?

Mr. ROWELL: No, they are not; they are under the direction of the board that manages them, and I say that any appointments or promotions in connection with that railway system are absolutely free from political interference, just as free as appointments or promotions under the Civil Service Commission are—both are absolutely free. One of the biggest things this Government, or any government in Canada, has ever done has been to divest itself of political patronage in the public interest in order that the public life may be freed from it and the public service thus benefited by it. Therefore, I say I believe this national system of railways can be managed in the public interest under public ownership in a way that will prove a success.

Then, Mr. Speaker, I wish to go a step further and to say that so far as I am concerned, I am prepared to have them a little less efficiently managed, than they would be managed by private owners, if such is necessary under public ownership and still belive in public ownership. If there is one thing that has bedevilled the public life of this country it has been the influence of railway corporations.

[Mr. Bureau.]

Some hon. MEMBERS: Hear, hear.

An hon. MEMBER: Mackenzie & Mann.

Mr. ROWELL: I venture to think, Mr. Speaker, that Canada will be much better off, even if it costs her some millions to operate her railways, than to have the influence, political influence, of great railway corporations in its public life.

An hon. MEMBER: Where would my hon. friend be but for Mackenzie & Mann?

Mr. ROWELL: I would be here, but I am not quite sure where my hon. friend would be but for the same influence.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: Order.

Mr. ROWELL: My hon. friends should not get uneasy. They do not like the truth, it seems to be worrying them quite a little.

Mr. CANNON: Not from you.

Mr. ROWELL: My hon. friend does not like it from me. Well, he sometimes has to take the truth even from unpalatable sources. I am sure a little truth will do him good.

Mr. Speaker, not only do I believe the National railway system can be operated and made a success from the business standpoint, and that it is in the national interest to continue to do so, but I believe we will educate our people to the higher responsibilities of citizenship and to disinterested public service only as we trust them with these important responsibilities. The refusal to admit that a public utility can be operated fairly in the public interest is an absolute distrust of the people. It is a distrust of public men; it is virtually to say that they are not prepared to give honest and efficient administration to the country. I do not so under-rate my fellow-citizens. I believe the people of Canada are prepared to support public men of both parties in giving an honest business administration of business affairs and eliminating political considerations entirely from them.

Mr. L. A. LAPOINTE: Give them a chance to say; go to the people on that question.

Mr. ROWELL: Go to the people? If we went to the people my hon. friends would not have a look in in the province of Ontario on the question of public ownership.

Some hon. MEMBERS: Oh, oh.

Mr. SPEAKER: Order. If hon. gentlemen desire to interrupt the speaker they might do the House the courtesy of rising and submitting their questions.

Mr. ROWELL: Not only do these considerations which I have mentioned support the proposition of public ownership and justify the country in enlarging its railway holdings, but I share the view expressed by the ex-Minister of Agriculture (Mr. Crerar) with reference to the general principle of public ownership as applied to our railway system. Therefore I cordially support this proposition on that ground.

But coming back for a moment to the other aspect of the question, even if I did not believe in public ownership, even if I were opposed to public ownership, I would support this proposition on the plain business ground of national necessity. I support it on this ground, Mr. Speaker, for two reasons: First, as an operating proposition. The only way in which we can fairly carry out the obligations we have assumed is by adding this railway to our present system, thus making, in a measure, a complete transportation system, and thus be in a position to enter into competition on fair terms with the other great railway transportation system, the Canadian Pacific Railway Company. My second reason is that even if my hon. friend's view be correct, that we cannot successfully operate a system of railways in the public interest by public ownership, if we wished ultimately to dispose of these railways we would have a vastly more valuable asset with the Grand Trunk added than if we endeavoured to dispose of them without such addition. Test it on any ground, Mr. Speaker, and the acquisition of the Grand Trunk is an advantage to the country. I know it is the view of some business men in the East who are opposed to this proposition that as an asset our national railway system is vastly more valuable with the Grand Trunk added than it is in its present severed condition. And that the additional value of the whole system will be vastly more than the amount we have to pay to acquire the Grand Trunk.

I wish to make that point clear, Mr. Speaker. The combined system is worth vastly more than the separate portions of the system added together, and we only get the real value by combining. It does not need any argument to establish that contention. The reason the Grand Trunk Pacific was built was to give an outlet to the West to the Grand Trunk system in the East. And if you have the Grand Trunk Pacific, with all the burdens and obligations incidental to it, without the Grand Trunk system in the East, you have the burden without the compensation—you have the liability without the asset to make it good. I can quite understand men opposed to public ownership, if they wish to see public ownership fail in Canada, would be bitterly hostile to the acquirement of this Grand Trunk road, because they know that without its acquirement public ownership is bound to result in a heavy financial loss to the country; but with this Grand Trunk railway acquired, with our national railway system in a measure complete, it may be possible to make public ownership of railways a success in this country. I know that many people do not want to see it a success; honestly and sincerely they are opposed to the principle. They believe that in the long run it would be a mistake. They say it leads to Socialism. We have heard that argument during this debate, that public ownership of railways is only leading on to other public ownership of all other kinds of business and to Socialism. Therefore they are opposed to the whole business and want to see it fail. I think I see the hon. gentleman (Mr. Pelletier) who referred to the danger of socialism approving. I see my hon. friend confesses that he is responsible for that statement. Some hon. members think public ownership is going to lead to these dire consequences, and therefore they would like to see it fail. For that reason they are opposed to our taking proper measures to make public ownership a success. Well, that is not the view of the people of Canada. They have got this great undertaking on their hands, they want to see it made a success, and they want the Government to take the necessary means to that end.

Now I come to another point. My hon. friend (Mr. McKenzie) said that this bargain was not a good bargain in itself. Well, I am not going to add much to what I said the other evening in Committee, neither am I going to add to what the Minister of Railways (Mr. Reid) and the Minister of the Interior (Mr. Meighen) have said, except to point out that we have as the basis of this proposal the Drayton-Acworth report to which my hon. friend referred. Based on this report we proposed a cash payment of $2,500,000 for the first three or five years—I have forgotten which it was—a higher sum for the next few years, and then $3,600,000 for the balance of the term. These figures have been before the House and the country for months, I have come back to it again, because no hon. member has up to this time ever challenged those figures, has ever said that our offer was too high, has ever suggested that our proposition was unfair to the people of Canada. And hon. members must bear in mind that

there is only one way of acquiring this road, and that is by negotiation. We cannot get it by expropriation for we cannot expropriate the lines in the United States, the Grand Trunk refused that offer but they are willing to arbitrate. Having regard to those facts, the question is have the Government negotiated a fair deal in this present agreement?

Mr. CAHILL: No.

Mr. ROWELL: Well, if my hon. friend wishes to know the view put forward by the Grand Trunk Company as to their rights and position, he can find it in the statements from time to time issued by them. They not only challenge the proposal, they said it was confiscation to endeavour to force them to agree to it. My hon. friend knows that our proposal means tens of millions of dollars less for the Grand Trunk, so far as their shareholders are concerned, in our actual outlay to acquire this stock, than we have already given to the Canadian Pacific railway and to the Canadian Northern railway by way of bonus and subsidy, speaking of the subsidies granted both by the Federal and Provincial Governments. My hon. friend will see all those subsidies set out in the Drayton-Acworth report, shewing the amount which the Canadian Pacific railway, the Canadian Northern railway and the Grand Trunk Pacific railway have received from the Federal Government. And I submit that in view of the position of this road, in view of its earnings, its possibilities, and its relation to our national railway system, it is well worth the offer which the Government has made for it. The people of Canada are getting a bargain on a fair and sound business basis and on reasonable business terms in the agreement which has been negotiated and is now before the House and covered by the Bill now introduced.

Then my hon. friend said that we had not the money wherewith to pay the purchase price, and he drew a touching picture of the condition of the soldier's wife and child. My hon. friend need not appeal to members on this side of the House to give attention to the soldier's wife and child. They have been giving that consideration and attention ever since this Government was formed. They are giving it to-day. A committee of this House is at present giving that consideration and that attention to the soldier and his dependents. And my hon. friend wholly misinterpreted and misquoted—not intentionally—the statement of the Prime Minister in connection with that matter. The Prime Minister's statement was that the country could not afford an additional cash gratuity such as had been asked, and therefore it could not be granted; but he never said and never suggested that the widow and orphans of the soldier in need of care and protection would not receive attention from this Government and from this country. A committee of the House, composed of members on both sides, on the motion of the Government—and I had the honour myself to make that motion—are now considering that whole problem with a view to making such recommendations as they may consider wise to meet the situation in so far as it is not at present adequately met. My hon. friend knows that the widow of the soldier and his orphan child will receive at the hands of this Government, will receive at the hands of this Parliament,—for I am sure members on both sides are desirous they should—all that is necessary for their care and protection.

But my hon. friend says that we have heavy liabilities. So we have. And he says that we should not spend a dollar that will not bring us a dollar or more in return. We should not spend a dollar that we do not need to spend. I concur in everything my hon. friend has said about the duty of economy. I agree that it is necessary. We have a heavy financial obligation; we have a great burden of debt; we have a serious annual charge to meet, which will be a burden upon us for years to come, and we can only meet it by economy on the part of the Government and by thrift and increased production on the part of the people. We must devote our energies to these tasks. But my hon friend wholly misapplied the argument he advanced in speaking of this proposition as it exists. I take the argument he advanced in favour of economy and conservation of the resources of the country, and I say that under existing conditions we must pay out millions of dollars every year to maintain the railways which we are responsible for maintaining without any adequate return. We are taking over the Grand Trunk, not to add to our liabilities, but to contribute to the relief of our liabilities, to reduce our interest charges, to put our transportation system on a basis where we can see daylight—and we cannot see daylight at the present time. It is because of the necessity of getting relief, because of the magnitude of the burdens we have to bear, that we should complete this undertaking in order to have a trans-

portation system which can pay its own way when normal conditions are restored after the war, and which, as the country develops and as population increases, and the extent of the services it renders to the country increases from year to year, will cease to be a liability and will become an asset of the people of Canada. I believe that is possible if we go ahead with this contract and place the system under efficient management and operate it solely in the public interest.

My hon. friend has said this is not an opportune time, that an intimation was given the House that we expected to adjourn a week ago, and that therefore we should not take this matter up now. It is difficult for me to understand the point of view of my hon. friend. I frankly confess I cannot understand it at all. At the time that intimation was made, as has already been pointed out, it was not anticipated that this agreement would be concluded. But it is concluded. How will we be in a better position to deal with it in February next than we are to-day? My hon. friend has not given us a single suggestion on this point.

We have now all the data we will have next February, and all the information we need to reach a conclusion on the whole proposition. Then what is the object of delay? There can be only one object gained by delay, and that is to give those who are opposed to the country acquiring this road an opportunity to organize their opposition more effectively, and to defeat what we believe to be in the public interests, which require the Government to acquire the road.

Mr. L. A. LAPOINTE: I say that you had this all prepared before the end of the session and were simply holding it by strings. That was the protest of the Montreal Board of Trade.

Mr. ROWELL: I had the pleasure of being present when a deputation from Montreal Board of Trade waited upon the Government, and not a member of the deputation made any such suggestion or anything that bears any relation to it.

Mr. L. A. LAPOINTE: I can show you an item in the Citizen where they represented that you were all along prepared to bring down this measure.

Mr. ROWELL: All I have to say is that no deputation that waited on the Government suggested it, and if any man does suggest it he suggests that about which he has no knowledge and which is absolutely untrue.

Mr. L. A. LAPOINTE: May I ask why the deputation from the Montreal Board of Trade was received in a dark room, with nobody there except the ministers and five or six of the delegates? Nobody knows what passed at the meeting.

Mr. ROWELL: All I can say to my hon. friend is this: It may be that the deputation from the Montreal Board of Trade made a very great mistake when they did not include my hon. friend in the deputation, and that it was an oversight on their part. We are not responsible for that; my hon. friend will have to settle that with the members of the Montreal Board of Trade. I am quite sure had they included my hon. friend in the deputation and had he heard the discussion that took place he would be less satisfied with his opposition to this Bill, and would be more tempted to back up the Government in support of it when he had heard the good reasons advanced why the Government should go on with this legislation.

Mr. L. A. LAPOINTE: Did the Government satisfy the delegation?

Mr. ROWELL: I do not think we did.

Mr. ARCHAMBAULT: Like the farmers' delegation last year.

Mr. ROWELL: They frankly stated their hostility to public ownership under any conditions. There is no policy this Government could take consistent with serving the public interest at this critical time that would meet the views of the Montreal men opposed to public ownership. Therefore, although these are men for whom we have great respect and whose business judgment commands consideration; and although nearly all of them were supporters of the Government—

Mr. L. A. LAPOINTE: Yes.

Mr. ROWELL:—the Government could not at the same time serve the public interest as they see it, and meet the views of their friends in Montreal. So the Government decided to support the public interest as they see it at this time.

I come back to the question, what is the object of delay? There can be no gain by delay except to permit the interests that are opposed to the consummation of this bargain to organize more effectively to defeat it, and if the Government believes that this bargain is in the public interest,

as the Government does, it would be false to its duty if it did not ask the members of Parliament to stay here long enough to give this matter the fullest consideration and to pass their judgment upon it. The fact that we thought we might go home a week ago is no reason why we should not stay two weeks longer if necessary, in order to do this business properly, and I for one cannot see any force whatever in the suggestion that we should not deal with this matter now. We have all the time that is necessary, and it is our duty to consider, not the question when can we get home, but what do the public interests require at our hands? That is the motive which has inspired the Government in presenting the Bill to the House at this time. It is the motive that inspires the Government in pressing the House to a decision on the Bill. It is the motive that inspires the Government to ask the House to vote down this amendment, which we believe to be contrary to the public interests, prejudicial to the success of our national system of railways and in the interests of those who are opposed to the acquirement of this road. We ask the House to vote down the amendment by a most decisive majority, because we believe that the people of this country are back of the Government in their determination to complete this system of Government railways to make it a paying business proposition in the interests of the whole of Canada, thereby giving public ownership a real chance so far as a great railway transportation system is concerned, and at the same time giving the country a fair deal on this most important business proposition.

Mr. JEAN J. DENIS (Joliette): Mr. Speaker, in rising to address the House on this very important subject, I am fully sensible of the many difficulties which it presents. I am fully sensible that no man with an ordinary experience of business transactions can go through the details of the Bill now under discussion, give it consideration and render a judgment which would be equitable to him as well as to his constituents and the country generally. I have tried to acquaint myself with the conditions under which this House and Parliament are now asked to pass this Bill. I have examined it with an open mind, away from all party considerations, and so far as I am able, away from all prejudice for or against public ownership. I think the discussion on this Bill has been drawn out of its path by the constant submitting of this question of public ownership to the House. We are not here to consider whether or not public ownership is desirable. We have the submission from members on the other side of the House that, whether public ownership be desirable or not, we have to acquire the Grand Trunk railway because its acquisition has become a necessity and we cannot possibly avoid it. Well, Mr. Speaker, if this deal has become a necessity, if we cannot avoid it, we need not in this discussion consider whether public ownership is really good or bad for the country. Therefore, in the course of the few remarks which I shall make, I do not intend committing myself or making a declaration either one way or the other on this subject. I take this position for two reasons. The first reason is that it is absolutely unnecessary now for any man in this House who supports the Government or any member on this side to declare whether or not public ownership is desirable, because that question is not submitted. The second reason is that I do not consider I am versed enough in economics to be able to make a declaration on the subject.

I have just heard the President of the Council (Mr. Rowell) bring out a long argument in favour of public ownership. What I have just said is to a certain extent an answer to that argument. I would say this to him: Whether we are in favour of public ownership or not, whether we are or are not bound to buy the Grand Trunk, there is one point which no man in this House can avoid, and that is that we must consider this question seriously; we must go to the bottom of it, and we must avoid making a bad bargain. Whether or not we are in favour of public ownership, we shall not be justified in buying the Grand Trunk railway under conditions which would not be fair to the country but would be detrimental to its interests. I intend to bring before the House to-night this point, that if this contract that is now under discussion and that is comprised in this Bill is to be entered into with the Grand Trunk, we are making a bad bargain with that company, we are making a bargain that will cost the country many millions of dollars which we should not have to pay. And for that reason only I am against the Bill.

What I have just said invites explanations and proofs. In order to determine whether or not this transaction is a good one, we have to consider on the one hand

what we are assuming or, in other words, the liabilities of the company—because we are assuming the liabilities, we are taking the place of the company—and on the other hand the assets of the company or what we receive for our money. I have examined the different classes of stocks and securities which are part of the liabilities of the company, and I have come to the conclusion that they are of four classes:

1. The stocks which the Government is buying. These stocks include:

Common stock	$116,583,124.44
First preference stock, 5 per cent	16,643,999.78
Second preference stock, 5 per cent	12,312,666.50
Third preference stock, 4 per cent	34,884,534.95
Total	$180,424,325.67

2. The securities on which the Government guarantees the interest. These are:

Four per cent guaranteed stock	$ 60,833,332.51
Debenture stocks, four in number	155,373,806.20
Total	$216,207,138.71

3. Funded debt other than the debenture stocks mentioned above. The debenture stocks which I have just mentioned form part of the funded debt, and this is the funded debt apart from the above mentioned debenture stock, $18,184,738.42.

4. Then there are the other direct liabilities to the amount of, $89,578,890.71. Grand total liabilities, $504,395,093.51.

In that oft-quoted document the Drayton-Acworth report I find, on page 36, that the Grand Trunk railway proper made unjustifiable charges to capital; and, further, that new capital expenditure of over $30,000,000 was reported to be immediately required at the time this report was submitted. I contend that the country is assuming the whole of the liabilities of the Grand Trunk Railway Company of Canada. It has been said that we are buying only part of the stock; but as the President of the Privy Council (Mr. Rowell) said, the moment we become interested in the affairs of that company to the point of guaranteeing $216,000,000 of its capital and buying its stock, then we are bound to support the company to the end. We are therefore pledging the country to the extent of $504,000,000 in this transaction. It may be said, truly enough, that the award of the arbitrators will reduce the face value of the stock and that when this happens we shall not have to pay that full amount of $504,000,000. But we do not know anything about that, and it is only an assumption.

On the other hand, there are the assets of the company. What do they represent? The assets of any concern are worth only what they can bring to the owner, and actually these assets are bringing practically nothing. Consequently, after we own the road we shall have to pay the full interest on the liabilities and shall receive practically nothing from the assets, which means that we shall have a deficit of between $15,000,000 and $20,000,000 each year.

This road is to be acquired through the intrumentality of arbitrators, whose award will be final if it is unanimous. I have the strongest objection to this procedure. I do not see why this Parliament should surrender its prerogative and leave it to three men to decide the value of a concern which is estimated by those who own it to be over $500,000,000. I would suggest that the award of the arbitrators be submitted to Parliament. At this late hour, Mr. Speaker, and after the very admirable and interesting speech with which the House has been favored by my hon. leader, (Mr. McKenzie) I do not intend to take up any further time. I think, however, that the House should give this question its most careful consideration, to the end that the country may not be committed to an undertaking which will prove disastrous.

Mr. F. N. McCREA (Sherbrooke): I have not a great deal to say on this question, Mr. Speaker, and as the hour is late I may as well express my views now, for I shall not take up very much time. In the first place, so that there may be no misunderstanding as to where I stand in this matter, I desire to say that I am absolutely opposed to the principle of government ownership of railways or any other utility that can be better managed privately, and I shall give my reasons. I asked the President of the Privy Council if he could mention any country that had made a success of government ownership but he did not answer. He said that English-speaking nations probably could or would, or had done so. but I asked him to name any single nation that had made a success of government ownership and to this definite question I received no reply. Now, I am opposed to government ownership for the reason that other countries have tried it and in every instance it has proved a failure, and I cannot see that it could be other than a failure. I

think that the President of the Council will admit that government ownership and management of railways under the political system is bound to be a failure. Patronage will creep in and render it impossible for a government-owned railway to be successful. How do hon. gentlemen opposite propose to manage a public utility of any kind? Imagine an aggregation of men subscribing a large amount of money for the development of any enterprise—be it a railway or any other concern—and, having completed the preliminaries, handing it over to a few private persons, saying: "This is your property, and you can do as you please with it. Take no notice of us; you are under no obligation to accept any advice we may offer. The people who put their money into it and own it will have absolutely nothing to say about its management: you are virtually the owners." Could any undertaking conducted under such circumstances be at all successful? The best way in which the Civil Service or any other business naturally within the purview of the Government can be conducted is undoubtedly by the direct control of the Government itself. But a railway is a different proposition and must be handled on business lines, and it is unthinkable that any combination of men subscribing a large amount of capital for any business would surrender all interest in its operation. I cannot conceive how a railway can be conducted successfully under public ownership. We represent the people and are supposed to know something about what the Government is interested in, whether in the matter of railways or anything else. The experience of every country that has tried government ownership has been decidedly that of failure and not success.

Taking these two things together, I maintain that it is unthinkable that the Government of Canada or of any other country can handle a railway proposition, give the service and give the attention to it that can be given by the men who actually own the railway. It cannot be carried on as successfully as the Canadian Pacific and other well managed corporations are. The people who have their money in it are the people who direct it and carry on its management. It must be done in that way if it is to be successful and it cannot be done in any other way.

There are a good many reasons put forth why this road should be taken over. We are told that one is that some years ago, when the Grand Trunk Pacific was organized and became one of the lines of transportation, the Grand Trunk Railway Company entered into an agreement to take over and operate the road. They became financially responsible for some $125,000,000, and it is said now that the Grand Trunk, who guaranteed this loan, are not in a position to respect and take care of that guarantee. Therefore, that is advanced as a reason why we should take over the Grand Trunk. Yet, in taking over the Grand Trunk as proposed now, what are we going to get? What assistance are we going to get to pay the principal or interest of the road that has been guaranteed by the Grand Trunk? If I understand this agreement properly, and I think I do, we are proposing to assume a very heavy obligation. According to the Montreal Star of last Thursday, the interest at 4 per cent on the first mortgage bonds which the Government undertake to guarantee will amount to a little over $6,000,000 a year. On the second mortgage bonds the interest will be $2,500,000, while the third set of bonds or securities are supposed to be arbitrated upon, and that is as yet an unknown quantity. The arbitrators will fix the value of the third class security, but putting them all together, the first mortgage bonds at 4 per cent and the second mortgage bonds at 4 per cent, the total which the Government will have to pay will be $8,500,000, which, with the other obligation that will rest upon the sholders of the Government, will make an amount of $10,000,000. That is more than the Grand Trunk has been able to earn. In what way are we going to get any reimbursement of the loan or guarantee made by the Grand Trunk to the Grand Trunk Pacific? I cannot see any advantage in the proposition.

We have heard from both sides of the House that the Grand Trunk proper was in a deplorable condition, that the chairman of the Grand Trunk was appealing to the Government to take care of and protect his shareholders. As I understand it, the first duty of this Government is to protect the taxpayers of Canada; their sympathies should go out to the taxpayers of this country. If the Grand Trunk have operated this road for sixty years under the best management they could put forth, if they have not been able to make any dividends or revenue for their stockholders, if they now come to the Government of Canada and say: "Come to our rescue; take care of our stockholders," if they have been crying for mercy, if they have been saying that they have been receiving no remuneration or revenue in the way of dividends or interest on their stock in this road, I think that is one of the greatest

reasons that could be put forth why this Government should be careful. If the stock is worth nothing and brings no revenue to the people who own it, why do we want it? We have trouble and obligations enough on our hands without undertaking to carry the burdens of the stockholders of the Grand Trunk.

It is said that the Grand Trunk put up the argument that they were misled when they were induced to go into the construction and operation of the Grand Trunk Pacific. I think this House and the people of the country are aware that Mr. C. M. Hays, who was the manager of the Grand Trunk at that time, was one of the ablest men on the continent, and if he made a bad bargain for his people is that a reason why the taxpayers of this country should be called upon to relieve them of that burden? Not in my judgment. If the Grand Trunk as it now exists is not able to meet its obligations and pay dividends to its stockholders, why should Canada take it over and why should we pledge the credit of Canada to pay that interest whether the road earns it or not?

One of the arguments put forth is the same as the argument which was put forth in connection with the Canadian Northern when it was a question of taking over that road. It was said that it ought to be done, and done quickly, because if it were not done and done quickly the apple would fall into the mouth of the Canadian Pacific. The Canadian Pacific were standing ready, we were told in this House, to take it over. I want to tell the House that the Canadian Pacific never had any intention of taking over the Canadian Northern or the Grand Trunk under any such conditions as we are taking over the latter road now. It may be true that the Canadian Pacific had entered into some negotiations, but you will find that the proposition about negotiations came from the seller, not from the buyer, the reason being that they wanted to get a bugaboo to bring before the House and to make the House believe that the Canadian Pacific wanted to get these roads. I can tell the House that the Canadian Pacific never wanted to buy the Grand Trunk or the Canadian Northern for any such money as this country is paying or proposes to pay.

But, suppose that either one or both should fall into the hands of the Canadian Pacific! The hon. the ex-Minister of Finance (Sir Thomas White) told us, speaking on this question from his place in the House last week, that the Canadian Pacific was one of the best managed institutions on this continent, that it was one of the best manned and operated roads, and that it gave a good service. Would it have been a calamity if the Canadian Northern had fallen, or if the Grand Trunk should fall, into its hands? You have the record of the Canadian Pacific as one of the best-managed institutions on this continent. If it had become the owner of either one or both of these roads and had given us the service that it is giving to the country to-day would any harm have come to the country? Suppose this road falls into the hands of the Government which has not the record of the Canadian Pacific as one of the best managed institutions on the continent? I am not throwing any stones at this Government, but I say that no matter what party is in power it is impossible for the Government to operate and handle the affairs of a railway as economically or as wisely as they can be operated and handled by any well managed railway company.

Now that is the difference. They tell us: "Oh, that would be a monopoly; one corporation controlling the whole railway system of this country would be ruinous." It might have been in years gone by, but now we have a Board of Railway Commissioners whose duty it is to see that no injustice is done to any person and that we get a proper service. How are we to get that proper service, or that cheap service, if we have two transcontinentals doing the same business? The more freight and the more business there is on a railway, or any other institution, the cheaper it can operate—the less its overhead charges, and its charges for maintenance of road-bed and everything else. Hon. gentlemen opposite told us that the Grand Trunk was in an excellent condition. I want to state that whatever the rest of their equipment may be the Grand Trunk have put in less than fifty per cent of the ties they should have put in—ties that they wanted to put in and did not have. Not having put those ties in, the road is consequently in that much poorer state, and I think that practically every part of the whole system is about in the same condition.

As I said, I am opposed to government ownership first, last and all the time; not from mere theoretical considerations, I am guided by the experience that all other countries had. I am opposed to arbitration because of our own experience in that regard in the past. We had an experience of arbitration with respect to the value of the Canadian Northern Railway stock. The

report of the commission which examined into the railway situation pronounced the Canadian Northern stock to be absolutely of no value; it had never contributed a dollar to the construction of that railway. Not only that, but the same report says that the Canadian Northern had received from this country in the way of assistance from all sources more money than the road was worth. That means that the money granted by the people of this country was not put into the construction of the Canadian Northern. And in the face of that, and regardless of the fact that the owners and operators of the Canadian Northern had received more assistance from the people of Canada than they had ever put into the road, the arbitrators agreed upon $10,800,000 as being the value of the stock. With that experience in arbitration I do not want any more of it. But this Government evidently do not profit by the experience of the past, they do not see the handwriting on the wall. I was in hopes that they had seen that handwriting as denoted by yesterday's elections in Ontario, and that they would take a little notice of what was happening and begin to reflect whether they represented the people of Canada or not. I do not believe this Government have the confidence of the Canadian people either in railway matters or in anything else. It would be well, therefore, for them to move slowly until they have found out whom they represent. "Cox can't wait," I believe, at all events somebody can't wait.

Now we are told the Grand Trunk are not asking for any mercy. I notice they are asking to be relieved of their obligations with respect to the guarantee which they gave in the matter of the construction of the Grand Trunk Pacific; but they are not asking this country to take over the Grand Trunk proper. What are we getting out of this transaction? Are we getting anything towards the reduction of the guarantees given to the Grand Trunk Pacific? As I understand it, not a dollar. The Grand Trunk are getting, or are going to get, from the taxpayers of this country actually more money than their own operations show the road has been capable of earning for the last ten years. Where, or in what respect, are the people of this country being helped out in regard to the guarantees that the Grand Trunk entered into on account of the construction of the Grand Trunk Pacific? If we were going to be relieved of part of those guarantees then there might be some reason for this bargain. But, as I understand it, we are not.

[Mr. McCrea.]

We know that the earnings of the road will not amount to the sum that we are binding ourselves to pay. If the earnings do not reach that sum the taxpayers of this country will be called upon to make good the deficiency.

Mr. J. D. REID: Might I inform the hon. gentleman that the statements contained in the blue-book presented to the House do not show that at all. They show that the Grand Trunk has earned, since it was incorporated, interest on its debenture stock and on its guaranteed stock. It is true that it is not shown that during the lst two years of the war the Grand Trunk Company have paid any dividend. That does not say they did not earn dividends. I want to say to the hon. member, interest was earned on the guaranteed stock although it was not paid.

Mr. JACOBS: Not in the 90's.

Mr. J. D. REID: Yes.

Mr. JACOBS: Excuse me.

Mr. J. D. REID: I say that the blue-book to which I have referred shows that in the years right along they did pay the interests.

McCREA: Will the minister tell me why it is the last proposition of the Government to pay about $10,000,000 when the Grand Trunk Company, through their chairman, Sir Alfred Smithers, offered to accept about $5,000,000 a year as the yearly rental of the road on a 999 year lease?

Mr. J. D. REID: The hon. gentleman asks me, as I understand him, to explain why we propose to pay $10,000,000 when the chairman of the Grand Trunk, Sir Alfred Smithers, asks only $5,000,000. No such proposition has ever been submitted to this House. What was submitted is this: We offered to pay a total of $3,600,000 and Sir Alfred Smithers offered to accept $5,100,000 in round figures. We refused to agree to his proposition and now the matter is going to arbitration. Sir Alfred Smithers would not accept $3,600,000, and we would not give $5,100,000. There has been no mention of any such sum as $10,000,000 at all in the whole discussion.

Mr. McCREA: The Montreal Star, which supports the Government, and is generally right behind it—at all events it was in the last election—in its issue of last Thursday stated the first mortgage bonds would cost this country $6,000,000 and a little over; that the second mortgage bonds would cost

$2,500,000; and that the third mortgage bonds would be the subject of arbitration. The Montreal Star estimated the total cost would be over $10,000,000 a year.

Mr. McKENZIE: That is right.

Mr. McCREA: We have got to go to the press for information because hon. gentlemen on this side spent almost an entire evening last week trying to ascertain from the Government what the estimated cost of this transaction would be, and could not get any answer. And where are we going to get information if we do not get it from the Government?

Mr. J. D. REID: In the letter contained in this blue-book; that gives the offer in detail.

Mr. McCREA: It is the fact that last week two or three hon. members on this side, and I was one of them, tried to get from the Government what the award would be, what the yearly cost in the shape of interest, rental, or whatever you like to call it, would be, but we could not get that information. So I am taking my information from the Government organ, the Montreal Star, which they pin their faith to very strongly,—at election times, anyway.

Mr. JACOBS: The Government organ is a broken reed just now.

Mr. J. D. REID: No; it is stronger than ever.

Mr. McCREA: The Grand Trunk Company, as I understand it, and I think I am right, have not asked the Government to take over the Grand Trunk railway proper. They are simply asking to be relieved of the obligations which they entered into in connection with the construction of the Grand Trunk Pacific, and they argue that that contract was violated by the Government, and, consequently, they are not responsible, anyway. As I see it, we are not going to get anything out of that guaranteed stock. We are taking over the Grand Trunk and paying all it can earn, whether it earns it or not; and therefore I believe it will be wise on the part of the Government to go slow.

Mr. CANNON: They cannot.

Mr. McCREA: Some hon. members have been advocating that we should leave this matter over until next session. My way of dealing with it would be to give it a six or twelve months' hoist. I have had some business experience, and my judgment leads me to the belief that it is not possible for a Government, no matter whether it be Conservative, Union or Liberal, to operate a railway successfully, for the reasons I have already given, namely, that if you leave the railway in the hands of the Government under the old system of patronage it cannot be successfully operated; and it is impossible to put it in the hands of a committee and say to them: You have carte blanche to do what you like. They must be responsible to some one, and who is that some one going to be? It must be the representatives of the people, the House of Commons, and there you cannot avoid politics.

Mr. R. L. RICHARDSON: I beg to move the adjournment of the debate.

Motion agreed to and the debate adjourned.

On the motion of Hon. Mr. Doherty the House adjourned at 10.50 p.m.

Wednesday, October 22, 1919.

The House met at Three o'clock.

SOLDIERS' CIVIL RE-ESTABLISHMENT.

Hon. J. A. CALDER (Minister of Immigration and Colonization) presented the third report of the special committee on Bill No. 10, an Act to amend the Soldiers' Civil Re-Establishment Act, as follows:

Your committee, in accordance with a resolution adopted at their morning session, on Tuesday, 21st of October, recommend that 3,000 extra copies in English, and 1,000 copies in French, of their final report, be printed for distribution, and that Rule 74 relating thereto be suspended.

On the motion that the report be concurred in:

Mr. CALDER: Mr. Speaker, in connection with this motion I think I should state that the committee working on this Bill had previously arranged for the printing of some 300 copies of our proceedings from day to day. That, of course, will cover our report, but undoubtedly there will be a fairly large demand for copies of this report just as soon as it is ready for distribution and for this reason the committee thought it advisable to ask the House for authority, when the report is being printed, to have 3,000 copies printed in English and French for distribution. That number will undoubtedly be necessary.

Mr. SPEAKER: This motion can only be entertained by leave of the House.

Mr. McKENZIE: Might I ask the minister when he will be able to present his final report on this inquiry?

Mr. CALDER: It is somewhat difficult to state exactly when we will have finished our work. The committee has been meeting three times a day almost since it was appointed. Personally, I am inclined to the view that within the course of, say, a few days we will have completed our work. There would then be some work in connection with getting our report into final shape, but towards the end of this week I think our work will be completed.

Motion agreed to.

REPORT PRESENTED.

Report of Census of Industry for 1917, part iv, section 3—Sir George Foster.

QUESTIONS.

(Questions answered orally are indicated by asterisks.)

DOMINION AND RAILWAY FINANCES.

Mr. McKENZIE:

1. What was the gross indebtedness of Canada on the 1st day of April, A.D., 1919?
2. What was the gross indetedness of Canada on the 1st day of April, A.D., 1914?
3. What was the total expenditure of the Canadian Government for the fiscal year ending April 1, 1911?
4. What was the total expenditure of the Canadian Government for the fiscal year ending April 1, 1914?
5. What were the total revenues of Canada for each financial year from and including, A.D. 1896, to and including A.D. 1919, and the total expenditure in said financial years?
6. What was the total gross indetedness of Canada on the 1st day of September, A.D. 1919?
7. When was the Canadian Northern Railway system taken over by the Government?
8. What was the total indebtedness of the said system at said date?
9. What was the total income or earnings of the said system during the last business year of its operations?
10. What were the expenditures of all kinds in connection with the said system during the last business year of its operations?
11. What was the total sum expended on Government owned or controlled railways during the last railway business year?
12. What was the total income or earnings from said roads during the last railway business year, giving the earnings and expenditure of each system separately?

Hon. Mr. REID:

1. $2,676,635,724.77 (1919).
2. $544,391,368.86.
3. $122,861,250.46.
4. $186,241,047.63.

5.

Year ended March 31st.	Expenditure chargeable to Consolidated Fund.	Expenditure chargeable to Capital.	War Expenditure.	Total Expenditure.
	$ cts.	$ cts.	$ cts.	$ cts.
1896	36,949,142 03	3,781,311 21	.....	40,730,453 24
1897	38,349,759 84	3,523,160 23	.....	41,862,920 07
1898	38,832,525 70	4,143,503 39	.....	42,976,029 09
1899	41,903,500 54	5,936,242 94	.....	47,839,843 48
1900	42,975,279 51	7,468,843 24	.....	50,444,122 75
1901	46,866,367 84	7,695,488 34	.....	54,561,856 18
1902	50,759,391 97	10,078,638 06	.....	60,838,030 03
1903	51,691,902 76	7,052,724 58	.....	58,744,627 34
1904	55,612,832 70	7,881,718 54	.....	53,494,541 24
1905	63,319,682 86	11,933,491 91	.....	75,253,173 77
1906	67,240,640 95	11,913,871 11	.....	79,154,512 06
1907, 9 mos	51,542,161 09	11,329,143 82	.....	62,872,304 91
1908	76,741,451 59	30,429,906 86	.....	107,071,358 45
1909	84,064,232 38	42,593,166 97	.....	126,657,399 25
1910	79,411,747 12	29,756,353 38	.....	109,168,101 50
1911	87,774,198 32	30,852,963 38	.....	118,627,161 70
1912	98,161,440 77	30,939,575 95	.....	129,100,016 72
1913	112,059,537 41	27,206,046 13	.....	139,265,583 54
1914	127,384,472 99	37,180,175 93	.....	164,564,648 92
1915	135,523,206 54	41,447,320 03	60,750,476 01	237,721,002 58
1916	130,350,726 90	38,566,950 50	166,197,755 47	235,115,432 87
1917	148,599,343 23	26,880,031 51	306,488,814 63	481,968,189 36
1918	178,284,312 83	43,111,903 63	343,836,801 98	565,233,018 44
1919	232,731,282 38	25,031,266 30	446,519,439 48	698,281,988 16
	2,077,029,140 85	496,733,897 04	1,323,793,287 57	3,897,556,326 36

Year.	Total Receipts.
1895-96	$ 36,618,590.72
1896-97	37,829,778.40
1897-98	40,555,238.03
1898-99	46,741,249.54
1899-00	51,029,994.02
1900-01	52,514,701.13
1901-02	58,050,790.03
1902-03	66,037,068.93
1903-04	70,669,872.72
1904-05	71,182,738.60
1905-06	80,139,166.70
1906-07 9 mos.	67,969,328.29
1907-08	96,054,505.81
1908-09	85,093,404.35
1909-10	101,503,710.93
1910-11	117,780,409.78
1911-12	136,108,217.36
1912-13	168,689,903.45
1913-14	163,174,394.56
1914-15	133,073,481.73
1915-16	172,147,838.27
1916-17	232,701,294.00
1917-18	260,778,952.55
1918-19	312,946,747.18
	$2,659,391,377.08

6. $3,080,391,478.25.

7. The Government received the controlling interest in the stock of the Canadian Northern railway on October 1, 1917.

8. $434,312,747.34.

9. $49,062,712.50. Year 1918.

10. $85,821,628.78. Year 1918, which includes fixed charges, capital betterments and new equipment.

11. Canadian Northern Railway system, year 1918, $85,821,628.78. Canadian Government railways, ending March 31, 1919, $68,747,919.10.

12. —

—	Year 1918.	Year ending March 31, 1919.
	Can. Nor. Ry.	Can. Govt. Railways.
	$ cts.	$ cts.
Gross earnings	49,062,712 50	37,905,979 88
Oper. expenses	45,662,275 26	43,696,936 02
Net earnings	3,400,437 24 Def.	5,791,138 14

CANADIAN NATIONAL RAILWAY BRIDGES.

Mr. DESLAURIERS:

1. Is the Government aware that the two bridges of the C.N.R. railway which unite Montreal to Charlemagne are very dangerous and that every day automobiles and vehicles are breaking through the pavement?

2. Is it the intention of the Government to repair the said pavement as soon as possible?

Hon. Mr. REID:

1. The roadways of these bridges have been inspected and temporary repairs made, and sufficient material has been ordered to redeck bridges mentioned.

2. Answered by No. 1.

BAMFIELD LIFE SAVING STATION.

Mr. STEVENS:

Having reference to an answer to a question by the Minister of Marine given on the 18th September last, and appearing on page 442 of the Hansard and reading as follows:—

"It is not the intention of the Government to close the Bamfield Life-Saving Station."

1. Is the Government aware that the said Life-Saving Station has been closed?

2. If so, when were instructions issued to this effect and on whose authority?

Hon. Mr. MACLEAN (for Hon. Mr. Ballantyne):

1 and 2. The operation of this station was temporarily suspended on August 15, 1919.

Applications have been invited to fill the positions of crew at the station with a view to put it in operation for the coming winter.

EXPORT OF NICKEL DURING WAR.

Mr. PEDLOW:

1. What is the date of the commission appointing G. A. Bell to investigate the export of nickel during the war?

2. What was the occupation of Mr. G. A. Bell at the time of his appointment?

3. In what department was this man employed at the time of his appointment?

4. Under what department was the supervision of the export of nickel at the time this investigation was ordered?

5. When did Mr. Bell make his report?

6. To whom did he report and in what form?

7. How much did this investigation cost the Government on account of (a) salary to Mr. Bell as Commissioner, and (b) other expenses?

Hon. Mr. REID:

1. Was not appointed a commissioner, but was requested by the Prime Minister to investigate the export of nickel during the war and went to New York on October 23, 1914, and again from time to time as was necessary.

2. Financial Comptroller of Department of Railways and Canals.

3. Department of Railways and Canals.

4. The Imperial and Canadian authorities were working together in connection with the export of nickel during the war. The correspondence was handled through the Prime Minister's office.

5. On October 30, 1914, made report of trip of October 23.

6. The Prime Minister and the Solicitor General, confidential.

7. (a) No additional remuneration during investigation; (b) Actual travelling expenses.

ASSISTANT DIRECTOR OF PAY SERVICES.

Mr. PROULX:

1. Is Major Dickenson employed as an Assistant Director of Pay Services at Militia Headquarters?
2. What total pay and allowances, including separation allowances or salary, does Major Dickenson receive?
3. What is the ordinary pay and allowances of a major in the Canadian Expeditionary Forces?
4. What does he draw more than the pay allowed for his rank?
5. What are his duties?
6. How many officers and staff has he assisting him?
7. Has Major Dickenson served in France? If so, how long?
8. Was he ever given an opportunity to go to France either in Canada or in England?
9. Could he have gone to France by reverting in rank and did he refuse to do so?
10. When was Major Dickenson given his commission in the C.E.F.?
11. Where was he employed prior to his employment at the Militia Department?

Hon. Mr. MACLEAN (for Major-General Mewburn):

1. Yes, temporarily.
2. Consolidated rate of $3,700 per annum under P.C. 2837, of 20-11-18.
3. $3,045.50 per annum.
4. $654.50 per annum.
5. Supervision of the administration of Pay Services throughout the Dominion.
6. One officer and two clerks.
7. Yes. Sixteen days, when he was recalled to Canada by cable in connection with the reorganization of the Separation Allowance and Assigned Pay Branch.
8. Answered by No. 7.
9. Answered by No. 7.
10. 6th January, 1916.
11. Bank of Ottawa.

Mr. PROULX:

1. Is Captain Lawson employed at Militia Headquarters as Assistant Director of Pay Services, Mobilization?
2. When was he appointed to this position?
3. Has he been overseas?
4. What are his duties?
5. What total pay and allowances does he draw, including separation allowance?

[Mr. J. D. Reid.]

Hon. Mr. MACLEAN for Major General Mewburn:

1. Yes, temporarily.
2. 1st January, 1919.
3. No.
4. Supervision of pay procedure of all mobile units in the Dominion.
5. $2,925.50 per annum.

PAYMASTER GENERAL'S BRANCH.

Mr. PROULX:

1. How many officers are employed in the Paymaster General's Branch, Militia Headquarters, who have not been overseas?
2. Is it the intention of the Government to replace these officers by officers who have seen overseas service?
3. (a) Is it the intention of the Government to make the appointment of the present Paymaster General (General Langton), permanent, (b) or to replace him by an officer who has been overseas?

Hon. Mr. MACLEAN (for Major General Mewburn:

1. Five.
2. Two of the five officers are permanent force officers, whose services will be retained.
3. (a) Yes. (b) Answered by (a).

Mr. PROULX:

1. Is Major Macdonald employed in the Paymaster General's Branch?
2. If so, what pay and allowances or salary does he draw?
3. Does he draw more than the pay and allowances of a major in the C.E.F.? If so, why?

Hon. Mr. MACLEAN (for Major General Mewburn):

1. Yes, temporarily.
2. $4,200 per annum.
3. Yes. He is paid according to appointment by Order in Council P.C. 2837, dated 20th November, 1918. The services of this officer were requisitioned from France, to assist during the period of reorganization of the Separation Allowance and Assigned Pay Directorate of the Paymaster General's Branch, the requirements of this directorate calling for trained officers with financial experience.

MURRAY BAY-TADOUSSAC STEAMSHIP SERVICE.

* Mr. CASGRAIN:

1. Is it the intention of the Government to establish a new line of boats in conjunction with the Quebec and Saguenay railway between Murray Bay, Cap à l'Aigle, St. Fidele, Simeon Bay, Ste. Catherine and Tadoussac on the north shore of the river St. Lawrence?
2. If so, when?
3. If not, why?

Hon. Mr. MACLEAN (for Hon. Mr. Ballantyne):

1. It is the present intention of the Marine Department, if conditions will permit, to operate the C. G. S. Champlain on this route, giving a tri-weekly service.

2. Expected to become effective 1st November.

3. Answered by 1 and 2.

BREAKWATER AT ISLE AUX COUDRES.

* Mr. CASGRAIN:

1. Has the Government received a petition from the inhabitants of Isle aux Coudres, in the county of Charlevoix, demanding the construction of a breakwater on the southwest side of that island?

2. Is it the intention of the Government to grant this request?

3. If so, when?

4. If not, why?

Hon. Mr. SIFTON:

1. Yes.

2, 3 and 4. Under consideration.

POST OFFICE AT POINTE A PIC.

* Mr. CASGRAIN:

1. Has the Government received a petition from the inhabitants of Pointe à Pic, near Murray Bay, in the county of Charlevoix, demanding the erection of a post office building at that place?

2. Is it the intention of the Government to grant this request?

3. If so, when?

4. If not, why?

Hon. Mr. SIFTON:

1. Yes.

2 and 3. Not at present.

4. Parliament has not made any provision.

WHARF AT STE. ANNE DE BEAUPRE.

* Mr. CASGRAIN:

1. Is the Government aware of the fact that a contract was given to one Poliquin of Portneuf, Que., to build a wharf at Ste. Anne de Beaupré, in the county of Montmorency, in the month of July last, 1919?

2. If so, is the Government aware of the fact that the work to be done under this contract has not yet been started?

3. Is it the intention of the Government to see that this work is carried on immediately?

4. If so, when?

5. If not, why?

Hon. Mr. SIFTON:

1. Yes.

2. No work done, contractor is procuring materials.

3, 4 and 5. The contract with Mr. Poliquin provides that the work will be fully and satisfactorily completed on or before March 6, 1920; instructions have been issued to the district engineer to have the work expedited.

QUEBEC AND SAGUENAY RAILWAY.

* Mr. CASGRAIN:

1. Has the Government bought the Quebec and Saguenay railway?

2. If so, what price was paid for same? When was it paid and to whom?

3. Has the Canadian National railways taken possession of the road?

4. If so, on what date?

5. If not, when is the Canadian National railways to take possession or charge of same?

6. Who is in charge of the road now?

7. By whom is it operated?

8. Is the construction of the said road all completed?

9. If not, why?

10. When is it expected to be completed?

11. Is it the intention of the Government to continue the line of the Quebec and Saguenay railway as far north as Ha Ha Bay?

12. If so, when? If not, why?

13. Is it the intention of the Government to build a branch line from the main line of said railway at Baie St. Paul to St. Urbain?

14. If so, when? If not, why?

15. Have all the claims of right of way, ballast, pit, etc., been settled?

16. If not, why?

17. Does the Government intend to settle the, and when?

Hon. Mr. REID:

1. Yes.

2. (a) $3,489,313.53. (b) First instalment $697,862.70 on February 27, 1919. Second instalment $2,791,450.83 on April 12, 1919.

3. On September 24 an Order in Council was passed placing the Quebec and Saguenay railway under the jurisdiction of the board of directors of the Canadian National railways for the operation of same.

4 and 5. Answered by No. 3.

6. The road has been completed under the supervision of Mr. Gordon Grant, C.E., of the Department of Railways and Canals, and who is now engaged in transferring it to the Canadian National Railways Board.

7. The line has heretofore been operated by the contractors, Messrs. Hugh Doheny & Co.

8. The road is completed for operation, with the exception of some minor items, such as telegraph instruments, train order boards, road crossing signs, etc., etc.

9 and 10. Answered by No. 8.

11. No decision arrived at.

12. Answered by No. 11.

13. No.

14. Answered by No. 13.

15. No, all claims for right of way, etc., are not settled, as in some cases the amount demanded by the land owners is considered exorbitant, and they may have to be referred to the Exchequer Court.

16 and 17. Answered by No. 15.

I see that question No. 2 asks:

If so, what price was paid for same? When was it paid and to whom?

The answer gives a price but it does not say to whom it was paid. The answer was just handed to me before I came in. If the hon. gentleman wishes that information he can put that question on the Order Paper, or I will hand the answer to him privately.

FINANCES OF CANADIAN NORTHERN RAILWAY.

*Mr. CASGRAIN:

1. What were, up to the 31st of August, 1919, the total receipts from all sources whatever, of the Canadian Northern system since it has been operated by the Government or the company acting for the Government?

2. What were the total disbursements during the same period for operating, purchase of equipment, betterments, maintenance, obsolescence, capital, coupons, notes, and for all other items?

3. Was there a surplus or deficit?

4. What was the amount in either case?

5. What is the estimated surplus or deficit for the current year?

Hon. Mr. REID:

1. Gross earnings, October 1, 1917 to August 31, 1919, $93,502,669.27. Proceeds of notes sold to public, $52,871,608. Advances from Dominion Government for repayment of notes and loans, construction, betterments and new equipment, also interest on securities, $71,606,463.58.

2. Operating expenses, $93,188,470.58; expenditure on construction and betterments, also purchase of equipment, $56,346,558.85; repayment of coupon notes and loans, also interest charges, $71,356,256.50.

3. Deficit.

4. The net earnings from operation to December 31, 1918, was $4,846,103.24, but after paying bond interest and all other charges the deficit was, October 1, 1917, to December 31, 1917, $2,368,122.40; January 1, 1918, to December 31, 1918, $14,643,753.30; total, $17,011,875.70.

5. Estimated operating deficit, $5,587,028.

SUBSIDIES TO RAILWAYS.

*Mr. CASGRAIN:

1. What is the amount paid in subsidies to the Grand Trunk Railway system during the last sixty-five years?

2. What is the amount of subsidies paid to the Canadian Pacific Railway during the last thirty-seven years?

3. What is the amount of subsidies paid to the Canadian Northern Railway during the last twenty-five years?

4. What is the amount of subsidies paid to the Grand Trunk Pacific Railway from Winnipeg to Wolfe Creek or a point 120 miles west of Edmonton?

[Mr. J. D. Reid.]

Hon. Mr. REID:

1.—

Grand Trunk Railway system	$15,142,633.34
Grand Trunk Railway system, Victoria bridge	500,000.00
	$15,642,633.34

2. Canadian Pacific Railway Company:

Original construction	$25,000,000.00
Canadian Pacific extension (North Shore)	1,500,000.00
Branch lines	5,369,374.70
	$31,869,374.70

3. Canadian Northern Railway Company:

Canadian Northern Railway Company	$ 1,909,132.00
Canadian Northern Railway Company (formerly Great Northern Railway, Quebec)	1,265,357.14
Canadian Northern Quebec Railway Company (formerly Chateauguay & Northern)	391,819.75
Canadian Northern Alberta Railway Company	3,120,000.00
Canadian Northern Ontario Railway Company	14,485,635.20
Canadian Northern Pacific Railway Company	5,987,520.00
	$27,159,464.09

4. Grand Trunk Pacific Railway Company: No subsidy paid on line between Winnipeg and Wolfe Creek; in so far as the Department of Railways and Canals is concerned.

The following additional information is necessary to make the answers complete:

1. The Grand Trunk system has received no land subsidy.

2. The Canadian Pacific railway received:

Main line—18,206,986 acres, of which 18,198,592.81 acres have been patented.

Souris branch—1,408,704 acres, of which 1,406,932.02 have been patented.

Pipestone extension—200,320 acres, of which 200,094.45 acres have been patented.

3. The Canadian Northern railway has received 3,422,528 acres, of which 3,104,436.18 acres have been patented. It also received as a subsidy for the Manitoba and South Eastern railway 680,320 acres, of which 679,746.03 acres have been patented.

4. No land subsidy has been given to the Grand Trunk Pacific railway.

QUESTION PASSED AS ORDER FOR RETURN.

Mr. ARCHAMBAULT:

What were the incomes of the different regiments' canteens: (a) in England; (b) in France?

2. Was there any money left over from that income?

3. If so, will that money be returned to different regiments?

On the motion of Sir George Foster (Acting Prime Minister) the House took up the consideration of Public Bills and Orders.

ADULTERATION ACT AMENDMENT (BRAN AND SHORTS).

On the Order, House in committee on Bill No. 7, to amend the Adulteration Act (respecting bran and shorts or middlings):

Mr. Sutherland moved that the Order be discharged and the Bill referred to the Select Standing Committee on Agriculture and Colonization.

Mr. D. D. McKENZIE (Cape Breton North and Victoria): May I ask the hon. member who is in charge of this Bill if it is his intention to drop it altogether?

Mr. D. SUTHERLAND (Oxford South): Mr. Speaker, in answer to the question submitted by the leader of the Opposition, there is nothing further from my intention than to drop this Bill, for I think it is a matter of extreme urgency and should be dealt with this session. I am particularly glad that a measure of this importance should be referred to the Committee on Agriculture, because an opportunity will thus be afforded all parties to appear and state their case. I have no doubt of a favourable result.

Motion agreed to.

On motion of Sir George Foster, the House returned to the Orders of the Day.

NEW PARLIAMENT BUILDINGS.

On the Orders of the Day:

Mr. W. F. KAY (Missisquoi): Mr. Speaker, with your permission, I would ask the Minister of Public Works (Mr. Sifton) if he can give the House any information as to the progress being made with the new Parliament buildings; can he hold out any hope of our getting into them for next session.

Hon. A. L. SIFTON (Minister of Public Works): I can hold out a wonderful amount of hope, Mr. Speaker, but I can give no promises.

NATIONAL TRANSCONTINENTAL AND INTERCOLONIAL RAILWAYS.

On the Orders of the Day:

Mr. JACQUES BUREAU (Three Rivers): May I ask the President of the Privy Council (Mr. Rowell) if it will be possible for him to telephone or send a messenger to the Clerk of the Privy Council for a copy of the Order in Council bringing the National Transcontinental and the Intercolonial Railways under the provisions of the Canadian National Railway Act?

Hon. Mr. ROWELL (President of the Privy Council): Mr. Speaker, I shall be glad to accommodate my hon. friend, and I will endeavour to get a copy of the Order in Council here as soon as possible.

CIVIL SERVICE ACT, 1918 — AMENDMENT.

COMPENSATION TO POSTMASTERS.

Hon. A. K. MACLEAN moved the second reading of Bill No. 31, to amend the Civil Service Act, 1918, with respect to the salaries of certain postmasters and assistant postmasters.

Mr. W. G. McQUARRIE (New Westminster): Before this motion is put, Mr. Speaker, I would like to ask the minister if he can give me certain information as to the postmasters who will be affected by this Bill, giving their offices and salaries.

Mr. SPEAKER: The hon. member cannot properly submit a question as to the details of the Bill until it is in committee. Under the rules only the principle of the Bill can be debated on the motion for second reading.

Mr. McQUARRIE: Mr. Speaker, I am opposed to this Bill for the reason that I think it is very unfair to the postmasters and assistant postmasters who will be affected by it. As I understand it, only nine such officials will be affected, namely, the assistant postmaster at Vancouver and the postmaster and assistant postmaster at New Westminster, Victoria, Moosejaw and Edmonton. I believe that the effect of this Bill will be to continue in force an Order in Council which should never have been passed.

Mr. GAUVREAU: There are lots like that.

Mr. McQUARRIE: As I understand it, the result of the Order in Council was to reduce the salaries of the postmasters affected to a figure below that which was

paid to them prior to the commencement of the war; and, further, that it had the effect of making these postmasters and assistant postmasters refund moneys which had actually been paid to them extending over a period of some two and a half years. I have certain correspondence which sets out the facts more concisely than I could state them, and, with the permission of the House, I intend to read certain of that correspondence. The first letter is dated September 21, 1918, from the Deputy Postmaster General to the Hon. Martin Burrell, Secretary of State:

With further reference to the salaries of postmasters and assistants in certain city offices and especially those at New Westminster and Vancouver, who had been called upon to refund amounts overpaid them during the period of 2⅓ years from 1st April, 1914, I beg to say that there appears a misapprehension among these officers and others concerned in the matter in regard to the connection of the War Tax with a reduction in their salaries which called for the refund.

I may explain that the postmasters and assistant postmasters of city offices are paid according to a scale provided in Schedule "B" of the Civil Service Act which fixes the amount to be paid on certain revenues as follows,—

With postage collections of from $40,000 to $60,000—Postmasters $2,200; assistant postmasters $1,600.

On postage collections from $500,000 to $800,000—Assistant Postmasters $2,600.

It is only necessary to give these items out of the schedule in dealing with the salaries of the postmasters at New Westminster and Vancouver so that I need not trouble you with quoting all the rest of the figures that belong to the schedule.

For the fiscal year ended 31st March, 1914, the revenue of New Westminster was $43,985, which, according to the scale above quoted, allowed the postmaster $2,200 and the assistant $1,600 and they were paid at that rate. During the year ended 31st March, 1915, however, there was a falling off in the revenue to $37,419 on which the postmaster and assistant were entitled to only $2,000 and $1,400 a year, respectively.

In the case of Vancouver, the revenue fell from $530,632 during the year ended 31st March, 1914, to $452,211 during the year ending 31st March, 1915, with a consequent reduction in the amount the assistant postmaster was entitled to, from $2,600 to $2,400.

The War Tax on letters and post cards was not put into force until the 8th April, 1915, so that it will be observed that the sale of War Tax stamps did not, in any way, affect the revenue for the year ended 31st March, 1915, during which the falling off in revenue referred to occurred. The revenue collected during these years was all derived from legitimate post office business, and showed that the business at these offices had fallen off to a considerable extent, and the same may be said of all other offices in Western Canada.

There is no doubt whatever that post office business has not regained its former magnitude, but is still far below what it was in 1914. The revenue for the year ended 31st March, 1915, could not be obtained until July of that year,

[Mr. McQuarrie.]

and it was then found that the falling off of the revenue for the year ended 31st March, 1915, would necessitate a reduction in the salaries of some of the postmasters and assistant postmasters, for the previous year, that is, commencing on the 1st April, 1914. A report to Council was at once prepared for the Postmaster General's signature, recommending that the said reductions be made at once, and if there had been no delay, the officers concerned would only have been called upon to refund over-payments for one year and one-third. There was delay, however, as the then Postmaster General, the late Hon. T. C. Casgrain was reluctant to sign the said recommendation and it was only in October 1916 when he finally concluded that it was not a question of choice, but of statute, that he decided to sign the report to council. If, therefore, the postmasters in these offices are not asked to refund, it would not only be a contravention of the statute, but an injustice to all other postmasters who were compelled to make the refund. Moreover, in view of this being statutory, there is no way the department can relieve them except by repealing the statute. If the revenue had increased, we would be compelled by statute to give them an increase, and no power could prevent its being given to them. The question of right, therefore, works both ways and the department is compelled to enforce the statute impartially. In consequence of this delay, the salaries of the said officers were not reduced to the amount which the revenue of their respective offices, for the year ended 31st March, 1915, entitled them to, until the 1st October, 1916, and the over-payment in each case amounted to $500, that is, at the rate of $200 for 2½ years. I wish to emphasize here the fact that the falling off in revenue and subsequent reduction in salaries was in no way effected by the war tax stamps, which were not being sold during the year in which the falling off occurred. The question of excluding the war tax from the revenue begins with the year 1915-16 as it was in April, 1915, that the war tax was imposed. When the revenue for the year ended 31st March, 1916, was made up it was found as it was naturally expected, that, on account of the sale of war tax stamps it had increased enormously. In the case of New Westminster and Vancouver the gross revenues went up to $48,227 and $565,746, respectively. These figures would restore the salaries of the postmaster and assistants to the amount they were receiving in 1914 if the war tax stamps were to be counted as part of the postal revenue. In view of the fact, however, that the Government was taking this means of raising money to carry on the war it was claimed that it would not be fair to the people to impose a tax and then give a percentage to postmasters for simply selling the stamps. This view was expressed to the department both by members and Conservative Associations and as it was obvious that the imposition of the war tax would not entail any additional work in the handling of mail matter it being just as easy to handle a letter with a 3-cent stamp as one with a 2-cent stamp, the department decided that the salaries of the postmasters would continue to be based on the legitimate postal revenue only. The late Mr. Casgrain, who was then Postmaster General, issued instructions that postmasters and assistant postmasters of city offices were not to be allowed salaries on the revenue derived from

the sale of these war tax stamps and from statistics in the department it was calculated that 28% of the total revenue was derived from the sale of war tax stamps.

The postmasters and assistants had expected to be paid from the gross revenue including war tax stamps sales and it was claimed by them that the department had no legal right to do otherwise. In view of this contention the question of legality was submitted to the Hon. Mr. Doherty in October, 1917, who was then acting Postmaster General for his decision and he referred the matter on to the Department of Justice. The reply of Mr. Newcombe dealing with the question as to whether postmasters are entitled to have their collections from war stamps computed for the purpose of ascertaining their salaries, is as follows:

"I observe that your department has proceeded upon the view that this is not permissible, and possibly that view may be sustained, but I am very doubtful about it upon the construction of the statute. It certainly seems to be a very selfish and unpatriotic procedure on the part of the city postmasters to insist upon taking a share of this special revenue which is raised not for post office purposes, but in order to defray the expenses of the war; and therefore I suggest that instead of leaving the question to legal opinion you should procure an Order in Council under the War Measures Act declaratory of the intention of the Act of 1915 to exclude the claim of the city postmasters."

On receipt of this advice the Deputy Minister of Justice was asked to draw up a recommendation of Council along the lines he suggested and the recommendation as drawn up by him was submitted to council and passed on 8th January, 1918. The order stated "that the Postmaster General considered that it would be incompatible with the spirit intent and purpose of the Special War Revenue Act to permit the diversion of any portion of the special revenue derived from the sale of war tax stamps to any object other than the special one for which such revenue was authorized, viz.: to defray the extraordinary expenses which are incident to Canada's undertakings in connection with the war, and the above recommendation is made in order to remove and to set at rest any doubt upon this subject which might arise upon construction of the statutes."

The question was only submitted to the Acting Postmaster General because of the contention of the officials concerned that the department could not legally withhold from them the percentage based on the revenue derived from the war tax and as the declared policy of the Government was made by the Hon. Mr. Casgrain, Postmaster General, following discussion in the House and representations made by Parliament that none of this money so raised should go into the pockets of postmasters throughout the country, it was decided to refer it to the Acting Postmaster General for a definite decision as to what should be done. It was referred by him to the Deputy Minister of Justice who stated that in order that it might be legal it would be necessary that an Order in Council should be passed under the War Measures Act. It was, therefore, to ascertain whether we could legally do what we had been doing upon the instruction of the Postmaster General rather than to prevent any portion of the money, so far as the officials were concerned, from going to the postmasters, that induced the reference.

I think the above will explain my position and the position of the department in the matter and the Order in Council referred to leaves no doubt as to the policy of the Government in connection with the claim of the postmasters for a percentage of the war tax in fixing their salaries.

I have already, in correspondence with the department, taken exception to the statement of the Deputy Minister of Justice that these postmasters and assistant postmasters were unpatriotic and selfish in endeavouring to get a portion of the revenue derived from this tax. What they were really doing was trying to get from the department the same salary that they had been receiving prior to the war.

We all know that owing to the increase in the cost of living it has been the policy of the Government since the war to increase the salaries of employees in the Civil Service. It seems to me that these men were not asking anything out of the way when they requested, not that their salaries be increased, but that their salaries be allowed to remain the same as they were prior to the war. The Deputy Minister of Justice himself did not attempt to contribute any part of his salary to the purpose of carrying on the war. As I understand it, he received a present of some $10,000 from the Government, and also a very substantial increase in his salary. Had he been desirous of carrying out the principles of patriotism and unselfishness he would have contributed some of his own salary towards carrying on the war, instead of trying to reduce the salaries of postmasters who were receiving $2,200 and assistant postmasters who were receiving only $1,600 a year.

As a matter of fact, although the Order in Council was passed on the principle that none of the money collected from the sale of war tax stamps should go to anything but for the purpose of carrying on the war, the only ones affected by this Order were the postmasters and assistant postmasters whom I mentioned, and the tax did not go to the Government free from any commissions, because the postmasters throughout the country, that is, country postmasters, city sub-postmasters, stamp vendors in the city offices and everybody else who handled these postage stamps were allowed their regular commissions in connection with them. I cannot speak positively as to other offices, but I know that in the case of New Westminster the effect of this Order in Council was to cut down the salary of the postmaster to less than the amounts which were received by two of the clerks in his office. The salary which

was allowed to him under the Order in Council was $2,000, less a repayment of $300, retirement fund payment of $100, and Canadian Patriotic Fund payment of $50, leaving him a net salary of $1,550 a year as compared with the salary of $2,200 which he was receiving before the war. In this office, J. S. Cameron, a 2-A clerk, received after deductions were provided for, a salary of $1,750 a year, and W. H. Bracher also a 2-A clerk, received $1,627 a year. As a matter of fact, the postmaster received very little more than the letter carriers, although he had charge of some forty-five or forty-seven men. That Order in Council was wrong; it should never have been passed. It has been objected to by every member of Parliament in whose constituency any of these officers happen to be and it should not be continued. Instead, this legislation which is now before the House should provide for a return to these postmasters of amounts which were illegally taken away from them. They were illegally taken away from them, or otherwise there would have been no necessity for the Order in Council. I am certainly opposed to this kind of thing being continued. I might mention that during last session provision was made for returning one year's deductions to the postmasters, and it seems to me, where the department admitted the principle that a return of one year's deductions was justified, there is absolutely no reason in the world why the Government should not have put through an order for the return of the whole amount, namely, the deductions for two and-a-half years. The postmasters who have been affected by this Order in Council have been unfairly treated, and it is not right and proper for this House, after it has been seized of the facts, to continue in force an unfair Order in Council such as that. I apologize for having taken up so much time, but I feel that I owe it to these men to lay their cases before the House. As a matter of fact, all the members for British Columbia, although they are not all present, would back up everything that I say here to-day. I am not speaking only for myself; they have all written letters to the department, and they are just as much opposed to this Order in Council and its continuance as I am.

Mr. GAUVREAU: The hon. member ought to be opposed to the other Orders in Council also.

Hon. A. K. MACLEAN: Mr. Speaker

Mr. SPEAKER: If the hon. member exercises his right to reply the debate will be closed. Therefore, if any hon. member desires to speak he should do so now.

Mr. A. K. MACLEAN: I have just a few words to say in explanation of the Bill. Hon. gentlemen will remember that in the early days of the war a war stamp tax was levied for the purpose of adding to the revenues of the country. Letters then requiring a two-cent stamp were in future required to bear a three-cent stamp, and many articles were required to bear a stamp of one cent for the purpose of adding to the revenues of the country, particularly for war purposes, and these taxes were specially designated as war taxes. Later on, under the War Measures Act, an Order in Council was passed declaring that postmasters who were paid a salary on the basis of revenue should not, in calculating their salaries, take into account any of the receipts from the war stamp tax. I do not appreciate the argument of my hon. friend when he says that the salaries of these postmasters were reduced by reason of the Order in Council. Their salaries had been fixed by statute long before the war, and perhaps I might indicate to the House the principle on which they were based. This refers entirely to city post offices. When postage collections exceeded $250,000 the salary was $4,000; when they exceeded $150,000 and did not exceed $200,000, the salary was $3,500; when they exceeded $100,000 and did not exceed $150,000, the salary was $3,250; when the collections were between $60,000 and $80,000, the salary was $2,400; when they were between $20,000 and $40,000, the salary was $2,000, and these salaries were voted annually in the estimates, although when payment was made to such postmasters the exact amount was determined by the actual revenue of the particular post office. Later on the Government was of the opinion that any revenues received by postmasters on account of the sale of war tax stamps should not be considered in calculating what their salaries should be. By reason of the enactment of the War Stamp Tax Act, the salaries of postmasters were not cut down at all; their salaries fell by reason of the diminution of the postal revenue.

Mr. McQUARRIE: In the days of the war?

Mr. A. K. MACLEAN: Yes. That was the reason why their salaries fell, and not because the Order in Council had passed. It strikes me that the policy involved in the Order in Council was absolutely sound. This was a war tax imposed for a special pur-

pose; it did not incur any additional labour on the part of the postmasters, and I think the Government were quite right in expecting that these officers should be tax collectors of this special tax, without any cost to the country. The position of my hon. friend with respect to these postmasters whose salaries have diminished by reason of a declining postal revenue may be all right, and perhaps they are entitled to some consideration, but that does not affect the principle involved in the Bill.

Mr. ROBB: Has it been the experience of the country that the increased postage rate has resulted in a diminution of post office business?

Mr. A. K. MACLEAN: No, I did not say that, but in certain parts of Canada during certain periods of the war, there was a diminution in business generally, which would naturally affect the postal revenue. I am not in a position to say just how matters stand in that respect to-day. This Order in Council will remain operative until peace is declared, which will be shortly, and we are now seeking legislation for making its provisions effective after peace is declared and until the Civil Service classification becomes effective at the beginning of the next fiscal year. I think this is fair legislation and should be accepted by the House.

Mr. McKENZIE: What machinery is there for distinguishing between the ordinary revenue and the special war revenue of the post office?

Mr. A. K. MACLEAN: The rule adopted under the Order in Council was to calculate 72 per cent of the revenue as being purely postal revenue. The Bill gives power to the Postmaster General to determine what percentage of the postal collections at any post office shall be attributed to the sale of war tax stamps, and the balance will be the amount upon which the salary of the postmaster will be computed. My hon. friend will understand that this must be settled in an arbitrary fashion. To arrive at mathematically correct figures would require a large staff and involve a great deal of work, so power is given to the Postmaster General to settle the matter in the best way he can.

Motion agreed to, and the House went into Committee on the Bill.

Progress reported.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

The House resumed the adjourned debate on the motion of Hon. Mr. Reid for the second reading of Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk railway system, and the amendment thereto of Mr. D. D. McKenzie.

Mr. R. L. RICHARDSON (Springfield): Mr. Speaker, before entering upon a brief discussion of the Bill on its merits I should like to answer one or two objections that were raised to this legislation yesterday afternoon and evening by speakers on the other side of the House. The hon. member for Sherbrooke (Mr. McCrea) positively announced himself as unalterably opposed to public ownership and challenged anybody to give an instance where public ownership had been a success. If he will remain in the House for a short while, I shall give cases where public ownership has been a very pronounced success indeed. He also took the ground that no set of employees would serve a government railway system as efficiently as they would serve a private owned railway. If the employees of the national system of railways were directly under the Government, there might be some force in his argument, but it is well to remember that the railways that are now controlled by the Canadian people, and this of course applies to the Grand Trunk if it is taken over, are managed by an able board appointed by Parliament and with powers independent of the Government. The Government has divested itself of power to control, so there is no reason why employees should not serve just as efficiently and just as faithfully under that board as if it were a board managing a private owned railway.

My hon. friend from Wright (Mr. Devlin) made a point yesterday afternoon about the press being opposed to the acquisition of the Grand Trunk. I think he is under a misapprehension. As I read the press, most of the great papers of Canada are supporting the acquisition of the Grand Trunk. I need only mention Toronto, where the three leading newspapers are supporting the proposition regardless of their political predilections. The same thing is practically true of the West, where the great papers are supporting this public ownership idea. My hon. friend also spoke of the Government squandering money, as if we were simply shovel-

ling out money to the Grand Trunk. Surely he has not followed the history of railways in this country or he would know that the country has shovelled out tens of millions almost yearly into the maw of the railway exploiter and got nothing for it. We purpose now to end that practice and to own the Grand Trunk system so that any further money we spend on the road we shall be spending on our own railway. He also referred to the Canadian Pacific, pointing out how magnificently it was paying, and asked why the government-owned railways did not pay. He implied they would never pay. I think I shall be able to give abundant reason before sitting down why the Canadian Pacific railway pays, and pays well. I want to refer briefly to a point or two made by the leader of the Opposition (Mr. McKenzie), who announced that for his part he was unalterably opposed to public ownership. He also twitted the Government with rushing this legislation through. I cannot help thinking he was ill advised in taking that position. The Administration is not rushing this legislation through. The legislation has been pending for nearly two years, as every hon. member who has read the correspondence in the blue-book distributed recently must know. If the Government had not pressed this legislation through it would have been absolutely remiss in its duty to this country. The public owned system at the present time is confined largely to the West and to the East, and unless we are able to secure branches and terminals in Central Canada, it is absolutely impossible to make a success of railways under public ownership. Instead of the Government being to blame for introducing and pressing this legislation forward, the Government is to be commended for doing so. We cannot make our present system pay until we get these connections. I do not apprehend, and I am sure hon. gentlemen will agree with me, that there is any rush about this thing at all. Abundance of time is being given and every hon. gentleman who wishes to speak will have an opportunity of doing so. In my judgment the Government would have been remiss in its duty if it had failed to press forward this very important legislation at this moment.

I was struck with an expression of the hon. the leader of the Opposition when he said that the party with which he is associated has nothing to take back or apologize for in regard to its railway policy. I do not wish to blame one party more than another in regard to the railway policy pursued in this country for, in my judgment, the country has been on an awful debauch for the last twenty-five or thirty years in regard to its railway policy. But let us examine the railway policy as pursued by the party to which my hon. friend belongs. Surely it must be generally recognized that no greater, no more colossal blunder was ever perpetrated in this or any other country than the building of the Transcontinental railway and the Grand Trunk Pacific at the time they were pressed to conclusion by the party to which my hon. friend belongs. Instead of costing $13,000,000, as was promised, the Transcontinental railway cost, I think, in round figures $150,000,000. It is little or no good to the country at the present time. I am told that grass and trees are growing up in much of its roadbed. It is away ahead of time. The policy advocated by the right hon. the Prime Minister (Sir Robert Borden) at that time was in my judgment the correct policy. It was his view, and it was backed by a great many people throughout the country and by a great many members of this House, that two or three roads around the north shore of lake Superior were entirely superfluous, that one road was all the country could stand and that what should be done was to doubletrack the Canadian Pacific around the north shore and let every other railway corporation have running powers over it upon proper terms. That in my judgment would have been the ideal policy. In addition to the Transcontinental being built, we had the spectacle of the Canadian Northern building around the north shore of lake Superior, and it was this transaction that practically swamped the whole railway situation and brought upon us this crisis.

Let me remind the leader of the Opposition that he surely has nothing particularly to be proud about in regard to the Transcontinental railway, because an independent commission was appointed to inquire into certain matters connected with its construction and they found that $40,000,000 was spent either in extravagance or graft on that one road alone. I do not think the hon. gentleman has much reason to be proud of the railway policy of the Liberal party. I am not saying that it is very much worse than the policy which has been pursued by the other party during the last twenty-five or thirty years, because both were thoroughly bad, and now it is our duty as responsible members of the House to apply the only remedy that offers itself

The leader of the Opposition announces himself, I see, as being absolutely opposed to public ownership. He says: "We have not got the money, and if we have not got the money how are we going to buy this Grand Trunk railway?" I do not think the hon. gentleman has a correct appreciation of the situation. It is true that Canada has not got the money to buy the Grand Trunk at the present time, but we do not have to pay for it. We merely assume the bonded and debenture liabilities of the Grand Trunk and pay out of the earnings of the road the interest which they bear. I am in hopes that the course of the arbitration and the terms of submission will be such that we shall not be called upon to pay one cent of the common stock obligations of the line. If we do not take over the Grand Trunk and assume its debenture and bonded liabilities we are up against the absolute proposition of being obliged to pour tens of millions into this particular corporation in order to maintain it as a running concern. I am told that $90,000,000 is the amount of the obligation of the Grand Trunk to the Grand Trunk Pacific under the contract. The time came when the Grand Trunk reached the end of its tether, they said: "We cannot run this Grand Trunk Pacific any longer," and they threw it up —fell down on the proposition absolutely. Would the leader of the Opposition suggest —and I shall pause for a reply—that the Administration should have stood quietly by, refused to do anything and allowed the thousands and tens of thousands of people who have been induced to go into that country and settle along that line of railway, to remain without any railway accommodation or connection? What would the hon. gentleman suggest?

Mr. McKENZIE: The hon. gentleman is asking a question of me. He says that this company had reached the end of its tether and had been obliged to go into the hands of a receiver. It has gone into the hands of a receiver, who is the Minister of Railways and Canals. I do not anticipate that there would be any difference if it went into the hands of any other receiver; the business of the road would be carried on in the same way.

Mr. RICHARDSON: The Grand Trunk refused to further operate the Grand Trunk Pacific. The expression that the Grand Trunk was at the end of its tether appears I think in its own correspondence in the Drayton-Acworth report. The Government was obliged to operate the road and if there are deficits on the road it is not due to any maladministration on the part of the Government which has been obliged to carry this baby, to take care of this child, of the so-called Liberal party. It was forced upon this Government years ago. Surely there is no blame coming to the present Administration on that account. It was simply put up to them and they had to do something with the Grand Trunk because the Grand Trunk announced that they were at the end of their tether and that they could not raise money not only to pay their obligations in connection with the Grand Trunk Pacific but even possibly to take care of some of their other obligations.

The Government is faced with the necessity of dealing with the Grand Trunk. My hon. friend says that we cannot afford to take over the Grand Trunk at this time; the fact is we cannot afford not to take it over. In view of the railway situation that Canada is faced with we must take it over in order to save ourselves. I thought the leader of the Opposition was peculiarly unfortunate in the two illustrations which he gave. He said that the position of the Canadian people was like this: They have embarked on the enterprise of public ownership and purchased one cow—I think he said a Jersey cow. Why not, he asked, let us see whether we can make a success out of this cow before we buy another? Well, Mr. Speaker, it seemed to me that my hon. friend utterly failed to grasp the idea that the cow we had bought or rather that was forced upon us was a dry cow—it does not yield any milk. In order to make that cow productive, he inquired, would you go on and buy another cow. I say yes; we want to get a mate for the cow we have bought and see if we cannot put the pair in the way of producing for ourselves milk, butter and cheese. We will never get these products until we have another cow associated with the one we have bought and make the two productive. I think that is clear. My hon. friend also used another parallel which I thought was most unfortunate when he said the country is in the position of purchasing a horse—the hon. gentleman seems to have a peculiar affection for domestic animals—and when we come to make the purchase, he says, we find a bill of sale, or liens, on the horse. Now that is perfectly true. The horse is there, we have got to purchase it, and if we do not make the purchase we have got to pay the liens and the bill of sale, anyway. That is the position with regard to the railroads of this country; I want to make that point as clear as I can. Now

I would like to give a few figures, and I will endeavour to be as brief as possible, in order to show what this country has done for the railroads of the Dominion. I prefaced my remarks by stating, and I challenge contradiction, that the people of Canada during the last forty or fifty years have given sufficient—and I want this to sink into the mind of every hon. gentleman here—have given sufficient in cash, and lands, and the equivalent, to build every mile of railroad that we have in the Dominion at the present time. That is true; the people of Canada have given sufficient in cash, land, completed roads, exemptions, and largesse of one kind and another, to build every mile of railroad that now exists in Canada. And we do not own the railroads—in fact, for the last twenty, thirty, or forty years they have practically owned us. Now let us see where we would have been had we started on the right line? We have paid this money, we have given these exemptions, we have given this land, and yet, had we built and owned the railroads ourselves, we would have had them all paid for and there would be no capital to provide interest on. But because we have dealt with the buccaneers, manipulators, and railroad exploiters for the last thirty or forty years, we have this enormous railroad mileage in existence at the present time. It has all been loaded with stocks and bonds to the value of every dollar they cost and more, and the country has got to pay in freight rates sufficient to provide for the interest on this vast amount of capitalization. Had we done the thing ourselves we would never have been called upon to pay anything like the rates that we are now paying. I remember reading, when I was rather a young lad, and the Canadian Pacific Railway charter was before Parliament, that Sir John Macdonald, the man who was the father of that railway, made the statement that owing to the vast subsidies which the people of Canada were giving to the Canadian Pacific they would be able to carry freight at about one-half what they would be obliged to charge if they built the road with their own money. Now, notwithstanding the fact that we have poured this enormous sum of money, much exceeding a billion, into the construction of all these railroads we are obliged to pay the very highest freight rates at the present time; and the carnival will continue unless a halt is called. I admit it is late in the day, very late. This carnival has not existed with my acquiesence, because I began twenty-five years ago to denounce it, and use my influence to turn the people away from the idea of pouring subsidies into railway corporations. But it has gone on and we are face to face with this difficulty; and I ask hon. gentlemen opposite who expect to vote against this arrangement to pause and consider what the alternative is: you must either take over the Grand Trunk or continue to pour tens of millions of dollars into the maw of these corporations. That is the alternative, and the only alternative, because we are told this railway company are at the end of their tether.

Mr. CANNON: Would it not be possible for the Government to simply let the Grand Trunk go into liquidation?

Mr. RICHARDSON: Well, that could be done, but one of the great difficulties about the Grand Trunk, I may tell my hon. friend, is that it is a vast system and a great portion of it is in the United States and there are complications—so I am informed in discussing the matter with experts—that make it almost impossible to resort to that expedient. The view is held by the men who are in a position to know, the men who have studied questions of this kind, that the only possible way, the only satisfactory way, by which this road can be acquired is in the manner that the Government has adopted. For a long time I held the view suggested by my hon. friend (Mr. Cannon). If there is one thing that I feel, and feel strongly, it is that this country owes nothing, absolutely nothing, to any railroad corporation. All these corporations have held the people by the throat for many years and have shaken the last dollar out of them. Talk of generosity! I would not extend one atom of generosity to railway exploiters. They have exercised a malign influence in this Dominion for the last thirty or forty years. Their course and their machinations for decades have resulted in debauching the people of Canada and I feel no generosity towards them. I would exact the last dollar, and I am hopeful—it is my view in supporting this arbitration—that the terms of the arbitration will be such that the idea of generosity will not even be thought of. The manipulators of the stock of the Grand Trunk have been making money all these years out of these manipulations. Is it not time we came to the end of this flim-flam game? Is it not time we heard the last of the talk we have heard with respect to the credit of Canada that has been dealt out to us during the last fifteen or twenty years? Whenever a crisis arose in this country and there was

any idea of the people doing justice to themselves—doing justice to themselves and even no injustice to the party of the second part—you always heard the view expressed: "Oh, the credit of Canada will be interfered with." What do we care about that? Let us interfere with the credit of Canada. If that credit is to buttress up all these crawling creatures and has got to suffer because of their machinations, as it has suffered for decades, it is time we said: "To Hades with the credit of Canada." The time has come when we are not looking to British capital as the source from which to derive our money in this country. Because we have found that we must rely upon ourselves. We have to pay the piper, and the commitments of this country are appalling—appalling is the word—and we should see to it that not one farthing beyond a just award is paid for this Grand Trunk system. I would like to see provision made that the award be reviewed by Parliament.

Mr. McKENZIE: Hear, hear.

Mr. RICHARDSON: I appreciate that view as expressed by an hon. member of the Opposition. I do not know whether or not it is feasible, but I have the assurance not perhaps on behalf of the Government, but from a Government source, that in this arbitration the selling value of the stock in the old land will not be considered or allowed to influence the award and I have the further assurance that the obligations of the Grand Trunk to the Government under the Grand Trunk Pacific contract will be provided for. Naturally I felt considerable uneasiness, coupled with some indignation, when I saw in the newspapers that stock jobbers were manipulating the Grand Trunk stock in the Old Land, and that it would influence the price we must pay. The report went out broadcast that this was a stock jobbers' deal, and that perhaps men who if they got their desserts should be in the penitentiary, would make big profits out of this transaction. I carried my fears to a Government source, and I was assured that not one farthing would be added to any award because of any supposed selling value of the stock in London.

Mr. McKENZIE: Will my hon. friend permit me a question? Can he tell this House any method by which the arbitrators can be prevented from giving value to the stock by recognizing what it is selling for in London? How can that be prevented, and how would the award stand if the arbitrators refused to recognize such value?

Mr. RICHARDSON: I could not tell my hon. friend off-hand just how it could be prevented. But if I were an arbitrator—and I hope to see an able layman on that arbitration and not a technical judge—I certainly would not award a single cent because of any manipulation of the stock in London. I do not know exactly how that can be done, but I give my hon. friend the opinion that I have obtained.

I have no quarrel with the leader of the Opposition because of the opinions he holds. Yesterday he frankly stated that he was opposed to public ownership. He appealed to his long public record, and if he is honestly convinced that public ownership is an improper thing for this country, he has an absolute right to that view, and I duly respect it and him for stating it frankly. I take the other view, however, and I advocate public ownership as strongly as I know how. I am extremely anxious that this great transaction should be closed up. I believe its consummation will mean a great deal for Canada, and therefore I am not in favour of delay. But I agree with hon. members on the Opposition side who suggest that every possible safeguard should be thrown around this transaction in order that the country shall not be bled to the extent of even one farthing beyond what is the just and proper amount to be paid for the acquisition of this railway.

Mr. JEAN J. DENIS (Joliette): Will my hon. friend allow me a friendly question? I may say that he is making many friends on this side of the House, at least as far as I and many members to whom I have spoken are concerned, when he says that the country owes nothing to the railroads, that we have no generosity to extend to them, and no presents to give them. But our great apprehension on this side of the House is that the award to be made by the arbitrators may constitute a most magnificent present to the Grand Trunk Company by reason of the fact that these arbitrators are liable to make mistakes on a large scale in the valuation of such an immense transaction as this, and that if the award is final there will be no appeal from it either to the Supreme Court of Canada, to the Privy Council, to the Parliament of Canada, or to any other tribunal in the world. If the arbitrators should place a value of, say, $50,000,000 in excess of the real value of the stock, then we would have to pay the excess. Therefore my question is this: Would not the hon. gentleman agree with us on this side of the House

when we say that the award should be submitted to Parliament before it becomes final and valid?

Mr. RICHARDSON: I might say in reply to my hon. friend, that I greatly appreciate the position which some members on the Opposition side appear to desire to take on this question. I do think, however, that they are seriously misled, but I am not impugning their motives. If it were feasible that the award should be submitted to Parliament, I would certainly like to see it presented to us for ratification; but there might be difficulties in taking such a course, and I would not like to answer off-hand the question put by my hon. friend. We shall probably hear from the Government on that point.

I want to see the arbitration agreement, for I think it should receive the attention of the House, and I would like to see it submitted to the House when we go into committee on the Bill, because this is a very important matter. All classes of politicians in this House are equally to blame for our present railway situation, and the time has come when we might very well say: Let us look at this question on its merits, and on its merits alone. Let us see whether it is desirable that this railway should be taken over, and let us not be influenced by partisan considerations in reaching a conclusion. Partisan considerations have been the great curse of this country for the last thirty or forty years, and we now see the handwriting on the wall. The people themselves have begun to realize that partisanship is a curse, and they are taking the game into their own hands. I am not prepared to say that it might not be a good thing, if we, the people's representatives, will not apply the reform that the people themselves should speak and act. What difference will it make if the Union Government and the so-called Liberal party be set aside, so long as the people are truly served? That should be the only issue to be considered in the Dominion at the present time.

Mr. McCREA: Would it not be a good idea to let them speak on this question through a general election?

Mr. RICHARDSON: I promised to present a very brief summary of what the Dominion has given to the railroads, and when I refer first to the Canadian Pacific railway my hon. friend from Wright (Mr. Devlin) will see the answer to his question: Why cannot the Government-owned railway pay as well as the Canadian Pacific railway? First, let me give a brief historical reference I have in mind, and in this connection I would like to appeal to my hon. friends on the Opposition side. In the year 1872 the Mackenzie Government came into office, led by as grand a man and Liberal as ever appeared in this country. He was the man who helped to create the great Liberal party, and he believed in public ownership. That grand old Scotchman had made a study of the question, and he realized Canada's needs and necessities, and he advocated that the railway system to bind the East to the West, which was a condition of Confederation, should be built under public ownership.

It would have been a great thing for this Dominion had the hon. Alexander Mackenzie been continued in power long enough to carry out that policy. It would have saved hundreds of millions of dollars to the people of this country, it would have meant decent freight rates, and we would not have had the bedevilment and corruption of our politics and public life that we have witnessed during the last thirty or forty years. I want to appeal especially to my hon. friend the leader of the Opposition (Mr. McKenzie). His honoured leader, the man who helped to create his party, believed in public ownership and undertook the construction of the Canadian Pacific railway to connect the Pacific with the Atlantic as a publicly-owned line.

His party continued in office, as is well known, from 1872 until 1878, when it was defeated on the trade question—an improper issue at that time, as history will attest. But he was defeated, and Sir John A. Macdonald, the great apostle of private ownership, came into office. And what did he do? He brought into existence the Canadian Pacific Railway Company and handed over to it at once $38,000,000 worth of road that had been completed under Mackenzie and 25,000,000 acres of land. Let us see what the Canadian Pacific Railway Company actually received. They got $71,000,000 in cash. They got $38,000,000 worth of completed road. They got a land grant running up to some thirty or thirty-five million acres. Now, they have realized over $125,000,000 from the land which they have sold, and, according to their own statement, the land which still remains, untaxed, in their hands they value at another $125,000,000. So that the people gave them directly—it was just the same as cash—$359,000,000. And the original cost of the road, according to their own figures, was $143,000,000.

Let us examine what further aid they received. They got exemption from duty on all their supplies. They got exemption from taxation until Gabriel blows his trumpet on every penny's worth of property that they own in this country. Do you know what that means? If you figure it out according to recognized authorities you will find that that means $500,000,000 to the Canadian Pacific Railway Company every thirty years. As the company have been in existence over thirty years, the people, therefore, have contributed to the Canadian Pacific Company about $850,000,000 in cash, lands and tax exemptions. No wonder they can earn splendid dividends; no wonder they can set aside a handsome reserve of from one hundred to two hundred millions. I commend the figures to my hon. friend the member for Wright (Mr. Devlin). It is in order to combat the strength of that great railway company that we want to have the Canadian-owned system strengthened; because I believe our system will be able to compete satisfactorily with the Canadian Pacific when the time comes if we get it properly organized and co-ordinated.

Now, let us see what we gave to the Canadian Northern. I want my hon. friend (Mr. Denis) to listen to this, because it is important; he has a receptive mind and I am satisfied that his vote on this question will be an honest one.

Mark you, we gave $850,000,000 to the Canadian Pacific, and into the maw of the Canadian Northern the people of Canada poured $300,000,000. Is it any wonder that there has been a bedevilment of our politics in this country? Is it any wonder that the great railway interests became arrogant and overbearing and practically attempted to own the country as they gained in affluence and wealth?

According to the information given by the Minister of Railways this afternoon, we gave to the Grand Trunk $15,000,000. Mark you, the people gave $674,000,000 in cash or its equivalent to the three railroads of this country; and if you add $500,000,000 by way of tax exemption and duty exemption you will get the enormous total of $1,540,000,000 that the people of Canada have contributed to the railroads of this country. If that is not sufficient to appal members of Parliament, to say nothing of the citizens ot Canada—well, I do not know what would appal them. If that is not "going it strong"; if that is not being on a colossal railway debauch for thirty years, I do not know what is. It seemed to make no difference during the last ten or fifteen years how often you tried to call a halt; the carnival went on, and it was participated in just as boisterously by the party to which my hon. friend belongs and to which I myself once belonged. I opposed them on the Grand Trunk Pacific-Transcontinental policy however; I ran against the member of the Government in Western Canada who was pushing the thing through there; I have at least that to my credit.

I say that notwithstanding all that we have given, unless we stop now, we shall have to continue the carnival. Is it not about time that this condition came to an end? The Grand Trunk so say the company's officials themselves is at the end of its tether. Any one who studies the financial position of Canada knows that this country also will be practically at the end of its tether if it does not put a stop to this kind of thing. Here is the alternative: If you do not take over the Grand Trunk you will have to nurse the baby; you will have to continue pouring millions into the lap of that corporation to enable it to support the Grand Trunk Pacific and, probably, itself.

If we do not take the Grand Trunk, in order to make a success of the Grand Trunk Pacific and the Intercolonial, we shall have to build branch lines and terminals in Ontario, and that would involve a cost to the people of probably two hundred millions. And then what have we got? We have the Canadian Pacific, the Grand Trunk and our own system, all in competition. We cannot make a success of the state-owned system without the Grand Trunk. If we wipe it out, we wipe out its competition, and with a splendidly equipped system from the Atlantic to the Pacific we shall be able to effectively compete with the great Canadian Pacific Railway system. In no other way under the sun can we make a success of our national system of railways. That is the position which confronts the Government at the present time.

Hon. members argue strongly that the road should not be taken over, but they do not stop to think that if we do not take it over we shall have to support it. We have been supporting the railways, lame and otherwise, for the last thirty or forty years. Surely to Heaven we ought to have reached the end of the lane. It is such a reflection upon the judgment and the intelligence, not only of members of this House but of the people of the country as well, that I marvel that any sane person should continue this foolish policy an hour longer. It was inevitable that the time

should come when we would have to end it; and that time is the present.

I have made some reference to the policy of the so-called Liberal party in the old days when they launched this Transcontinental and Grand Trunk Pacific system. The then Minister of Finance, the present member for Shelburne and Queens (Mr. Fielding) who opposes this Bill, was the exponent and mouth-piece of the Government of that day. It was he who told us that the Transcontinental would cost the country only $13,000,000, whereas it has cost us over $200,000,000. I was looking over his speeches the other day; it seemed to me that they were models of solemn absurdity and financial incompetence. I marvel that he takes the position that he now takes on this question, having regard to the vast blunder with which he was associated and which he helped drive through this Parliament and fasten upon the country. The only way in which the country can recoup itself for some of these losses is by taking over the Grand Trunk, co-ordinating it with our other publicly-owned lines and making it a thorough, competent, well-equipped system. When we do that we shall be able to make money out of it and probably get back some of the hundreds of millions that we have already spent.

Now, in what I am about to refer I should like to have the attention of the member for Sherbrooke (Mr. McCrea). I hope that he will wake up and follow me closely, because I am coming to the declaration that he made last night—in which, no doubt, he was perfectly sincere. I do not suppose the hon. gentleman knows that there is any country under the sun which has made a success of public ownership. I want to appeal especially to him because he is a hard-headed—shall I say hard-fisted—business man. He knows how many beans make five; and, if I size him up correctly, I take it that if he thought that failure to acquire the Grand Trunk would add ten dollars to his taxes he would be in favour of taking it over and saving the ten dollars. I hope the hon. gentleman will appreciate the compliment.

In discussing the question of public versus private ownership, I want to make a prefatory remark, that the only thing to consider is not dollars and cents. It is not dividends that we must look at, especially, but service to the people. Does the hon. member for Sherbrooke (Mr. McCrea) appreciate that? It is not so much just whether we make five per cent or six per cent; we might make a little less, but if we serve the people, that is the idea of public ownership—the subordination of dollars and cents to public service.

[Mr. Richardson.]

Mr. McCREA: It is on forty years of experience as a shipper that I base my argument.

Mr. RICHARDSON: All these public utilities that are in their nature natural monopolies, such as gas, water, light, telephones, telegraphs and railways, that enter into the service of the people, should belong to the people. Just let me tell the hon. member for Sherbrooke that people throughout the world have the idea of public ownership. Water, gas, light, telephones and telegraphs belong in the old land, as well as on this continent, very largely to the people themselves. It just occurs to me now that in Glasgow we have the greatest example of the success of public ownership that the world has ever witnessed. For the last twenty-five years or more the whole street railway system and every other municipal service of that great city have been owned by the corporation of Glasgow. If my hon. friend has ever visited Glasgow, he will find that he can ride on a street car there for a penny and sometimes for a cent, and the revenue from that system is so vast that it has been almost entirely wiping out the taxes of the people of Glasgow for the last twenty or twenty-five years. That is one case. The conviction is being steadily forced upon the people, not only of Canada but of the world, that public ownership is in the general interest of the people, because it supplies them with service in preference to dividends, though it generally does return dividends. Let me suggest this to my hon. friend. He says that no success has ever been made of public ownership, and he challenges anybody in this House or out of it to produce any instance of its having proved a success. All the postal services, I presume, throughout the world, are under public ownership. Could a service be much better managed than even our own postal service which usually produces a revenue, notwithstanding the enormous disability, the Civil Service disability? In my judgment, the Civil Service should be taken by the heels and smashed against the wall; we are paying just double what we should pay for Civil Service at the present time, it could be cut in halves and its efficiency increased, and yet we are going on and appointing hundreds more to positions, mostly at big salaries.

Mr. ROBB: My hon. friend might tell us something about the grain elevators of his own province of Manitoba.

Mr. RICHARDSON: I promised not to be too long, my good friend. I have so much to tell you about that perhaps you will be glad when I finish.

Mr. J. D. REID: They are operated successfully.

Mr. ROBB: The hon. member for Springfield will not say that they are well managed.

Mr. J. D. REID: They are owned by the Dominion Government, and they are operated successfully.

Mr. RICHARDSON: The Minister of Railways has suggested that they are a success, and I have no doubt that as he is a truthful man, the Opposition Chief Whip (Mr. Robb) can rely on his words. The postal service, telephones and telegraphs in the old land from which we derive our precedents, all belong to the people; they are all magnificently managed, and I believe they pay well.

Mr. CANNON: What about telephones in Manitoba?

Mr. RICHARDSON: Just possess your soul in patience, my good and eloquent friend; you will have an opportunity after I am through.

Mr. CANNON: I should like to know.

Mr. RICHARDSON: Just let us come down to railways. Does the hon. member for Sherbrooke (Mr. McCrea) know—if he does not know I will tell him—that the railways of that great German Republic, as we must call it now—it used to be an Empire; I dislike to instance Germany, even to mention its name in the House, but it will do all right as an illustration—has owned all its railroads for the last thirty or forty years? The best testimony that I can secure proves that those railroads have been efficiently managed and that they have paid. What are the rates on those railways? Three-quarters of the people of Germany have been travelling for the last twenty-five or thirty years—mark that—at a rate of one-quarter of a cent per mile. How does that compare with three and four cents per mile in this country, and yet those railways pay a dividend and are efficiently managed.

Mr. TOBIN: What wages are paid there?

Mr. RICHARDSON: Never mind—I do not know what wages are paid. It is very easy to crack in questions. Although one should rise from the dead, I do not believe that my hon. friend would be convinced. I am not appealing to him as I expect him to vote with his party. That is the kind of men who are a curse to the country; they follow party instead of following logic. Let me tell the hon. member for Chateauguay-Huntingdon that Germany is not the only instance. Austria-Hungary has owned most of their railways for years; those railways pay well, and the rates are very low. Italy owns most of its own railways and makes a handsome profit.

Some hon. MEMBERS: Oh, oh.

Mr. RICHARDSON: You must not smile when I am presenting you the truth, because I expect you to vote aright.

Mr. DEPUTY SPEAKER: I must remind the hon. gentleman that he must address the Chair.

Mr. RICHARDSON: All right, Sir, I will endeavour to do so.

Mr. McCREA: Would the hon. member allow me a question?

Mr. RICHARDSON: At this stage of the debate I decline to be interrupted. In Italy the railroads are mostly owned by the people; the rates are very moderate, and those railways pay. I want to tell my hon. friend—I want to tell the Speaker this time—that France—and France is a country that will appeal to many hon. gentlemen sitting opposite—owns most of its own railways and makes money out of them; that wages are good in France, and that the rates are low. Therefore, we are not entering upon an experiment at all; public ownership has been tested for decades and has proved a success.

Let me give just one instance of the success of public ownership that appeals specially to myself. It was referred to by the hon. member for Marquette (Mr. Crerar) the other day, and I shall repeat the salient points. In the city of Winnipeg we, the citizens, went along for many years paying ten cents per kilowatt hour for our light and a correspondingly enormous price for our power. There was a privately-owned system belonging to Bill and Dan, and we had to pay whatever price was asked. The citizens thought that was a mistake; they thought they could get power in at very much less, because nature had provided the Winnipeg river, which connects the lake of the Woods with lake Winnipeg, with magnificent water-powers. So the city of Winnipeg embarked on the undertaking of developing power on its

own account. Naturally, just as the President of the Privy Council said last night, the interests immediately got busy and told us that the city was plunging into an enormous liability, just as the leader of the Opposition said last night with regard to this Grand Trunk business. The interests did their best to scare the people of Winnipeg from embarking upon this enterprise, but the people believed in public ownership; they thought they had a good thing in this Winnipeg River power and they appropriated sufficient money to develop it. Mark you they developed on the Winnipeg river up to 100,000 horse-power, and transmitted that power to the city. They spent $7,500,000, and at what rate do you suppose light has been distributed to the thousands of citizens of Winnipeg during the last seven or eight years? Ten cents per kilowatt hour? No, three and-a-half cents per kilowatt hour. They cut the rate by more than two-thirds. The city of Winnipeg is supplied with light at the lowest rate, I believe, on this continent, because of public ownership. The prices charged for power were reduced in the same proportion. Has public ownership in this case meant disaster for the city of Winnipeg? Not at all. During the last few years, in addition to paying interest on this $7,500,000 and providing a sinking fund, the city has been able to set aside $400,000 in profits, and the citizens have saved from one to two millions annually in the price of their light and power, because the competing privately-owned company had to meet the new rate. There you have a magnificent example of the success of public ownership, and it will be that way all along the line wherever the principle is properly carried out.

I see it publicly stated that Sir Adam Beck's hydro-electric system has saved the people of Ontario fifty millions of dollars. The danger is in dishonest administration, and you cannot always safeguard yourself from the manipulations of scoundrels. But if you have public ownership and honest efficient administration it is bound to be a success. There is no reason why there should not be honest administration, and that brings me back again to the position of my hon. friend the leader of the Opposition. He says that we cannot get men who would serve the people as they would serve a corporation. I don't believe that is so. I give him credit for expressing what he believes to be true, but what reason under the sun is there why servants should not serve under a board of management appointed by the Government just as faithfully and efficiently as under a board of management appointed by directors in old London? His position does not hold water.

While some friends on the other side of the House may vote against this proposal under the belief that they are doing a good turn to the country in striking at public ownership, I want to tell them in all solemnity that actually they are attempting to deal our national railways a deadly blow. Thank God, it will not be fatal to the principle of public ownership, which means so much for the interest of this country. Let them appeal to their old leader, Hon. Alexander Mackenzie, the man who created the Liberal party. Was he a private ownership man? No, he stood for public ownership. How the party has degenerated since his day! We have the remnant of the party here pleading for private ownership in a case where public ownership is the only possible remedy for the situation.

Opponents of public ownership very naturally point to failures and say: "Look at the Intercolonial." I have heard that said on every platform on which I have spoken on public ownership during the last twenty years. Let us examine the Intercolonial for a few minutes. As you especially know, Mr. Speaker, for you come from the Maritime Provinces, the Intercolonial was not built as a commercial enterprise. It was not expected—and I want my hon. friends to mark this—that the country would make money out of it, but it was one of the terms of Confederation that the East should be connected by rail with the West. The Intercolonial was not built on a direct route, as a railway built for commercial purposes would have been, but followed a circuitous course around the coast line in order to serve this, that and the other community. Therefore, it could not be expected that it would be a commercial success. What has happened to the Intercolonial? As everybody knows, and especially the leader of the Opposition and hon. members from the Maritime Provinces, the road has been bled white for the last thirty or forty years. The cars used on the Intercolonial carry probably ten tons, but they would be set down as carrying only three or four tons, and while injury was done to the track the man who shipped freight over the Intercolonial got off with a very small payment. The curse of the Intercolonial has been political management and the foisting upon the line of thousands of incompetent political heelers and dependents, to the awful prejudice of the

enterprise. No wonder the ex-Minister of Public Works (Mr. Carvell) and other hon. members from the Maritime Provinces look askance at public ownership, for they have seen what has happened. But the trouble has been with the management. The road has been a political railway to help out this, that, and the other politician. I venture to say that nothing of that sort will happen under the board that is administering the National Railways of Canada. We had an ebullition in connection with the Intercolonial from a politician not very long ago, when the then chief whip of the Conservative party threatened to resign because he was not given as great consideration from the Government in the matter of the Intercolonial railway patronage as he expected. The point I want to emphasize is this, and mark it, because it is worth while: The Intercolonial for thirty or forty years and until quite recently carried freight for less than one-third the amount charged by private-owned railways. Let that sink deep into the heart of my hon. friend, who I expect will vote for us before he is through. The country lost heavily, but Maritime Province residents got the benefit. I am satisfied that when the Intercolonial is amalgamated with the Grand Trunk system, which is required to link up the East with the West, we shall have a railway system that will pay.

Let me add that thousands and thousands of miles of railway have been built in this country that never should have been built, much of it being simply duplication. That is the result of this colossal railway blunder policy that has been carried on by both parties during the last twenty-five or thirty years. When we get the Grand Trunk incorporated into the public owned railway system, and have eliminated all waste mileage, and let me add, all waste capital, we shall have a system that will pay interest on a reasonable capitalization, pay operating expenses, and give a valuable return to the people, if not in large dividends at least in reduced rates. We have got the National Transcontinental, the Grand Trunk Pacific, the Intercolonial, and the Canadian Northern now, but they are no good to us without the Grand Trunk system. They are like the cow of the leader of the Opposition that is not giving any milk. We have to acquire the road that will complete our system, and when that is done my judgment is that we shall be able to give an excellent service to the people and make a profit into the bargain. But one thing will have to be done. Owing to the absurd system that has been followed by both parties in this country, and both parties are equally responsible, we have allowed railroad exploiters to persuade us to pour immense sums of money into their maws in order that they might construct railway mileage, useless or otherwise, to enable them to make off with vast amounts in construction guarantees, etc. Because of that foolish policy—and both parties are equally to blame—we have hundreds, if not thousands, of miles of unnecessary railway mileage in this country at the present time. That has to be eliminated. The capital cost has to be erased from the public ledger and the country has to take the loss. If we acquire the Grand Trunk and co-ordinate it with our already publicly-owned system we shall have a complete system with which the country can compete efficiently with the Canadian Pacific and without which we cannot compete with that great corporation.

It is all very well for the leader of the Opposition to say: "Well, we already have one cow, let us see what that cow does before we buy another." Surely the hon. member knows that the cow is dry—dry as a whistle. It has never given a pint of milk ever since we had it and until we get another member of the bovine species and link them up we shall never have a productive and successful system. We might go on until the crack of doom with a big railway mileage in the West and a big railway mileage in the East, but without connections in the centre we cannot operate through trains, or make a success of the system. We can never make a success of this without this connection and unless we take over the Grand Trunk at the present time in order to make any success whatever of the thousands and thousands of miles we have, we shall have to build a system in central Canada to connect up with. We have either to take the Grand Trunk or build a connecting system in Ontario or Quebec. That would cost us from $100,000,000 to $200,000,000. That is the only way. You can not make a success of this cow unless you give her a companion. When we have acquired the Grand Trunk, and it is the only logical thing to do, we shall have a system in this country which I believe will be a paying institution and will be capable of effectively competing with the Canadian Pacific.

I think it was the leader of the Opposition who spoke of the failure of public ownership in the United States; if it were not he it was some other member of the Opposition. In the United States, since the outbreak of the war, the railways have been

taken over and operated by the people. It is true they have not returned dividends to the people, but I will tell you what they did do; they helped to win the war. And if it had not been for the taking over of the railway system by the Government of the United States the United States could not have been as effective in France and Belgium as that country was at the period when its troops were there. The idea of profits was absolutely subordinated to winning the war. Before the Government of the United States undertook to control the railways there were 23,000 miles of American roads in the hands of receivers. That was under private ownership. It is not surprising that under public ownership during the war, when the service was subordinated to the carrying of troops they did not make a very great success of the operation. In addition, however, there is far too much water in the stocks of the American roads to make a success. Great Britain took over and operated its railways. I read recently in a white-book issued by the Government that during the operation of the roads by the Government they earned a profit of $81,000,000.

With regard to the Bill under consideration and which provides for the taking over of the Grand Trunk, I may say that the Grand Trunk owes the Government $90,000,000 under the Grand Trunk Pacific contract. I am informed, as I said at the outset, that when the agreement for arbitration comes to be made the interest of the people will be guarded. I am informed that no appreciation of Grand Trunk stock in the old land since it was known that the Government was negotiating for its purchase will be recognized. I am informed that the arbitrators will perfectly guard the interest of the public. If that is true I do not see that there is going to be any very great danger in taking over the road. Of the $115,000,000 of common stock of the Grand Trunk, I am told that no more than $15,000,000 actually represents money put into the railway. A lot of this money has been wasted. Of course, the stock sold very much below par and the money has been wasted. I do not think we have very much to fear in connection with taking over the line. The hon. member for Shelburne and Queens (Mr. Fielding) says that he is not opposed to public ownership but that the greatest and best public men of Canada are. I think those are his words.

Mr. FIELDING: Not the "greatest" but the "gravest"—I do not want to exclude my hon. friend.

[Mr. Richardson.]

Mr. RICHARDSON: It is just a mistake in one letter. I would like to ask my hon. friend if he would not give the House a few of the names of some of the gravest and best men in this country who are opposed to this scheme. I marvelled at the statement because a long acquaintance with my hon. friend has given me a high respect for him and I always listen to his statements in this House with great pleasure and attention, but I cannot bring myself to believe that the hon. gentleman was speaking with due warrant when he said the gravest and the best men of this country were opposed to this transaction. I could understand the editor of the Financial Times, if he is one of the gravest and best men in this country, being opposed to it because the Financial Times of Montreal issues a warning and appeals to the Senate to throw out this Bill, in the interest of this burdened country. Just fancy the Times which has devoted its long life to fighting and working for the interests, posing as the champion of the public on any question. I shall not discuss the question as to whether Lord Atholstan is one of the gravest and best men in this country but if the hon. member for Shelburne and Queens refers to the Canadian Pacific directors as being among the gravest and best men who are opposed to this proposal, I will agree with him that they are probably opposed to it, but I would take immediate issue with the suggestion that they are the gravest and best men in this country in so far as the public interest is concerned. They are fully able to look after the interests of the Canadian Pacific railway but that they have any tender regard for the interests of the people I beg leave to very much doubt. I would have liked my hon. friend to have mentioned a few names when I gave him the chance. But in the absence of any names I must conclude that the gravest and best men are some of the stodgy-brained bell-wethers of Montreal finance. That may be a harsh judgment but I cannot believe that they have made a study of the question because if they had I cannot imagine they can take the position which my hon. friend suggests they do take.

Now my hon. friend (Mr. Fielding) in some remarks which he made on the question, said something about this being a stock-jobbing transaction. I was not in the House at the time and I would not wish to misquote the hon. gentleman. I want to say, however, that even if it were a stock-jobbing transaction it cannot fail to result in benefit to the people to get this

railroad out of the hands of the stock-jobbers and manipulators and flim-flam artists into their own control. Then it will clear our politics and clear our public life in a manner that we little dream of. The alternative in this transaction is that we either take over the Grand Trunk or we go on pouring millions, tens of millions into the hungry hands of these corporations. I pause for a moment and ask the leader of the Opposition if he believes that would be the best policy to pursue? He may denounce the taking over of the railroads, but has he viewed the alternative in all its gravity? Does he realize that if we do not take over this railroad we have got to carry the foundling and nurse and feed it? That is the position and that is what we have been doing during all these decades. Is that to go on any longer? Is the country not thoroughly sick of continuing the practice? Has the time really not come when we should put an effectual stop to it and know exactly where we are? If we do not take the road over, we have got to carry it. We have come to its rescue to the amount of $90,000,000 on the Grand Trunk Pacific. Is not that about enough, or have we got to go on continuing it? If we co-ordinate the two systems and get the Grand Trunk, which is the central road, it will help to feed the other ends and take care of the business, and we shall then be able to make some money out of the transaction, we shall then be able to make it pay; we cannot possibly make it pay under the present circumstances. It is a question of doing that or continuing to throw millions and tens of millions of our money to these corporations. I have, in a feeble way, shown the House what the railroad systems have cost the country. Is it not time we ended the farce, once for all, and took over the Grand Trunk, the central road, so as to make the Canadian publicly-owned system of railways a paying system, a possible system. It is no wonder the Government has been anxious and anxious ever since it became possessed of some of this mileage, to have an agreement with the Grand Trunk, get it out of the way, and get their system embodied in our publicly-owned system. In that way and in that way only can we solve the transportation problem in this country. It is all very well to talk about haste, and for the leader of the Opposition to say this matter is forced on the country in the dying days of the session. I believe every member of Parliament is prepared to stay here until the snow flies, and even until next spring, in order to settle this great question. Let us take all the time that is necessary. There must be no undue haste but let the matter be settled and settled in the right way. It is true that a campaign has been started, I suppose by the Canadian Pacific and by interested people, against the acquisition of this railway. But it will fail and fail miserably and react upon those skulking behind it. The course I have outlined, Mr. Speaker, is the only solution of the transportation question in Canada—the only one. We cannot afford to build another system to compete with the Grand Trunk, but if we acquire the Grand Trunk on proper terms, and let every member of this House see to it that the terms are proper, we shall have a splendid publicly-owned system of railways in this country.

Mr. DENIS: Does my hon. friend realize that after this Bill has been passed, the people, and especially this Parliament, will have absolutely nothing to do with the terms? I am putting this interrogation in answer to what the hon. gentleman has just said, " Let us buy the road on proper terms." If the road was to be bought on proper terms, with sufficient guarantee, I am not going to say I would vote against the Bill.

Mr. RICHARDSON: I am delighted to hear my hon. friend take that stand because it is precisely my own position. I propose to scrutinize the terms when they are brought down. I am assured that the enhancement of stock in the Old Country will not add one dollar to the price we have to pay, and that Grand Trunk obligations to Canada will be taken care of in the arbitration.

Mr. DENIS: But we will have nothing to do with it. After this Bill has been passed the matter goes into the hands of the arbitrators, and then all we have to do is to pay the amount of the award. That is why I say we will have no possible means of ascertaining whether the terms are proper, we will have no way of controlling proper terms or making recommendations to the arbitrators.

Mr. SPEAKER: Order. The hon. member has spoken, and the member for Springfield has the floor.

Mr. DENIS: I was merely asking the hon. member a question. I was asking the hon. gentleman if he realizes that in this instance Parliament will be absolutely handicapped and powerless, after this Bill has been passed, in so far as the proper terms are concerned? That is my question.

Mr. RICHARDSON: I rather appreciate, Mr. Speaker, the kindly interruptions of my hon. friend. I can tell by his voice and by his eye that he wants to do absolutely the right thing with regard to this Bill. I believe he will vote right when it comes to the issue. He wants to do right, and when a man wants to do right the greatest patience and the greatest kindness must be exercised in regard to him. Now, I cannot really tell my hon. friend—I cannot give him the guarantees he asks for. I may say that I was informed by a man—I would not like to say how close he is to the Government because I do not want to give away secrets—that all these questions will be provided for, and that under this arbitration not one dollar more will be paid for the stock because of any enhancement or alleged enhancement of that stock on the money market at the present time. I was pleased when I heard that because I want to tell my hon. friend—

Mr. FIELDING: The hon. gentleman says he proposes to scan carefully the terms when they are brought down. Are we to have any other terms than those set forth in this Bill? The hon. gentleman intimates that some other terms are to be brought down and that we are to scan them. I have no intimation that there are such terms to be brought down.

Mr. RICHARDSON: Will there not be an arrangement with regard to the appropriation of the road? Will there not be some arbitration agreement?

Mr. FIELDING: To be brought down here?

Mr. RICHARDSON: Yes, I fancy so.

Mr. FIELDING: I do not know, I am asking the hon. gentleman for information.

Mr. RICHARDSON: I merely tell my hon. friend that I have been assured that the enhancement, or the alleged enhancement, of the price of the stock on the London market will not be allowed to affect the finding of the arbitration here. I may have been deceived.

Mr. FIELDING: That is not quite the point. My hon. friend says he proposes, for his own protection, to scan carefully the terms when they are brought down. I have no intimation that we are to have any terms brought down, and therefore my hon. friend will not have an opportunity of scanning them.

[Mr. Denis.]

Mr. RICHARDSON: I am under the impression that there is to be an arbitration agreement.

Mr. FIELDING: To be brought here?

Mr. RICHARDSON: I cannot say that it will be brought here, but I shall hope so.

Mr. FIELDING: All right.

Mr. RICHARDSON: I may be speaking in ignorance, but I was under the impression that the question would be more fully elucidated by the Government before the Bill finally went through Parliament, and I was hoping for further information on it. I take the position that I am just as sincere in my views in this matter, and just as anxious to guard the public interest as any member opposite; and I trust the agreement under which the arbitration will be submitted will be such as to absolutely safeguard the interests of the country.

Mr. FIELDING: And that it will be submitted to the House at this session?

Mr. RICHARDSON: Well, I have not got the ear of the Government. I have not got that assurance from them, and I am unable to give my hon. friend that assurance.

I want to say, Mr. Speaker, and I have taken up much longer time than I had intended, a word or two in conclusion. We are faced in this matter with the alternative of pouring millions and millions of dollars into the hands of the corporation unless we take a radical step, such as is proposed at this time, and take over this railway. Then we shall have a publicly-owned railway system which will serve the whole country, and, I believe, serve it efficiently.

I am not of the view that the Canadian Pacific railway should be taken over. It is a magnificent railway system efficiently managed and pays well and every body wishes it well. No wonder it pays well in view, as I have shown the House, of the vast amount of money the country has given to it. I would have the Canadian Pacific railway continue as a competing road, and I think that if it remains so the public will be better served than if it becomes incorporated in our national railway system.

When we get this Grand Trunk Railway system incorporated in our own national system, as I believe we shall in a very short time, the next thing to do will be for this Parliament to eliminate all waste mileage from the public owned system, and write the cost off the ledger. Then we ought to charge rates sufficient to pay in-

terest on the reasonable cost, and only the reasonable cost, of the road, and maintenance and upkeep. If we start off with a fair capitalization we ought soon to be in a position to make the system pay as an enormous saving can be at once effected in the elimination of hundreds if not thousands of officials and offices which are now duplicated. But without a fair capitalization it is impossible, in my judgment, to make a success of our venture. The point is very important. Take the Grand Trunk road, its capitalization although constructed when material and labour were absurdly cheap has climbed to the enormous figure of $127,000 a mile. The capitalization of the Canadian Pacific, which was built under pretty favourable auspices, is $69,000 a mile, the Canadian Northern still lower $54,000 a mile, and the Grand Trunk Pacific which was built under very bad auspices, as indicated by the report showing $40,000,000 of extravagance and graft, cost $98,000 a mile. $127,000 a mile is an enormous capitalization, for it must be remembered that the Grand Trunk was built in the early days, and I do not see how it could have cost that large sum. But I suppose there were railway exploiters and manipulators, and they probably sold railroads on political bases to the Grand Trunk just as readily in those days as in more modern times, which probably largely accounts for the enormous capitalization. The Manitoba Railway system which the Northern Pacific built some twenty years ago only cost $9,000 a mile. Compare with that the capitalization of the Grand Trunk at $127,000 a mile! Of course, that includes equipment. But the difference is out of all proportion. And the Canadian Pacific even at $68,000 a mile is much too high. However, the Canadian Pacific Railway Company added to their capital. They issued tens of thousands of dollars worth of capital stock. They distributed the original first issue of stock among themselves at 25 cents on the dollar, set the proceeds aside and paid themselves interest at 6 per cent, and in four years recouped themselves every farthing they paid for it, and they owned the stock into the bargain. That is the way these transactions have been carried out. The city of Winnipeg built a railroad 100 miles in length out to Shoal lake, along the waterworks aqueduct, on the Lake of the Woods, and from the figures I have obtained the cost of construction and equipment — of course, the equipment is not great— was but $12,000 a mile—all constructed within the last five years. If we are to make a success of our publicly owned system, it is very important that we reduce the capitalization to the figure it would take to reproduce the system, and then let us pay interest on that reasonable capitalization, which will enable us to give the people rates very much less than are being charged at the present time.

I think that politics can be kept out of the management of this publicly owned system, Mr. Speaker. I have yet to learn of any political interference since the Intercolonial railway and the Canadian Northern railway and the Grand Trunk Pacific passed into the hands of the board at present managing them—at least no complaints have reached me—and I believe it is the duty, as I am advised it is the resolute intention, of this Government to keep the system absolutely free from politics. If it does, I have no doubt that we can operate it successfully.

Last session I took the view that it would be unfortunate if we had to take over this Grand Trunk system under arbitration owing to our distressing ten million experience with the wretched Canadian Northern railway stock, but there seems no help for it. I am told that the difficulties of allowing the system to pass into the hands of a receiver and then acquiring it would be insurmountable, because so much of the system is in the United States. I am told that event the plan of purchasing or guaranteeing to pay a certain return on the bonds and stocks would not do because we cannot acquire control. I hope when the time comes to appoint arbitrators we shall get a good business board. God protect us from too many legal quibblers on the board. I do not think we ought to have lawyers—we might have one legal gentleman. But if we have a business arbitration, and the arbitration agreement which I rely upon is of the right character, I cannot help thinking that the country does not take much risk even in going into arbitration. The difficulty, however, is that for two years the Government has been endeavouring to acquire the road by purchase. We said that we would guarantee so much interest on the bonds and debentures, but the Grand Trunk people would not accept our offer, and nearly two years ago the Government proposed arbitration. Arbitration seems to be the reasonable thing under the circumstances. If you and I, Mr. Speaker, cannot agree upon a certain point, I would think you would have a right to feel very much offended if I declined to agree to submit our difference to

a third party. Surely we can get justice from arbitration, providing it is of the right character. If we have business arbitrators I should think they would at least do justice to the people of Canada. I would not like to see three judges appointed. I think the arbitration board should be composed of two business men, with perhaps a judge as a third man to look into the legal aspect of the case.

Now, Mr. Speaker, I must apologize for having taken up so much of the time of the House, but this is a great subject and perhaps none of greater economic importance has come before this House in the last twenty-five years. The issue means a great deal to this country. I do not know whether the arbitration agreement will be submitted to the House, but when we are in Committee on the resolution I suppose we shall have every opportunity for further discussion. I want to say in conclusion that I find difficulty in understanding the Liberal party—or the remains of the Liberal party—offering opposition to public ownership in view of the position which the Hon. Alexander Mackenzie, practically the creator of the party, took on this very question. It must be a compelling spectacle to the interested historian and to every reflective citizen to see the descendants of the old Conservative guard allied with the progressive elements of the old Liberal party in carrying out the most progressive legislation which this country has ever witnessed, whilst the apparently all too willing, even if unconscious, remnants of the once proud and virile party created by Brown and MacKenzie appear in this House as the agents or servants of arrogant and malign interests to try to block this important legislation.

Mr. H. H. McLEAN (Royal): Mr. Speaker, I do not very often trouble the House with speeches. During the whole time that I have been a member of the House I believe that I have made only two speeches, one on the naval question and one on military matters. I feel, however, that it is necessary for me to give the reasons why I am opposed to this Bill.

My first reason is that I am and have been for a great number of years opposed to Government ownership and operation of railroads. My second reason is that the present financial condition of the country should prevent our entering upon such an enormous expenditure as would be involved in the taking over of the Grand Trunk system.

As I understand the Bill, we are first to pay interest at the rate of 4 per cent on the

debentures, £31,000,000, and of the stock £12,500,000, equal to about $222,120,000. The interest on that amount would be about $8,885,200 per annum. Then, there is to be left to arbitration the question of the amount we are to pay in respect to the first, second and third preferred stock as well as the value of the common stock. The nominal value of these stocks is £37,073,492, or $179,820,000. When the arbitrators make their award as to the value of this stock we are then to issue new stock payable in thirty years at par, and on that new stock we are to pay interest at the rate of four per cent.

Provision is made for the method of selection of two arbitrators; and it is further stated how the third arbitrator is to be selected.

I am afraid that the award of this Board of Arbitration will be a very large sum, because the arbitrators will take into consideration not merely the value of this stock to-day or before the war, but also what is called the prospective value or what the shareholders might have earned out of the road had it remained in their possession. All lawyers know that the matter of prospective value is an uncertain quantity. Take, for example, the Canadian Northern. Everybody admitted that the stock was worthless. We took over the road, after putting into it the enormous sums of money that we did; but we did not take possession as mortgagee. The matter of the value of the stock was left to arbitration. We were told that the stock was worthless; that the arbiration was a mere matter of form, and that the value arrived at would probably be merely a nominal sum. But because they took into consideration the very thing that I have mentioned, the arbitrators placed the value of the stock at over $10,000,000.

If fifty cents on the dollar is awarded in respect of the preferred stock of the Grand Trunk, that will be equal to $32,795,000. If they determine upon twenty-five cents on the dollar as the value of the common stock, that will be equal to $30,000,000, a total of $62,795,000, on which we shall pay interest at four per cent. Of course, it is easy to say that the award of the Board of Arbitrators will not be so large, but I venture to say that it will be largely in excess of the amounts which I have mentioned. When the value of anything is left to arbitration, in respect to railways or anything else, the arbitrators take into consideration more than the mere selling value of the article or what price it would get if it were put up

at auction. So many considerations are taken into account by the arbitrators that in some cases the award is more than any one had thought it would be.

I am arguing now on the ground that the present financial condition of the country will not permit our entering into this purchase. Besides the stock of the Canadian Northern in respect of which the award of the arbitrators was $10,000,000, there was a bonded debt of $327,000,000, and other liabilities brought the amount up to $437,312,747 That is an obligation upon this country incurred by taking over a road that we now know was bankrupt—a road to which we loaned money again and again to help it along; a road that hon. members on your right, Mr. Speaker, say should never have been built. We have taken over that bankrupt concern, and we are now obliged to run it.

If the statements of hon. gentlemen are correct that the Grand Trunk Pacific was not required in the West, and that the Canadian Northern was not required, we might fairly ask: Now that we have both the Grand Trunk Pacific and the Canadian Northern, why should we operate both? It might well be argued that we should operate only one of them, and in so doing we would come right within the lines of the Drayton-Acworth report.

On October 16 the member for Bellechasse (Mr. Fournier)—Hansard, page 1145—gave a detailed statement of the liabilities of the Grand Trunk Railway Company. This statement must have been very carefully prepared; a great deal of time and attention must have been given to its compilation. In that statement the hon. member gives a detailed list of the bonded obligations and other liabilities for rental and so on in respect of the Grand Trunk Railway Company and the other companies that are associated with it.

The hon. gentleman is the only hon. member who has taken the trouble to prepare in detail such an important statement. Since that statement was made I watched carefully to see whether the Minister of Railways (Mr. J. D. Reid) or the Minister of the Interior (Mr. Meighen) would dispute it, and whether any denial of the correctness of the figures and of that detailed statement would be made. As neither the statement nor the correctness of the figures has been disputed, I suppose I can confidently rely upon that statement being correct in every particular. If we add up the figures, without going into the details, we find that the bonded and other indebtedness of the Grand Trunk railway will mean a capital obligation of about $400,000,000 and annual charges of $20,000,000.

Mr. J. D. REID: I might say to the hon. member that I intend answering that statement as soon as I have an opportunity, but the statement is not correct.

Mr. H. H. McLEAN: In what particular is it not correct?

Mr. J. D. REID: As to the annual charges of $20,000,000 that it is claimed the Government will be liable for.

Mr. H. H. McLEAN: Is the statement in detail of the different companies, the bonded indebtedness and the rental to be paid, correct?

Mr. J. D. REID: I do not agree with the statement at all.

Mr. H. H. McLEAN: I would like to ask the Minister of Railways to point out in that statement one detail that is not correct.

Mr. J. D. REID: I will give the matter in detail when I address the House, or if the hon. member has any particular point on which he wishes information now, I shall be glad to furnish it.

Mr. H. H. McLEAN: Supposing I read to the Minister of Railways these particular items; or still better, the Minister of Railways, I am sure, is willing to give us all the information possible; I am sure he is very anxious that we shall have correct information, and I am sure he will during recess look carefully over the statement to which I refer—that will take him only a few minutes—and point out to me before I go on wherein that statement is not correct and wherein the figures made up from the statement are in error, because that will be a fair thing to do, as I am relying on the correctness of this statement which was made a number of days ago by an hon. member and to the correctness of which no objection was taken.

Mr. J. D. REID: Who made the statement?

Mr. H. H. McLEAN: The hon. member for Bellechasse (Mr. Fournier). It will be found on Hansard, page 1145, of October 16. I should be glad if the minister would during recess look carefully over this statement, so that he will be able, when the House resumes after recess, to tell me wherein there is any error in the statement, in the amounts, or in the total figures, and I can then continue my speech.

Mr. SPEAKER: The hon. member will hardly desire the Minister of Railways to make what will be in effect a reply before the hon. member continues his speech. It is somewhat unusual for an hon. member who has the floor to interrogate either a minister or other hon. member in his seat. The Minister of Railways says that he is going to make a speech during the course of the debate, as he is entitled to do under the rules. It would be better that the rules of the House should be adhered to.

At six o'clock, the House took recess.

After Recess.

The House resumed at eight o'clock.

Mr. H. H. McLEAN (resuming): I stated before the House rose at six o'clock that the capital obligations were about $400,000,000, and annual interest charges about $20,000,000. As those amounts were called in question I gave the sources of my information, and I will now give the items making these figures:

1. Grand Trunk railway perpetual debentures, five per cent..	$ 21,351,875
2. Grand Trunk railway perpetual consolidated debentures, four per cent..	123,122,275

An additional amount has been pledged for security, and I will give that later on:

3. Grand Trunk, second equipment, six per cent..	$ 1,865,000
4. Great Western perpetual debentures, five per cent.. ..	13,615,400
5. Northern Railway of Canada, 3rd preferred debentures, six per cent..	72,500,000
6. Northern Railway of Canada, perpetual debentures, four per cent..	1,541,075
7. Canada Atlantic , first mortgage, four per cent..	16,438,450
8. Grand Trunk railway equipments, four and a half per cent, Series A.. .. $2,167,000 Series B.. .. 2,016,000 Series C.. .. 1,572,000	
Total for the Grand Trunk railway equipment, four and a half per cent..	5,755,000
9. Grand Trunk railway five and a half per cent secured notes unmatured..	12,050,000
10. Wellington, Grey and Bruce bonds..	312,000
There are also the following issues:	
11. Matured bonds not presented for payment..	3,500,000
12. Collateral Car Trust, five per cent, due Whipple Car Co., guaranteed by Grand Trunk railway..	225,000
13. New England Elevator Company, first mortgage, 3½ per cent, guaranteed by Grand Trunk..	$ 250,000
14. Montreal Warehouse first mortgage, four per cent guaranteed by Grand Trunk railway	1,000,000
Total..	$208,312,875

This is exclusive of the Grand Trunk Pacific securities which are $97,301,252. If we add these two together we get a total of $305,614,127 as the amount of the Grand Trunk Railway Company's bonded obligations for its own system and the Grand Trunk Pacific. Now for the annual capital charges:

1. For the Grand Trunk perpetual debentures 5%..	$1,067,594
2. For the Grand Trunk perpetual consolidated debentures 4%.. ..	4,924,891
3. Grand Trunk second annual equipment bonds 6%..	111,870
4. Great Western perpetual debentures 5%..	680,770
5. Northern Railway of Canada 3rd preferred debentures 6%.. ..	4,350
6. Northern Railway of Canada perpetual debentures 4%..	61,643
7. Canada Atlantic First Mortgage 4%..	657,538
8. Grand Trunk equipment bonds 4½%..	258,975
9. Grand Trunk railway secured notes unmatured 5½%..	687,500
10. Wellington, Gray and Bruce bonds..	12,855

The interest on these bonds varies; but I am giving the interest paid in 1917 as contained in the report of the Grand Trunk Railway Company for that year at page 10. To continue:

11. On matured bonds. (There is no interest paid on them.)	
12. Collateral car trust 5%..	$ 11,250
13. New England Elevator Co., First Mortgage 4%..	40,000
14. Montreal Warehouse First Mortgage 4%..	500,513

The above figures are taken from the Grand Trunk Annual Report for 1917, page 11. This makes in all a total of $9,029,184, to which we must add:

(a) Rental due for leased lines (Annual Report of the Grand Trunk Railway Company for 1917, page 32)..	$ 776,030
(b) Interest on $15,000,000 First Mortgage 4%..	600,000
(c) Interest on Grand Trunk Pacific bonds guaranteed by the Grand Trunk railway as follows:—	
1. 4% Series A Second Mortgage Bonds, due 1955..	408,240
4% Series B Second Mortgage Bonds, due 1955..	398,520
2. Dominion Government Loans 1909-1913 at 4%..	1,000,000
3. 5% Secured notes..	486,000

4. 4% Perpetual debenture stock ($34,874,252.86) Interest charges	$ 1,395,170
5. 4% Lake Superior Branch bonds interest	301,320
Total	$14,394,404

The above is taken from Moodie's Analysis of Steam Railroad Investments, 1917, page 243. This amount of $14,394,404 of annual interest and rental charges is not all. The Grand Trunk has guaranteed interest upon Central Vermont Railway First Mortgage 4 per cent Bonds ($10,732,000 outstanding) to an amount not to exceed 30 per cent of the gross earnings from the interchange of traffic between the two railroads. These figures are taken from Moodie's Analysis of Steam Railroad Investments, 1917, page 48. Then, there are dividends upon £12,500,000 guaranteed stock, which at the rate of 4 per cent will net $2,000,000. These figures are taken from the Grand Trunk Railway Company's report, 1917, page 27. Adding this to the foregoing figures, $14,394,404, we get $16,894,404 as the annual fixed charges to be met by the Grand Trunk Railway, exclusive of the guarantee to the Central Vermont railway and the dividends to be paid upon the three classes of preferred stock.

If the Government acquires the Grand Trunk and assumes the annual charges the obligation would be increased up to $20,000,000 at least. I have given these figures to back up the statement I made that the capital obligations of the Grand Trunk would be about $400,000,000 and the annual interest charges $20,000,000.

Now as to the Grand Trunk Pacific. On March 17 the Minister of Railways was appointed receiver for the road. As I understand it, when an officer of the court is appointed receiver for a railroad or any other company he is given power to issue what are called receiver's certificates, which, by order of the court, rank above all other obligations of the company and are therefore a first lien on the income and assets of the company.

Therefore, any amounts advanced by the Government to the receiver, or through the receiver, for the running of the road, under the court's direction, would have to be paid before all other charges. In other words, with the assets of the Grand Trunk Pacific, the Government would not risk any expenditure or payment they might make to the receiver. The Government's capital obligation on account of the Grand Trunk Pacific will be increased by $300,000,000 and the expense will be increased by about $8,000,000 yearly. I would call the attention of the House to the statement which is contained in Hansard at pages 1148-49. If this statement is not correct it can be corrected by the Minister of Railways when he makes his address to the House on this Bill and I would be very glad if he would correct me. I would like to have correct information as to the capital obligation and the annual charges. It is difficult for a man who is not an accountant to gather from this mass of figures a clear and concise statement. What I gather from it, however, leads me to the conclusion that the statement which I have made is correct. The Minister of Railways and the officials that he has will be able to put the correct figures on record as to the exact amount that will be due. In addition to this, there are the deficits of the Canadian National railways. The Minister of Railways made a statement yesterday to be found at page 1253 of Hansard, in which he gave these deficits as follows:

Canadian Northern $16,831,862, Grand Trunk Pacific $10,263,281, Transcontinental $2,615,974, Intercolonial $1,801,163, or a total of $31,512,280.

That shows the deficits on the railways for last year and it is a very large sum of money, approximating $32,000,000, which will have to be provided for.

I want to draw the attention of the House to another matter in connection with the Grand Trunk to which I think other hon. members have referred. I see that the Minister of Railways states now that the Grand Trunk officials say that the statement to which I propose to refer is not correct. We would be very glad to have the minister make the proper correction of the statement which I shall refer to and which is taken from the Drayton-Acworth report at page xxxiv and which is given in the report as being absolutely correct. What the commissioners say in the report is this:

Requirements for rolling stock, shops and machinery	$26,150,000
Requirements for automatic block signals (main line in Canada only)	3,533,000
Requirement for installing rock ballast crushing plant	467,500
Total	$30,150,500

Putting together revenue and capital expenditure, we find that the Grand Tunk Railway, in the opinion of its own officers, requires over $51,000,000 spent upon it to put it in a position to meet the requirements of its to-day's business. We see no reason to expect that under existing conditions this necessary money will be provided.

It seems to me that every one who knows Sir Henry Drayton, who made this report, knows what a careful man he is in making statements, knows also the advantages that he has had from having presided over the Board of Railway Commissioners, and when he and Mr. Acworth, the great English authority who was associated with him, made that statement, we have a right to assume it is correct.

I wish now to draw the attention of hon. members to a statement made by Mr. A. H. Smith, President of the New York Central Railway Company and Chairman of this Royal Commission. He stated, concerning what we call the Drayton-Acworth report, that the plan proposed by Sir Henry Drayton and Mr. Acworth of taking over the railway would add about $1,000,000,000 to the debt of Canada. The interest on this, he says, would be about $40,000,000. He also points out that the fundamental defect of their plan is in placing the Government in the railroad business in which they would be operating railways not only in Canada but in the United States where they would be subject to both Federal and State regulations. That will be found at page ci. Mr. Smith as we know is a man of great experience. He is the head of one of the greatest railway systems of the United States. He and Sir Henry Drayton went over every part of this system and made a careful personal examination. Mr. Acworth came later and did not go over the system.

There you have the opinion of a railway expert with a thorough knowledge of United States conditions, and in his opinion the amount required would be $1,000,000,000. He further points out the fundamental defect of a plan under which the Government of Canada would endeavour to operate a system of railways with such a large mileage in the United States where they would be subject to Federal and State legislation. Mr. Smith proposes, at page cii, a plan or scheme by which this operation could be carried on. As I remember it, without troubling the House by reading the report, briefly it was that the Government should get the Canadian Northern and Grand Trunk Pacific in the West, that they should make a traffic arrangement with the Grand Trunk in the East and that with the Grand Trunk they should operate these systems. Then we have an alternative plan proposed at page civ. It is to form a private company and to give the company an operating lease to induce private enterprise to undertake the management with a profit sharing plan which would give the public a share in the profits. You will of course understand that Mr. Smith was against government ownership. His alternative scheme was to get a private company to take over the properties. They would be under the control and subject to the regulations and orders of the Railway Commission; they would be induced, of course, by the agreement that would be made, to embark capital in this enterprise, and any profits made would be shared with the Government. That seemed to me to be a practical scheme, a good scheme, and one that I think it would have been wise for Canada to adopt —it would have been wise for this country to take Mr. Smith's advice on that point.

I will not detain the House with any further figures in connection with these enormous obligations, and interest obligations, that we will have to assume on taking over this road. The figures are so big that a person can hardly grasp them. We are accustomed now to speaking about millions, and then we get up to billions, and we toss these figures about as if they were merely dollars. Really, Mr. Speaker, it is difficult for a man to grasp or to take account of the enormous sums of money which we have expended, and which we will have to raise in the future to meet further obligations.

Mr. W. F. MACLEAN: If we are committed to these great expenditures what do we get in return therefor?

Mr. H. H. McLEAN: We get the Grand Trunk Pacific which is bankrupt, and the Canadian Northern which is in the same position. We also get the Grand Trunk which, the hon. gentleman (Mr. Richardson) told us this afternoon is also about bankrupt.

Mr. W. F. MACLEAN: Do we get no income?

Mr. H. H. McLEAN: According to the Drayton-Acworth report the Grand Trunk paid dividends—a great many million dollars, I forget the exact amount—which they should not have paid, which money should have been put into the road. That means that for a great number of years past the Grand Trunk Railway Company have practically been bankrupt. If that company is not bankrupt, if they can go on as they have been going on without assistance or help, what is the necessity for our stepping in and grabbing that road from the shareholders—paying them back part of their stock investments and carrying on the railway as a government concern? Further than that, we know that the reason

the Canadian Northern was not successful was its unlawful ambition, so to speak, to parallel other lines of railway in order to get a terminus on the Pacific coast. And it is the same with the Grand Trunk Pacific; they have made enormous expenditures in order to be able to say that they went to the Pacific coast. That is also the reason why we are assuming these great obligations at the present time—simply to say that we have got a road from the Atlantic to the Pacific owned by the Government of Canada. I will speak a little later as regards one aspect of the case, the Grand Trunk terminus at Portland, Maine, but now let me resume where I left off when my hon. friend (Mr. W. F. Maclean) interrupted me to ask a question.

Mr. W. F. MACLEAN: I did not intend to interrupt the hon. gentleman.

Mr. H. H. McLEAN: Very well, go on and ask your question.

Mr. DEPUTY SPEAKER: Order.

Mr. H. H. McLEAN: What I am endeavouring to show now is Canada's financial position—the position in which we stand at the present time. I am satisfied, Mr. Speaker, and I want to satisfy the House, that our financial position is not such as will permit us at the present time to undertake these great obligations. For the purpose of illustrating my point, let me endeavour to strike a trial balance. Canada started business in 1867 with a gross debt of ninety-three millions and an interest liability of $4,500,000. In 1914 our debt had grown to $544,000,000; and our present debt, I believe, to be about $2,000,000,000 in round figures. There is another matter we require to look at. We have become a borrowing country. Canada must borrow money, enormous sums of money, to carry on. We have already borrowed great amounts, but we have to borrow more. We shall have to negotiate another loan after the present one —perhaps one or two more after that.

What is our financial position? Besides the great debt of about $2,000,000,000 that we owe at the present time our various provinces owe very large sums of money. I have here a statement showing the indebtedness of all the different provinces, and without giving the details I may state that the gross amount is $264,706,000. And you must remember that some of these are short-term obligations. You must likewise bear in mind that the provinces must also go into the market to borrow money. You must further recollect that we have got to raise in Canada the money that requires to be borrowed now, because we have been told by the late Minister of Finance that we practically cannot borrow it outside; the only amount that we could borrow in the United States would be about $75,000,000, and on the last loan of that amount we had to pay a very stiff rate of interest. We cannot assume that we can borrow in the United States more than $100,000,000, therefore, we must take a survey of the financial position of this Dominion and the financial position of the several provinces. Let me go a step further and give you a statement of the municipal indebtedness, because that is a matter that must be taken into consideration. You have to go to our great cities and to our prosperous counties in order to get money from our own people. The municipalities will have to borrow money in the future; they have to pay interest on the money they have already borrowed; and they must renew these loans, which means more money to be borrowed. It is difficult to arrive at the municipal indebtedness, but I find that taking 62 cities and towns in Canada the total bonded indebtedness amounts to $456,000,000. The population of these cities and towns amounts to 2,598,000, making an indebtedness per head of $210.17. Now if these cities and towns are fairly representative of the whole of Canada, the latter figure would yield a key to the situation. The total population of Canada residing in urban communities of over 500 inhabitants is 3,281,000, and therefore the total municipal indebtedness for the Dominion, based on the figures I have already given, $210.17 per head, would amount to $689,500,000. That, of course, is an estimate. If any gentleman would like to have my authority for these figures I shall be very glad to furnish it, but I am quite positive the statement is absolutely correct. Now then, let us sum up: Canada's net debt at the present time is about two billions. The debts of the provinces amount to $264,500,000; and the municipal indebtedness $689,500,000; or a total for Canada of $2,954,000,000, almost $3,000,000,000.

But in addition to this we have to look after our other liabilities. Here is a statement made by Mr. Fred. Field of the Monetary Times, in regard to our external liabilities:

British capital invested in Canada $1,878,900,000; United States capital invested in Canada $1,272,850,000; estimated Canadian flotations in London upon to 1918, over $937,000,000; or total liabilities of about $4,089,750,000.

Then there is our indebtedness to investors in France and Holland, which he estimates at about $5,000,000. These figures, of course, it may be said, have no bearing on the matter. But they have this bearing, and a very important one, too, that financial people when lending money to a country naturally want to know what are the liabilities of that country, and they would look not only at our national, but also at our provincial and municipal debts, because they know that in order to redeem these loans we have to go to our own people to raise the money.

In his Budget speech of June last Sir Thomas White gave us the financial condition of the Dominion. He stated:

> This is a war year and it was necessary also to add the estimated expenditure which has been and will be incurred on account of demobilization. This will aggregate the large sum of $300,000,000, including $92,000,000 for war gratuity. The entire estimated expenditure, therefore, of the year on ordinary account, capital account and for demobilization will reach the large total of $620,000,000.

And he gives the items making up our revenue for the year, which he fixes at $280,000,000. Then he proceeds:

> While from the statement which I have just made it will appear from our total estimated expenditure, ordinary and capital accounts, and for demobilization, will amount to $620,000,000, our estimated revenue on the present basis will reach only $280,000,000. Putting it another way, our revenue would enable us to pay only our ordinary expenditure and leave a small amount to be applied to other purposes.

Sir Thomas White also stated that:

> This year the Dominion Government must find not only its ordinary expenditure of $270,000,000, for which its revenue will barely suffice (in fact I doubt if it will meet the ordinary expenditure) but also the capital expenditure of $50,000,000. In addition to that, large expenditures in government railway systems, ship building programme and expensive credits which we have been obliged to give to Great Britain and other countries. The amounts involved are exceedingly large. Outside of England, about $106,000,000 of credits have been issued, viz.: to Belgium France, Italy, Roumania and Greece.

Then he takes up the question of how we are to raise this money. He stated that our ordinary revenue is not quite sufficient to meet our ordinary expenditure. As to additional revenue from taxation, he states that the main source of our revenue is our customs, our inland revenue, our income tax and our business profits war tax. As regards our income tax, in his opinion, it cannot be made any higher. It is now as high as the United States' income tax. Then he points out the fact that as regards income tax there is a provincial income tax in some of the provinces, a municipal income tax, and the federal income tax, and he gives as an example the province of British Columbia, where they have three sets of taxes imposed on income; and in Nova Scotia they have two. He also stated that our business profits war tax would be renewed. In view of the circumstances Sir Thomas White said he did not see any escape from our floating another loan. Out of the loan we were then making, he stated, $300,000,000 was due to the banks, and that they might agree to $72,000,000 of that amount standing over for another year, but that that would mean we would have to make another loan at least next fall.

If we are taxed to the limit now, what is left to us? Mr. R. W. Breadner, Commissioner of Taxation, and Sir Thomas White are of the opinion that practically the only further tax that can be levied is a tax upon land—and the farmers of this country may as well know the position we are coming to. Such a tax will mean that every farm will have to pay taxation according to a valuation. As pointed out by Mr. Breadner, it is a difficult tax to collect, because it requires such a large number of people to make the valuation and collection. I have here also the statement of the Prime Minister (Sir Robert Borden) with regard to the financial condition of the country, but I shall not read it; it is in line with that which was made by the ex-Minister of Finance (Sir Thomas White).

Now, to sum up, this is the way the case presents itself to me. We have great resources, and in order to develop those resources, we want capital. If we impose taxes which are too severe we shall prevent the investment here of the capital which is necessary to the development of our resources. Moreover, we have to raise large sums of money by way of loans, without taking into consideration at all any liability imposed upon us in respect to the Grand Trunk. There may be another large loan next year; shall we be able to raise that money in Canada? In view of these circumstances, this country ought to go slowly; in the words of the railway watchword, we must "stop, look, listen." There is no necessity for our rushing in and taking over the Grand Trunk at this time. The bugaboo is put before us that if we do not take it over the Canadian Pacific will take it. But in order to take over the Grand Trunk the Canadian Pacific must come to this Parliament for the

necessary legislative authority, and in that legislative authority we can impose whatever restrictions we think proper. But it is idle to think that the matter will be considered at all by the Canadian Pacific at this time. Besides, look at the obligations of the Grand Trunk in respect of the Grand Trunk Pacific. Do you think that any private company would take over the Grand Trunk with all those enormous obligations standing against it? The Government, as mortgagee, have the most absolute control over the Grand Trunk. They need not take it over; they can take it over two or three years hence just as well as they can do it now, and in the meantime they can go ahead and attend to the business that is in hand—that of developing and managing the Canadian Northern and the Grand Trunk Pacific, the latter being in the hands of the Government as receiver.

The Minister of Railways (Mr. J. D. Reid) says that the management of this road, should it be taken over, will be kept entirely out of politics; that no political influence will be exerted in connection with it in any shape or form. Well, who appoints the manager and directors? The Governor in Council. Who fixes their salaries? The Governor in Council, I suppose. Who has to supply the money for the deficits? The country, through the Government; we must supply the money. Do you mean to say that the Government are not going to exercise any control over the expenditure or the management of that road? If the Government wanted anything done, would the manager dare to refuse to carry out instructions? That reminds me of an old story. Commodore Vanderbilt had bought some new cars for the New York Central. He called in his head painter and said: "Now, Tom, you are absolute in your own department; I would not think of interfering in any way. I want these cars painted; I don't care a darn what colour you paint them as long as you paint them red." It will be something the same with the instructions that will go out from the minister to the manager of the Government railway system: "You can do as you please—if you do so-and-so and so-and-so."

I may add that throughout the country a spirit of distrust prevails with respect to the management of the Government railway system. I have nothing to say against Mr. Hanna, the general manager; he seems to be a very capable man. But for years he acted for the Canadian Northern as the servant of Mackenzie and Mann, and naturally one would think that Sir William Mackenzie could exercise a great deal of influence over our general manager if he wanted to. Mr. Hanna and Mr. Mitchell will be practically in control of our great railway system. Of course, if they do not carry out their work efficiently the Government can, and probably will, make a change. But it is a fact that the country has not absolute confidence in the men who are managing our national railways, and this attitude is due to the manner in which these men were educated in railway work by Mackenzie and Mann and to the fact that certain men interested in railway matters are now their bosom friends. To these men they would naturally go for advice, and as I say these men could, if they wished, exercise some influence over them.

My other objection to the taking over of this road is based on my opposition to government ownership. For many years I have been opposed to public ownership. In 1891 when my partner and I bought the Daily Telegraph we published a number of articles against government ownership. In 1903-04 when the matter of the Grand Trunk Pacific was put before the country I came out on the hustings against government ownership and in favour of private control. I believe in government control through the Railway Commission, and if that body did not have sufficient powers, I was in favour of giving full and ample power to them. I have always been strong and consistent in my opposition to government ownership.

Just in that connection, some one said to me during the recess for dinner: "It is all very well for you to oppose this thing; you are solicitor for the Canadian Pacific." Well, I am like a great many other professional gentlemen in this House who have taken retainers from the Canadian Pacific Railway Company. I am glad to say that never at any time during which I have acted for the Canadian Pacific have they attempted in any way to influence my action on the occasion of an election. I will give you an example. On the occasion of the reciprocity campaign I was a candidate. I had then some heavy retainers from the Canadian Pacific in connection with large matters of business. Sir William Van Horne came to my county and spoke against me. But he did not attempt to influence me, and his attitude made no difference whatever so far as their having further dealings with me was concerned. Hon. members know whether the Canadian Pacific have been sympathetic with the Liberals or with the Conservatives during the

last number of years. Until the last election I had been a strong, fighting Liberal, but during all the time that I was active and aggressive as a Liberal the Canadian Pacific Railway Company did not attempt to influence my vote in any way or to do anything which would affect my position in politics.

I do not believe that the Canadian Pacific would in any way interfere with the solicitors who act in their interests. There are hon. members sitting on your right, Sir, who can back me up in that statement. From time to time, statements have been made that the Canadian Pacific conducts lobbies. I am not in the secrets of the Canadian Pacific, but I do not know personally of any such lobby having been conducted in this House, and I think I can fairly make the statement that no hon. member can say that he has ever been approached by any Canadian Pacific official endeavouring to influence him in this matter. As regards public ownership, the Canadian Pacific may have a different opinion from the one I hold; I do not think they hold such strong views in the matter as I do. For example, this is a statement given out to the press a short time ago by Mr. Beatty, President of the Canadian Pacific Railway Company:

> The desire of every one is that Canada to-day should have a railway system, or systems, so administered that the best service to the public will be obtained at the lowest rates consistent with fair wages, both for labour and capital. I say fair wages because without them efficiency, loyalty and enterprise cannot be obtained, and without these things the quality of work which ensures efficient operation and low rates cannot be secured.

I am sure that every one will agree with that statement.

> The question therefore is: Will government ownership bring about this result? the question sounds simple but is in reality complex. Theoretically much may be said in favour of government ownership. Will those theories stand the test of practice? If those theories prove a failure initially but correct themselves, in course of time, as their exponents may urge, how long a time can the Canadian people afford to pay the losses on a demoralised railway service?

That seems a fair and common sense statement. He does not come out in favour of government ownership, but he says: There is what is required; will government ownership bring about this result? If it does not, it means on the other hand that the service will be demoralized. Then he says:

> Do they wish to launch out on the experiment now, or wait until our near neighbours, the United States, have worked out their experiment a little more satisfactorily? The cost of our own experiment could not fail to be great, a cost certain to be collected, directly or indirectly, from the pockets of the Canadian people. Railway men have an admirable slogan which I feel inclined to commend to the attention of the people of Canada at this moment, namely, "Stop, look, listen."

That seems to be a fair, strong and able statement. Mr. Beatty goes on to give his own views:

> I have my own views on public ownership of railways, but they are not unalterable. I am undoubtedly prejudiced by association with one company. That company has slowly developed to a point of efficiency and successful operation. Looking back over that history one is amazed at the importance of the part played by men whose enterprise, resourcefulness and tenacity of purpose could not, I think, have been stimulated and given rein in any civil service. It has taken more than thirty odd years to make the Canadian Pacific railway as efficient as it is to-day. It was not easy. The consciousness that it is so easily shattered is largely responsible for the constant and intense ambition on the part of officers and men to maintain, and even improve on, the tradition.
>
> This much may, it seems to me, be said with confidence now, namely, that we do not know enough that is encouraging about government operation of large railway systems to justify any further excursions into that field at this time.

This man of great experience, head of one of the great railway systems, without giving a statement in favour of government ownership, but stating the facts as he has done fairly and fully, says that we do not know enough yet about the operation of large railway systems to justify any further excursions into that field now, that is, the field of government ownership.

> To argue from the experience of old countries where civil service obtains a much better share of the ambitious young men than in Canada, or to argue from the alleged success of comparatively local affairs, or government organizations dominated by exceptional personalities, is unfair—not to the railways, but to the country which has so much at stake in this issue. We can well afford to wait, to study dispassionately our own situation, and the experiment of the United States, before committing our country to serious changes in policy. The solution finally adopted in the United States will be of inestimable value to Canada, meantime too, the experience which Canada will now have of the present newly organized government system will demonstrate many things. It will indicate very largely the general nature of the results we may hope to secure from an extension of the system. . . .

I invite hon. members to consider carefully this statement made by the President of the Canadian Pacific Railway Company.

Mr. W. F. MACLEAN: I would like to ask the hon. and gallant member whether Mr. Beatty of the Canadian Pacific is or is not disposed to give more for the Grand

Trunk than the Canadian Government is now willing to give for it?

Mr. H. H. McLEAN: The hon. gentleman had better go and ask him.

Mr. CROTHERS: I have a great respect for my hon. friend's judgment, and I would, therefore, like to ask him a question. Assuming that the Grand Trunk is unable to carry on without further assistance from this Government, and the other fact that this Government owns and controls the Intercolonial, the Canadian Northern, the Grand Trunk Pacific and the Transcontinental, what alternative would the hon. member suggest to the Government's proposition?

Mr. H. H. McLEAN: It would be very difficult for me, with no knowledge of railway operations, with the very limited experience that I have had, to outline, just on the call of the minute, a general scheme for the management of a great railway system. That is for the Government themselves to consider, but I brought before the House the opinion of the President of the New York Central, the Chairman of this Railway Commission, a man of vast experience and knowledge, and he condemns utterly government operation of Canadian railway systems for the reasons that he gives in his report, and he proposes a private company to be formed under such restrictions and in such a manner as will safeguard the interest of the country and ensure such efficient operation as will induce capital to go into that company. You would have all the safeguards of a Railway Commission and other safeguards surrounding it and, as he says, the profits are to be divided. Thus we would have private operation, private ambition, and the country would get the service and would have the profits divided. That is one proposal made by Mr. Smith.

9 p.m.

I am very glad to say that I shall be through very soon. When I got up to make an address, I thought it would take me only a few minutes. I felt I had to give the reasons why I was voting against the Bill, and I endeavoured to boil down my reasons and make them as short as possible.

To sum up. I am against Government ownership. I have been for a number of years in favour of private ownership and Government control. This we have through the Railway Commission. Their control has been efficient and effectual, and their decisions have commanded the respect of all railway men. It is impossible for me in the limited time at my disposal to go fully into the arguments against public ownership. Books and pamphlets by the hundred have been issued on public ownership, pro and con. My principal grounds of objection are: First, the inability of state-owned roads to earn sufficient money to pay interest on the capital invested. Second, the interjection of politics into the service to the detriment of discipline, and at heavy cost to the Government. Third, the failure of the Government to operate the railways strictly as a business proposition. Fourth, the service, both passenger and freight, becomes worse. Fifth, it is a step towards socialism.

I do not want to argue these grounds in detail. As I have said, authorities pro and con have issued pamphlets on the subject by the hundreds. The authorities I have are Mr. Acworth, one of the members of the Drayton-Acworth Commission, who in his book makes a strong statement against Government ownership, and Palgrave, the great authority on political economy, who also makes a strong statement against it. I will not take up the time of the House to read extracts, but will only say that these are two great authorities. Of course, I know authorities sometimes differ, just as in law cases; one side will bring forward what seems conclusive authority, to be followed by equally conclusive authority from the other side, and it is for the judge to decide. In this case it is for the House of Commons to decide, and on their decision we must rely.

The hon. member for Springfield (Mr. Richardson) said this afternoon that the operation of railways in Great Britain under Government ownership had been a great success. My hon. friend must have been misinformed. I have a statement here showing that the railways of Great Britain before being taken over by the Government were on a 4 per cent earning basis, and the Government guaranteed these earnings when they took over the roads. Under Government management the estimated annual deficit is about $440,000,000, or as Sir Eric Geddes said, about $1,250,000 a day. The British Government must continue to operate these railways for two years more and pay rental to the owners. In the United States the roads were taken over by the Government after the war had been on for a long time, during which time all the great trunk systems there had been showing a fair profit. When the Government took over the roads they guaranteed to the shareholders the average net earnings for the three years prior to the war, and if

no profit was made the shareholders received no dividends. What was the result? Mr. A. B. Cummings, Chairman of the Committee of Interstate Commerce of the United States Senate, on August 5, 1919, said (page 3870, Congressional Record):

> We lost 240 million last year, and we lost in the four or five months of this year 260 million; and we are now losing at the rate of 39 million per month.

That has been the experience of Great Britain and the United States. True it may be said that these are war times, when the cost of labour and materials is abnormally high. Then why does not the Government stop, look, and listen, and wait for two or three years until conditions become more normal? Why rush in at this time and incur the enormous charges that will have to be borne?

Now let us see what has been done under private ownership. The Canadian Pacific railway under private ownership and private control has also had to pass through the war period, and was subject to the same conditions in regard to high cost of material and everything else as the government-controlled roads, but the Canadian Pacific has been able to pay full dividends to their shareholders and put by a handsome surplus, besides contributing large sums for war purposes. They were able to assist Great Britain's financing in the United States by putting up their valuable securities. Contrast that with the results obtained under Government ownership.

I regret I have taken up so much time. Not being a speaker, I thought it would not take long to make my statement, but it takes a very much longer time than an inexperienced speaker would expect. I wish to draw the attention of the Minister of Railways to a matter in which the people of St. John are vitally interested. The St. John Board of Trade a few days ago passed the following resolution:

> Resolved, that this council views with grave apprehension the acquirement by the Government of Canada of the Grand Trunk Railway, including that feature which would involve the owning and operating of a railway in a foreign country, and in the absence of fuller information would oppose the plan. The council would, however, welcome any person that the Government might feel disposed to depute to explain to the board the advantages to the country of the action proposed, and in the meantime would maintain an open mind on the subject.

The people of St. John are also much concerned over a statement made by the Minister of Railways on October 15, in answer to a question by the hon. member for Antigonish and Guysborough (Mr. Sinclair), as follows:

> Mr. J. H. Sinclair: The policy of the Grand Trunk, as I understand it, has always been to make Portland, Me., the Atlantic terminus for their traffic. What is the view of the Minister of Railways with regard to that? Does he intend to continue that policy?
>
> Mr. J. D. Reid: So far as I am concerned, as I stated a few minutes ago, when we took over the Grand Trunk Railway system we would have one great national system of railways, and we must get the very best men available to manage this system and they must of course adopt whatever policy they think is best to ensure successful operation. I could not express an opinion on the question put by my hon. friend. The manager to be appointed will be the only person in a position to answer such a question.

The hon. member for Antigonish and Guysborough says:

> I presume from his answer that the minister does not intend to continue the policy that the Grand Trunk management has always pursued and maintain Portland the Atlantic terminus.
>
> Mr. J. D. Reid: I can only say that whatever is the best course in the interests of the railroad will be adopted. I could not give any opinion as to what particular policy will be pursued.

That is a matter which our people in St. John are very much agitated over. They are afraid, as the people of Halifax are, that taking over the Grand Trunk and putting it under a business manager will mean a continuance of the policy adopted by the Grand Trunk. For example, we have in the evidence before the royal commission the following statement made by Mr. Chamberlin, general manager of the Grand Trunk, at page 76 of the report:

> Commissioner Acworth: Therefore if the Grand Trunk, as it does at present, were to send traffic through Portland instead of through Halifax it would be a fraud on the agreement?

He is referring to the Transcontinental railway agreement by which freight originating in Canada had to be shipped through Halifax or St. John.

> Mr. Chamberlin: Yes. We are bound to go on with all that tremendous outlay and to carry that load and yet not get one dollar benefit from it. The Grand Trunk simply cannot carry it.
>
> Mr. Biggar: It is provided for in the agreement dated the 29th of July, 1903, chapter 71, statutes of Canada, 1903.

Under the agreement freight from points in Canada had to be carried entirely through Canadian ports, and so on. At page 79 Mr. Chamberlin says again:

> How are we to go on carrying the burden if we are forced to carry all that stuff all the way down there at Boston and Portland rates?

All the way down there meaning to St. John and Halifax.

Sir Henry Drayton: Your second point is that of impossibility.

Mr. Chamberlin: It is an impossibility. It was always impossible.

Now, Mr. Speaker, it is a serious matter to our port at St. John. The port of St. John itself has expended a large sum of money and the Government propose to spend a further large sum of money on that port. At Halifax a large sum has been expended. The distance to Portland is much shorter than the distance to St. John or Halifax. We have the statement made by Mr. Chamberlin that it is impossible, practically and on a paying basis, to carry out that condition of the agreement. When it is put up to the Minister of Railways by the hon. member for Antigonish and Guysborough, when the minister is asked: " How are you going to carry out that agreement? —the minister answers that it will be left entirely to the manager. We are told that they will get the best man as manager. What will a practical railway manager do? He may be influenced by Mr. Chamberlin's opinion; he may be influenced by the opinion of the traffic men on the Grand Trunk. If he is influenced by their opinion he will use these very valuable terminals at Portland. Instead of shipping the long distance to Halifax and St. John, and being guided by the principle that Canadian freight should be shipped to Canadian ports, he may be influenced by the policy of the Grand Trunk in that respect.

Mr. MEIGHEN: I understand the hon. gentleman to favour the turning over of all these railways, including the Grand Trunk, to a private company. What does he think the private company would do in relation to these shipments?

Mr. H. H. McLEAN: What did we do when we made the contract with the Grand Trunk Railway Company and the Grand Trunk Pacific? We put a clause in the agreement and in the statutes and made it the law of the land that all freight received in Canada from Canadians should be shipped through Canadian ports. There is the law, and if you made a binding agreement with a private company you could put that clause in again.

Mr. MEIGHEN: The hon. gentleman does not quite state it correctly. Really it was " unless otherwise routed by the shipper." That is very important. That being the law of Canada in relation to the Grand Trunk Railway Company now when the stock is owned by individuals, will it not still be the law of Canada in relation to the same company when the stock is owned by the Government? What is the difference?

Mr. H. H. McLEAN: I do not think it will. Here is a new company. This stock which is being taken over is to be destroyed. The other stock is to be transferred to and acquired by a new company, the Canadian National Railway company. Now it depends on whether all laws that would bind the Grand Trunk and Grand Trunk Pacific would bind that new company I do not know about that. It will depend upon what legislation is passed or what agreement may be made because it is very easy to wipe out a clause of that kind and it may be difficult to put such an obligation on the new company. If my hon. friend will undertake as a lawyer to say that St. John and Halifax will be left in the same position, that the law as it now stands will be reenacted and carried out absolutely by the Canadian National railways; in other words that no matter what the manager wants to do freight received in Canada will be shipped through Canada, I will be perfectly satisfied. That is all we want. In view of what the Minister of Railways has said we are beginning to be a little afraid as to what may happen.

Mr. J. E. ARMSTRONG (East Lambton): Mr. Speaker, it is not my intention to follow the argument of the hon. member from Royal (Mr. McLean) at any great length, but I would direct the attention of the House to the fact that he has just now stated that he is opposed to Government ownership. He has been opposed to Government ownership since 1891. He was opposed to it in 1903 and 1904, and he assisted the Government of that day in bringing about the legislation whereby the Grand Trunk Pacific was brought into being, which is now saddled on this Government and upon the bonds of which they are now compelled to pay the interest. The hon. gentleman was a supporter of the Government that carried out that proposition.

He talks about the financial affairs of this country. Had it not been for the enormous sums of money that were spent on the building of the Grand Trunk Pacific and the Transcontinental, it would be an easy matter for us to finance the affairs of Canada at the present time. The hon. member for Royal calls attention to the fact that the Grand Trunk agreement of

1904 had a clause in it by which the company were compelled to route certain freight to St. John and Halifax. If the shipper in Canada wished to have his freight routed to St. John and Halifax they were compelled to ship it that way. But there was no other arrangement whereby they were compelled to ship it in that way if not so directed by the shipper.

He calls attention to the fact that the Government of this country are likely to ship a great deal of freight to Portland. Let me inform him that the Grand Trunk Railway Company, with their double track from Niagara Falls to Chicago, handle on that line enormous quantities of freight gathered in the latter city, brought on through Toronto down to Montreal and shipped to Portland. Why? Because the shipper in the United States definitely and distinctly asks that these goods be shipped through Canada to Portland. The Grand Trunk Railway Company have been able to acquire hundreds of thousands of dollars every year on the freight that is shipped in that way, and it would be folly for this Government, or any other body of men who might take over this railway, to attempt to say to the people of the United States: "We will not carry your freight through Canada and on to Portland for shipment to Europe." Let me tell the hon. gentleman—and I feel confident the Minister of Railways will concur in the statement—that it is not the intention of the Government to ship any freight by way of Portland, unless a shipper in Canada asks that it shall be so shipped, and I will give him the reason for this statement. The hon. gentleman knows full well that within the last year we have undertaken a shipping policy, we have undertaken to construct fifty-two vessels in Canada. To what use are these vessels to be put? They are to be placed at our ports, Halifax, St. John, Quebec and Montreal for the purpose of carrying the products of this country to the markets of the world. But does not the hon. gentleman realize that, especially when the winter months come, the Canadian Government will see to it that every pound of freight they can get is shipped over the National railway to the ports of St. John and Halifax? It would be folly to expect that this Government, or any commission appointed by them, would dare to route their freight or passengers, if they possibly could do otherwise, via Portland instead of via St. John, Halifax, and our other ports. The hon. gentleman has not offered any alternative for the proposition which he condemns; he says he has no alternative to propose. In that case, why argue this question? The Government has got to deal with the situation. We cannot possibly wait for one or two years, as the hon. gentleman has suggested. We have a disorganized, disconnected and disjointed government railway system, and the sooner we get that system rounded up, organized and put in proper condition the better it will be for the public. Instead of waiting for months and years we cannot, in my opinion, act too quickly in this matter. I take that position believing and knowing that is is in the best interests of our people to take over the Grand Trunk, round up our great national system, and place it in a position where it will be able to compete with the Canadian Pacific. I have heard men say within the last few days that this bargain is going to interfere with the Government loan which is now being asked for. Some men have even gone so far as to make this statement—I heard of one man that went to another who was likely to subscribe for a bond and said to him: Why the money you are going to put into that bond will be taken and put into this Grand Trunk Railway system. It is not the intention of the Government to use one dollar, that they collect from the people in connection with this loan, or to use it in any way towards the development of this railway system. All the Government are seeking is to have this enabling Act passed whereby they will be able to bring about a definite agreement with the stockholders of the Grand Trunk in England.

Now let us look at another point or two which the hon. gentleman has raised. It is not altogether a question of public ownership. The present legislation is rendered necessary by reason of the failure of private ownership. The hon. gentleman knows right well that in the year 1903-4 the Grand Trunk entered into a definite arrangement to build the Grand Trunk Pacific. It is true that an enormous sum of money has been put into the latter railway and taken from the public treasury for that purpose, and it is also true that the Grand Trunk have advanced a considerable sum towards its construction. But we are to-day in this position: The Grand Trunk threw up their responsibilities as regards the Grand Trunk Pacific and practically forced this Government to take over that portion of their system. Does the hon. gentleman want us simply to take

over the Grand Trunk Pacific and not the Grand Trunk? Does he want us to take over the lean end of the proposition, the end that cannot pay for many years to come, and allow the Grand Trunk which is the profitable end, that has always paid the interest on its bonds, to continue in opposition to the government-owned railway? If the hon. gentleman will go to Western Ontario to-day, he will find that freight is being routed by way of Chicago to the western provinces of Canada instead of being routed by North Bay and on through to Winnipeg over the National Transcontinental. Why? Because this Government has been compelled to take over the Grand Trunk Pacific and the thousand miles of line between North Bay and Winnipeg is in the hands of the receiver. The Grand Trunk Railway Company can therefore make more money out of the long haul through Chicago, and over their own line in the United States to Winnipeg, than they would make if they were compelled to bring that freight round by North Bay. But when the Canadian Government system is re-organized and rounded up, you can depend upon it the passengers and freight from the western portion of the province of Ontario will be sent by North Bay, and will help to develop this National Transcontinental system and help to make it a paying proposition. My reason for taking an active interest in this debate is because I feel particularly anxious about the interest of the western Ontario peninsula. If you run a line through the centre of the city of Toronto from lake Ontario north to the Georgian bay, west of that line, there are 1,500,000 Canadians, represented by 45 members in this House, this is the most thickly peopled area in any portion of Canada. More factories are located in this district than in all the rest of Canada put together. This district has an assessed value of $1,100,000,000, yet not one mile of the Canadian Northern, of the Transcontinental, of the Grand Trunk Pacific, of the Intercolonial—not one mile of the government-owned railways to-day enters this great district. These people have as good a right to be served by our national system of railways as the people of any other district. Do you want to build lines to parallel the Grand Trunk and make it worthless? For in that district you find the Grand Trunk running into every city, town and village; their double track running through to Chicago and with connections from Niagara Falls on to New York, a double track runs from the city of London to the city of Windsor; another double track runs from the city of Hamilton to the city of Toronto; you find a single track runs along the northern shore of lake Erie; another single track runs from Toronto through St. Mary's and Stratford to Sarnia, other tracks run north and south. The whole country is served and served well by the Grand Trunk; when that system is connected up with our national railways it will become a mighty power in assisting the management of our national railway system in bringing about a successful operation of all lines.

This system is largely located in western Ontario and in the province of Quebec and in the eastern provinces. The Canadian Northern runs from Quebec to Montreal through our north country to Winnipeg, and there they commence a splendid transportation system of 6,500 miles covering the very best territory in the Northwest. But this end of the line is practically without branches or feeders. The Grand Trunk Pacific and the Transcontinental are in worse position, because the Transcontinental starts at Moncton and runs through Quebec and our north country to Winnipeg, where it connects with the Grand Trunk Pacific, running to Edmonton and on to Prince Rupert—one long band of steel practically across the continent, with very few feeders. How can we expect, unless we link up this other system with it, that we can possibly make our national system a paying proposition? Look at the position the Intercolonial railway has been in for many years, coming up from the Atlantic coast to Quebec and Montreal, without a terminal in Montreal and with very few feeders. Even the leader of the Opposition (Mr. McKenzie) within the last few weeks has been urging the Minister of Railways to build branches in the eastern provinces connecting them with the Intercolonial railway. The Intercolonial railway would be a power in this country to-day if in 1903 and 1904 hon. gentlemen opposite supported the proposition of Government ownership of a railroad connecting with the Intercolonial and running through to the West. We would then have had a railway system that would have been a paying proposition, instead of this enormous debt which we have to-day.

The leader of the Opposition says: "You already have 14,000 miles of Government

owned railways, why do you not experiment with that system?" I have tried to show, Mr. Speaker, how impossible it is to go on with this disorganized and disconnected system without the Grand Trunk to back it up. The Canadian Pacific has a splendid organization in the eastern provinces; in the West there is a well rounded out system, thoroughly organized. We are all glad and proud to know that it is so successful, but we also must realize and appreciate this fact, that in the early days enormous sums of money and extensive land grants were made in order to place the Canadian Pacific railway upon a safe and sound footing.

Hon. members argue that the Grand Trunk should not be responsible for the Grand Trunk Pacific. I can hardly believe that any hon. member could support that contention, because I have under my hand the statement of the ex-Minister of Finance (Mr. Fielding) and the statement of member after member on the other side in 1903 and 1904, showing what a splendid proposition they had put before the people of Canada in the carrying out of the Grand Trunk Pacific scheme.

Other hon. members say: Wait until next session. This question was up in 1916, 1917 and 1918, and was thoroughly discussed from time to time, and the very proposition that we are voting on to-night or to-morrow has been before the country for the last sixteen months at least.

Mr. BUREAU: Why was it not mentioned in the speech from the Throne, then?

Mr. J. E. ARMSTRONG: The member for Three Rivers (Mr. Bureau) knows full well how impossible it would be to make mention of this proposition in the speech from the Throne, when this Government did not know until a few weeks ago that the Grand Trunk were going to accept their offer of arbitration. Knowing that, how could the hon. member expect that it would be mentioned in the speech from the Throne? Some hon. gentlemen say—and I have heard hon. members on this side of the House also say—that both parties were equally responsible for this railroad trouble, that is, for the building of the Grand Trunk Pacific. It was my privilege to be a member of this House in the early part of 1904, and I remember distinctly resolution after resolution that we brought forward urging and begging hon. gentlemen opposite to extend the Intercolonial through to the Pacific, and so give us a Government-owned road from ocean to ocean. In order that some hon. members may know what Hon. A. G. Blair said on that occasion, I will read a couple of extracts from his speech:

Mr. Blair was Minister of Railways at that time, and he resigned rather than support the proposal for the building of the National Transcontinental railway. This is what he said:

> My decided preference is for a government owned and government operated railway across the continent, and my chief reason for favouring it is that it will have an equalizing and regulating influence upon all other railways throughout the western territory.

That is good practical common sense. Practically every word that Mr. Blair used in his letters to Sir Wilfrid Laurier in connection with his resignation and in his statement to Parliament has been borne out by the facts. He said further:

> In this view I am practically alone, and therefore I admit at once that this proposition must be laid aside. But the Cabinet has decided that the Government shall build half way across the continent as a Government road, namely, between Quebec and Winnipeg, and when built shall lease the same to the Grand Trunk Pacific; and as to the other half, it has been determined, as I understand, that liberal Government aid shall be given the same company to build and thereafter to own to the coast.
>
> To this mode of solving the railway problem I am decidely opposed. At best it is a hybrid scheme, involving the compromise of two antagonistic principles and will be followed as is usual with compromises of that kind, by unsatisfactory results. It will also fail to satisfy the exponents of either view. It will be difficult to explain why Government should build and own the lean section of this railway, and provide a company with Government credit to enable them to build and operate the fat section.

That is what has been going on. We have been building the lean section. We have been pouring tens of millions into that railway, in order to carry out the proposal that hon. gentlemen opposite placed before us in 1903-04. When I hear hon. gentlemen say that members on both sides of the House are equally responsible for the condition in which these railways are to-day, I take the position that I took on that occasion and that was taken by members who are now on this side—that of definite opposition to the proposal. Our argument was: Why pay nine-tenths of the cost of building the road and let private interests own it? If we are going to pay nine-tenths of the cost let us pay the other tenth

as well, and own, control and operate the road for the people." That is what should have been done. Had that proposal been accepted in 1903-04 there is no doubt that the people of Canada would not to-day be in this humiliating position on the question of railways.

These railways are in our hands not simply because of an adoption of the principle of public ownership. The plain fact is that private ownership has failed to carry on and the Government has been forced to take them over.

"Let the road go into liquidation" is another cry which we hear from hon. gentlemen opposite. Let us look into that suggestion for a moment. The people of Canada have invested, in round figures, $300,000,000 in the Canadian Northern; $118,000,000 in the Intercolonial; $10,000,000 in the Prince Edward Island railway; $114,000,000 in the Grand Trunk Pacific; $13,000,000 in Grand Trunk Pacific branch lines; $159,000,000 in the National Transcontinental; $28,000,000 in the Grand Trunk—a total of $733,000,000 in cash, land grants and bonds. We must protect these interests. We as a Government would certainly not be carrying out the wishes of the people or acting in their best interests if we did not proceed as is now proposed.

I have said that the Grand Trunk Pacific received $114,000,000, the Grand Trunk Pacific branch lines $13,000,000, and the Grand Trunk $28,000,000, a total of $156,000,000. To that extent, therefore, the people of Canada are interested in the proposal that is now before Parliament. In view of the fact that the Grand Trunk is the most profitable of these railway systems, it is our duty to take it over and attach it to the other government roads.

"Sell the road under the hammer," say some members of the Opposition. Well, who would be the purchaser? No individual or corporation outside of the Canadian Pacific Railway Company would undertake to purchase this road. If it were put up at auction I have no doubt that the Canadian Pacific would be very glad to purchase large sections of it in order to break up the system and to do away with its competition in years to come.

The people are vitally interested in this matter, and we must protect their interests. We cannot afford to have all our transportation in the hands of monopolies. The Canadian people spent freely of their money to break up a private monopoly in years gone by; they would never consent to create a still greater monopoly such as would be created if we allowed this system to go over to the Canadian Pacific. The Canadian Northern was a pioneer road in the West; its operation greatly increased production and population. It is well located and economically constructed. The Canadian Northern will become a mighty power in the development of our western provinces, and materially assist in making a success of this undertaking.

Just a word with regard to the financial aspect of the question. We pay interest on the bonds upon which interest has been paid for the last fifty years. Everything the Grand Trunk owns we shall own. The outstanding liabilities as shown in the Blue Book are sufficient to convince any reasonable man that the proper thing for us to do at the present time is to take over this road and deal fairly with the Grand Trunk stockholders. Any liability undisclosed three months after the award is made is to be adjusted by the auditors.

The Grand Trunk is not relieved, under this proposal, of any of its obligations in respect of the Grand Trunk Pacific. The Grand Trunk is an established paying concern, running through densely settled parts of the country. The Government, when this road is taken over, will have the use of roads, terminals, rolling stock and organization pertaining to all these systems.

The Government made a fair offer sixteen months ago to the Grand Trunk Railway Company. They have stood by that offer; they are to be congratulated upon their firm stand, and they are certainly worthy of our support. Every opportunity has been given hon. gentlemen opposite to investigate this matter. The Grand Trunk, with its small system, could not compete with the larger railway organizations; they own only a small portion of a great system. There is plenty of room in Canada for the two great systems that we shall have when this proposal is carried into effect. We shall own and operate twenty-two thousand miles of railroad, compared with the eighteen thousand miles of the Canadian Pacific, and we shall have seventy-five thousand miles of telegraph and telephone lines under Government ownership, control and operation. In addition to that, we shall have six Canadian Northern steamships, twelve Grand Trunk Railway steamships and the fifty-two Government owned vessels

that are being constructed to carry our products to foreign ports—a total of seventy steamships. There are fifteen Government owned elevators, with a capacity of thirty-four million bushels, all located along these railways, as well as the Canadian Northern elevators on their right of way, nine hundred and eighty-four in number, with a capacity of sixty-three million bushels—over a thousand elevators located along the right of way of these Government-owned roads. It is certainly the greatest Government ownership proposition in the world.

When this undertaking is consummated, the Intercolonial, the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern will be united in one system, and this system must remain entirely separate from the Canadian Pacific. The Canadian National railway must be under Canadian control and management, free from political interference. These roads will start out with fixed charges of about $2,000 per mile or $45,000,000 per annum, and they must be operated as a commercial concern in competition with a well-established and well-equipped rival. The management must remember that the people of Canada are paying interest on this investment, and if the roads do not earn enough to pay this interest, then it must come out of the people by way of taxes.

Let us give the trustees in charge of this great national undertaking the widest possible powers, and I have every confidence in the successful outcome of the proposition. The Government have presented the best possible solution of this problem. It is a safe, sound, sane, businesslike proposition, and I intend to give it my hearty support.

Mr. LUCIEN CANNON (Dorchester): Mr. Speaker, I have listened with very great attention to the hon. member for Lambton East (Mr. Armstrong), and I wish to call your attention to two points made by him in the course of his remarks. First, the hon. gentleman is under the impression that the taking over of the Grand Trunk railway will cost this country absolutely nothing. That, if I understood his speech properly, has been one of his main contentions. In the course of this debate, hon. gentlemen on the other side have given the Opposition and the people of this country an altogether different idea. For instance, I recall a speech from the other side in which it was declared that it would cost at least $51,000,000 simply to put the Grand Trunk into proper working condition. In my estimation—and I am not a financier; I am an ordinary poor barrister who is trying to do the best he can to earn a living for his family, and I do not claim to know too much about figures——

Mr. BUREAU: Do not get too humble.

Mr. CANNON: ——$51,000,000 is quite a sum even for the hon. member for Lambton East to forget when he is speaking about purchasing the Grand Trunk for nothing at all. Moreover, I call the attention of the hon. member to the Bill which is before the House, and I will ask him to read, for instance, clause 8, which gives to the Government power to give to the directors of the Grand Trunk immediate financial aid. That means disbursements; that means that some money is going to be spent; that means that this purchase calls for the outlay of public moneys.

Mr. J. E. ARMSTRONG: I do not think for a moment that the hon. member wishes to put into my mouth any words that I did not use. The statement that I made in regard to the Grand Trunk is a very different statement from what I made in regard to the Grand Trunk Pacific and the Transcontinental. I pointed out that we would, year after year, be compelled to pour millions of dollars into the National Transcontinental and the Grand Trunk Pacific in order to keep them running, if we did not have the Grand Trunk; but if we have the Grand Trunk proper, that is the old Grand Trunk, then we shall not have to assume a very great deal of expense in that connection.

Mr. CANNON: After having listened to the hon. gentleman's explanation, I can only say that his explanation is preferable to his speech. My memory is generally good, and I remember perfectly that the hon. gentleman said—he may have said it by mistake—that the taking over of the Grand Trunk—not the Grand Trunk Pacific—would not cost this country any money. When the hon. member rose, I was speaking of clause 8 of the Bill whereby the Government is empowered to give to the directors of the Grand Trunk immediate financial aid—and we know what that means, especially if the declarations made by the members of the Government and the members sitting to your right, Sir, are accurate. The Grand Trunk Railway Company are badly in need of money, and if we are now to supply them with all the money they need, I repeat, the public moneys of this country are going to be taken by the Grand Trunk to a very great extent. More-

over, if the hon. member for Lambton East refers to clause 4 of the Bill, he will find that by virtue of that clause the Government,or to speak more accurately and properly, the people of this country, guarantee the payment of interest on certain stocks and bonds of the Grand Trunk. Where is that money to come from—and, it is only part of the consideration?

Mr. J. E. ARMSTRONG: The hon. gentleman knows full well that the earnings of the Grand Trunk have always paid the interest on those bonds.

Mr. CANNON: The hon. gentleman knows perfectly that one of the reasons given by the Minister of the Interior (Mr. Meighen) and one of the reason given by the Minister of Railways (Mr. J. D. Reid) last year and this year for the present transaction is that the Grand Trunk is not in a position to pay the interest on its bonds.

Mr. J. E. ARMSTRONG: It has been doing so.

Mr. CANNON: If the hon. gentleman refers to the blue-book that has been distributed amongst hon. members, he will find that one of the first letters we find in that book, a letter written by the Minister of the Interior while he was in London, states that the Government will not help the Grand Trunk to pay the interest due in July of that year. I think that question will not require any further discussion. It will cost this country some money to take over the Grand Trunk line. Personally, I am not a railway man. I am against this Bill for three reasons. First, the time is most inopportune to bring in this Bill; second, the reasons advanced by the Governmeent in support of this measure are not reasons that should convince this House; and, third, the methods provided for in this Bill for the purchase of the Grand Trunk are methods that should not be approved by the majority of this House. This is not a proper time, first of all, because the Prime Minister of this country is not in the House. The people of Canada have a right to ask for the presence of the Prime Minister when a Bill of this nature is being discussed. I have an admiration for the Minister of Railways (Mr. J. D. Reid); I have a certain amount of admiration for the Minister of the Interior (Mr. Meighen); I even have a certain amount of admiration for the President of the Council (Mr. Rowell); but even those three lights of the Cabinet do not replace the Prime Minister of this country, and that right hon. gentleman ought to be in his seat. Hon. gentlemen opposite will say: The Prime Minister is at present ill; he is not in a position to be in the House. I sympathize with the Prime Minister; I regret his illness, and I hope that very soon he will be back in his seat.

10 p.m.

Legislation of this momentous importance should not be brought down when the Prime Minister is away. Moreover, up to yesterday, the Minister of Finance (Sir Henry Drayton) had not been in the House this session. What is the use of having a Minister of Finance elected for the constituency of Kingston who appeared in this House for only twenty minutes yesterday afternoon and has not been seen in its since?

Mr. J. E. ARMSTRONG: He is here now.

Mr. CANNON: I am pleased to see him in the House. The reason for my mistake is that we on this side of the House are not used to seeing so much modesty on the part of a Cabinet minister. Ministers as a rule are to be found in the front row. The Minister of Finance ought to give us a full statement of our position. We are certainly entitled to it, and until the Minister of Finance has given us that statement I do not think the Government has the right to press the second reading of this Bill. What information have we got? Certain questions have been put to the Government in the House of Commons and the Senate, and to-day in answer to a question put by the hon. member for Charlevoix-Montmorency (Mr. Casgrain), asking what amount had been given to the Canadian Pacific, the Grand Trunk, and the Canadian Northern, the Government answered that the Grand Trunk Railway system had been given all told in the last sixty-five years the sum of $15,000,000 in round figures, that the Canadian Pacific had been given all told the sum of $31,000,000, and that the Canadian Northern had been given all told the sum of $27,000,000. Mr. Speaker, we know that these figures are absolutely false. If the hon. gentleman on the other side of the House who was responsible for these figures had opened the Sessional Papers for 1917 he would have found that those figures are absolutely inaccurate. What do we find in the Sessional Papers of that year, printed and distributed to the members of this House by the Government? We find that the Canadian Pacific has received not the sum of $31,000,000 as stated by the Government to the House to-day, but the enormous sum of $228,000,000.

Mr. MEIGHEN: Does the hon. gentleman say that the Canadian Pacific received that amount in subsidies?

Mr. CANNON: In money subsidies and land subsidies.

Mr. MEIGHEN: The question asked for the subsidies granted the Canadian Pacific. The answer given shows the subsidies and the land grants as well.

Mr. CANNON: Even so—

Mr. MEIGHEN: Why didn't you say so?

Mr. CANNON: I will make my speech the way I want to, and the minister can make his the way he wants to.

Mr. MEIGHEN: I should not like to make mine that way.

Mr. CANNON: I will stand no interruptions from the minister. If he is in a bad corner let him get out in the right way. No small tricks with me. I am not afraid of the minister at all, and never was. The Canadian Pacific according to this blue-book received in cash subsidies the sum of $66,000,000. Does the minister hear that? But to-day we were told that it was $31,-000,000.

Mr. CAHILL: That is pretty close, for the Government.

Mr. CANNON: Then the Grand Trunk, according to the answer given to members of the Opposition to-day seeking information so that they could discuss this question intelligently, received in round figures $15,000,000 whereas according to this same blue-book the total aid given to the Grand Trunk was $28,000,000.

Mr. RICHARDSON: Are there details there showing how that is made up? I was under the impression that it was only $15,-000,000.

Mr. CANNON: Not this afternoon, because I listened to the hon. member speaking and he was away up in the several hundred millions of dollars so far as the Canadian Pacific was concerned. If I was the hon. member I would stick to my figures of this afternoon.

Mr. RICHARDSON: I was not seeking to question the hon. member's figures at all. I took my figures from the Drayton-Acworth report, which showed the aid given to the Grand Trunk as $15,000,000. I had no knowledge of any other amount, and I asked the hon. gentleman courteously to tell me how his figures were made up.

[Mr. Cannon.]

I was not criticising his statement; I was simply surprised.

Mr. CANNON: What I say is this: The Government this afternoon gave us figures which are absolutely false when compared with the figures that appear in this Sessional Paper. The hon. member for Springfield (Mr. Richardson) in his speech this afternoon said that the aid to the Canadian Pacific amounted to $750,000,000.

Mr. RICHARDSON: Hear, hear, including the exemption from taxation of land and all appurtenances.

Mr. CANNON: The Government said they had given $31,000,000.

Mr. MEIGHEN: That is in subsidies.

Mr. CANNON: There is a wide margin. The Government say they have given the Canadian Northern in round figures $27,000,-000. The figure given in the Sessional Papers is $298,000,000, or roughly speaking, $300,000,000. I say that the Government has no right to mislead the Opposition and the people of this country in that way, and now that the Minister of Finance is in the House, and seeing that he signed this report, I hope he will tell us whether the figures he gave when he was commissioner are the ones he gives now when he is Minister of Finance.

Sir HENRY DRAYTON: There is no mystery at all about these figures, they are perfectly plain. The answers, as I understand,—I did not hear them read—referred to subsidies. I absolutely stand by the whole of the totals set out in that report. They do not deal merely with subsidies. Subsidies are indeed a very small part of them. The subsidies to the Canadian Northern are shown, and I think correctly shown, at some $38,000,000. The lands which the railway got in connection with the Manitoba charter and subsequently are shown at the amount that the company received for them, some $34,000,000. The loans outstanding on investment are also correctly shown, and the guarantees given by the Government are also correctly shown. Subsidies are one thing, proceeds of land sold are another thing, loans on outstanding investment are another thing, and guarantees outstanding are something else, entirely different. The total is correct. It is exactly the same in connection with the Canadian Pacific. The Canadian Pacific, under the head of subsidies are shown to have received $104,000,000, but you will see from the side note on the report that that

amount includes the value of the railways which had been previously constructed by the Government, and which under the contract was turned over to the company. Those values were arrived at as nearly as we could. Then, again, you have the proceeds of the lands sold. These were lands actually sold at that time and as a result the total, as the hon. member has correctly stated, is $228,000,000. The Grand Trunk was built before subsidies were paid as they have been in later years. They got subsidies from different sources, but so far as this Government is concerned the Government made loans to them many years ago. On those loans they never collected interest and as far as the Grand Trunk is concerned it is fair to say that the Dominion aid to the Grand Trunk amounted to $15,000,000.

Mr. CANNON: I do not want to enter into a long discussion with the Minister of Finance, but if the hon. gentleman refers to the book again he will see that according to Government reports the roads now comprised in the Grand Trunk Railway company's undertaking have received aid as follows: Subsidies, Dominion Government, $3,423,690; provinces, $4,077,233; loans by the Dominion Government made to the Grand Trunk Railway company many years ago, $15,000,000.

Sir HENRY DRAYTON: Apparently the hon. gentleman is agreeing with me.

Mr. CANNON: If the minister adds these figures together, $15,000,000 and $3,000,000, he will find that they make $18,000,000.

Sir HENRY DRAYTON: Yes, that is all true. But there is more than that.

Mr. CANNON: And the answer given this afternoon was $15,000,000.

Sir HENRY DRAYTON: The hon. gentleman must remember that the question referred to subsidies granted by this House. It did not refer to provincial subsidies or municipal grants. The only money which the Grand Trunk, as I understand it, has ever received from this Parliament is the sum of $15,000,000. That is shown in the report as $15,142,633 and the amount of $142,633 is the interest that has been charged on the investment.

Mr. CANNON: If the minister refers to the book he will see that it says Dominion Government $3,000,000 subsidy and further down loan by Dominion Government $15,000,000 odd; and $15,000,000 and $3,000,000 make $18,000,000.

Sir HENRY DRAYTON: The total should be $28,000,000. There is something beyond that.

Mr. CANNON: The answer given this afternoon shows only $15,000,000.

Sir HENRY DRAYTON: I think the hon. member will find that these subsidies were not subsidies of this House but that they were granted prior to Confederation.

Mr. CANNON: Of course. The report made by the hon. gentleman says the "Dominion Government". There is only one Dominion Government. I know that the Minister of Finance and many other hon. gentlemen think that this is the first Dominion Government we have had, but before this Government there were other governments called "Dominion Government". The Dominion Government granted a subsidy of $3,000,000 and then there was loan of $15,000,000. Now, $15,000,000 plus $3,000,000 makes $18,000,000; yet this afternoon we are told not $18,000,000 but $15,000,000.

Sir HENRY DRAYTON: I think if the hon. member will look up the statutes he will find that that extra $3,000,000 was a grant made to one of the subsidiaries which afterwards came into the company, and not a direct Grand Trunk grant at all. But the fact remains that the total is shown to be a much larger sum than the hon. gentleman is now making. The hon. gentleman is taking off $13,000,000 because the total shown in the report is $28,145,000.

Mr CANNON: Well, the book reads:

According to Government report the roads now comprised in the Grand Trunk railway undertaking have received aid as follows:

"Grand Trunk railway undertaking".

Sir HENRY DRAYTON: "Roads now comprised".

Mr. CANNON: It was not $15,000,000 but $18,000,000. The question asked in the House was:

What is the amount paid in subsidies to the Grand Trunk railway system during the last sixty-five years?

The answer was $15,542,655.34. In the book containing the report made by the hon. gentleman who is now Minister of Finance the amount is given as $3,000,000 and $15,000,000, making $18,000,000. I hope the hon. gentleman will explain more fully to the House at a later occasion how this $3,000,000 has disappeared so suddenly.

Sir HENRY DRAYTON: In the report it says $13,000,000 and $15,000,000 making a total of $28,000,000.

Mr. DEPUTY SPEAKER: I hope hon. members will refrain from any further discussion of these figures. The hon. member for Dorchester (Mr. Cannon) has the floor and should be given the opportunity to interpret the figures as he reads them. Any explanation which may be given on behalf of the Government must be given at some later time, because these interruptions are absolutely out of order when the House is not in committee.

Mr. CANNON: I was saying, Mr. Speaker, that the Government should not bring in this legislation because the Prime Minister was away, because we did not have complete information, and also because the famous reconstruction of the Cabinet is not completed. We have ministers vanishing from this House. We have seen, for instance, Hon. Mr. Carvell demobilized and sent to the railway board. We have heard also that an hon. member for British Columbia is waiting to renounce the arduous duties of a cabinet minister for a life of ease, the life of a civil servant, with a comfortable salary. We were told that other ministers would disappear and that the weak timber would be replaced by something more substantial and more solid. I think the House and the country have a right to ask that the cabinet be reconstructed before we deal with problems of this vast magnitude. There is another reason why we should not consider this Bill to-day. Is this the proper time to assume huge liabilities and responsibilities when the hon. the ex-Minister of Finance (Sir Thomas White) goes before a parliamentary committee of this House and declares that it is a time to have strict economy, that not a cent should be spent unless the circumstances demanded it? He also told us what our national debt was. It is appalling. Last year, while the Budget discussion was on, we asked different members of the Government: "Where are you going to find the money necessary to carry on the business of the country?"

Hon. gentlemen opposite could not answer —the only thing they could tell us was that they trusted in Providence. There is no doubt, Mr. Speaker, that Providence is sometimes very generous and charitable but we must not abuse the kindness of Providence. The advice I give to these gentlemen is: Do not abuse the kindness and goodness of Providence and do not expect too much from Providence. If hon. gentlemen opposite were to read a certain old Latin poet they would see a verse which they should ponder over because it is full of food for reflection: Quem Deus vult perdere, dementat prius.

An hon. MEMBER: Explain.

Mr. CANNON: The returned soldiers have come to this Parliament and they have told the representatives of the people that on account of what they had done on the other side they were entitled to further recognition of their services. The committee to whom the matter was referred, has not as yet made its report but we have been told certain things in this House by the President of the Privy Council (Mr. Rowell) and his utterances were so pleasing to the ears of the members of the Government that his speech was printed and copies delivered in large numbers throughout the country. What were his statements? They were to the effect that Canada could do no more financially for the soldiers. Is it fair, is it prudent, for the Government, after having answered the soldiers the way they answered them, to undertake such a vast expenditure of money as the purchase of the Grand Trunk will call for? Mr. Speaker, I submit that the Government should pause before they decide on spending hundreds of millions of dollars for the purchase of a bankrupt railway, when the soldiers throughout the country are discontented on account of the refusal to give them some recognition for the services they have rendered.

Mr. Speaker, there is another reason to be borne in mind: There are officials who are receiving fat salaries from the Government for delivering lectures throughout Canada and preaching to the citizens that they ought to observe strict economy in their households. In the city of Quebec where I live and in the constituency of Dorchester which I represent, several women have come to me and complained that the high cost of living prevented them from giving the necessaries of life to their families. And while these people are facing the approach of winter with fear in their minds and apprehension in their hearts they are told by these lecturers to economize. Yet this Government, who are giving the same advice, are ready to throw away hundreds of millions of dollars to satisfy the appetites of their friends, the speculators on the stock markets in England. Mr. Speaker, I tell the Government to pause and beware. The President of the Privy Council last year talked to us

about Russia, with tears in his eyes and trembling in his voice. What was the reason for the happenings in Russia? The uprising of Russian Bolshevism is nothing but the explosion of suffering in the hearts of poor human beings who have been crushed by an autocratic government. Let this Government remember that the patience of the people of Canada has limits and should those limits be exceeded the ministry must assume the responsibility for coming events.

Some hon. MEMBERS: Oh, oh.

Mr. CANNON: Some gentlemen opposite laugh. It is their usual answer—to laugh. I have seen people in a court room who were accused of murder laugh when declared guilty.

Mr. Speaker, another question: Is this the proper time to press this measure when the Finance Minister is calling upon the people of the country to lend money to the Government. This Government is like an ordinary man who wants money. If he desires to obtain money he has got to inspire confidence in the man from whom he demands it. Last year I went throughout my county and spoke in favour of the Victory Loan, and the contribution from Dorchester very largely exceeded the amount allotted to it by the Victory Loan Committee. This year I went again. Will I go back? I might go back providing the Minister of Finance shows us that this money will be properly spent, and not squandered and wasted in the scheme before the House at the present time. But what I can do is of no importance. I am a private member and do not claim to have much influence. But other people have. I would refer the Finance Minister to a letter which appeared in the Quebec papers; a letter not signed by a politician, not signed by an opponent of this Government, but signed by one of the most influential men in Canada, a former president of the Manufacturers' Association, a man who has built up in the city of Quebec one of the largest industries that we have—I am speaking of Hon. Mr. Amyot. Mr. Amyot subscribed to the last Victory Loan and subscribed generously, and this is the letter he writes:

To the Editor of Le Soleil,
Quebec.

Dear Sir,—

In this morning's Chronicle we are advised that the Ottawa Government has laid before the House the proposition for the purchase of the Grand Trunk railway, and that Mr. Smithers, the president, is prepared to accept conditions laid down by the Government. That is to say, that a pre-arranged scheme is being submitted to the House at the very moment when Sir Robert Borden is absent and when the leader of the Opposition has no seat in the House, and at a time when the House was called for the unique purpose of ratifying the Peace Treaty, as well as to obtain for itself a second indemnity.

At this time, advantage is taken to rush through in a hurry a law for the purpose of taking over a fourth or a fifth railway system, to purchase the control of shares at a time when the country is staggering under the load of an excessive debt and burdened with all kinds of other troubles.

These gentlemen have the temerity to carry on this purchase at the time when they are endeavouring to float a national loan called a "Victory Loan." Vain words, no doubt, but in any case they call it a Victory Loan. I am of opinion that the country should refuse to subscribe anything whatsoever to this loan if the Government persists in its view that the Grand Trunk railway must be acquired, and, in so far as I am concerned, I intend to give the example and will not subscribe one single cent. I have subscribed to loans made during the war and have done so generously. To the first loan $50,000, to the second $250,000, and to the third $500,000. Consequently I think that I have in the past done my bit, but I refuse to subscribe anything whatsoever to this last loan if it is the intention to administer the country's affairs in this reckless fashion; and if I have any advice to give it is, that my example should be generally followed throughout the country.

Thanking you, Sir, for the publication of this letter, I remain,

Yours very sincerely,
George E. Amyot.

This letter cannot be ignored by the Government. As I said before, it is written by one of the most prominent men in Canada; and I think that the sentiments expressed are also shared by a great many business men throughout the country.

There is another reason, Mr. Speaker, why this measure should not be pressed. This Government has not the confidence of the people. I say so, and I support my utterance with proofs that cannot be contradicted. A few months ago there was an election in Prince Edward Island. What was the result? The Provincial Government was defeated. Why? Because it was supported by the Union Government at Ottawa. But what is the use of speaking of Prince Edward Island, Mr. Speaker? I will refer to a province which is far more interesting to the hon. gentlmen on the other side—the province of Ontario. The Hearst Government had been in power for many years; it had been supported in one general election; but the moment the President of the Privy Council (Mr. Rowell) lent his support to that Administration it was wiped out altogether. And the night the results came in I thought that my hon. friend the Minister of Railways (Mr. Reid), who always had directed the old Tory machine in Ontario—this gentleman who knew where

to place some oil, for instance, when he went to Kingston to show to the people of that good town the benefits of electing the Minister of Finance (Sir Henry Drayton) by acclamation, as the papers have told us—this old political warrior of many battles would have carried the Tory machine to victory if it had not been for the reckless interference of his colleague, the President of the Council. But the moment the hon. gentleman interfered, like a misguided saint, he ruined the chances of the Hearst party altogether. If the electors of Prince Edward Island and Ontario receive in this fashion any party which is endorsed by the Union Government, can you imagine, Mr. Speaker, the disastrous results of a direct appeal from these gentlemen themselves? If this Government had the confidence of the people why did they not put up a candidate in Quebec East, where there is an election this week, to explain to the people of my good province the benefits of their administration? I have not seen in this House for the last two weeks the friendly face of the Minister of Immigration (Mr. Calder). I am sorry he is not here. But I would like to know, Mr. Speaker, if the Union Government has the confidence of the people, as was claimed yesterday by the President of the Council, why did not the Minister of Immigration put up a candidate of his own in the Province of Saskatchewan? They say they have the confidence of the people, Mr. Speaker. Well, the leader of our party was chosen by convention last summer, he offered himself to the electors of the County of Prince, and this Government, which has the confidence of the people, did not dare fight his election.

Mr. P. McGIBBON: Might I ask the hon. gentleman a question?

Mr. CANNON: Certainly.

Mr. P. McGIBBON: Why did not his leader take a seat in his own province?

Some hon. MEMBERS: Oh, oh! Cheap!

Mr. CANNON: I think it would have been a very good thing, because it would have improved in many ways the representation from that Province. Mr. Speaker, I say that the Government has not the confidence of the people. I say, further, that the Government has no mandate on the question of public ownership. I was listening today to my good friend, the member for Springfield (Mr. Richardson) talking about public ownership. He might have been in favour of public ownership this afternoon, but I understand from rumours which come from Winnipeg that very often he used to be also in favour of the Canadian Pacific railway, which is private ownership.

Mr. RICHARDSON: May I contradict that? I never in my life was in favour of the Canadian Pacific Railway. I never gave utterance to anything in favour of the Canadian Pacific railway other than what my hon. friend would do, namely, that it is a well managed institution, and the Canadian people may well admire its management; but he will search in vain through any papers I can show him for any speech I ever made endorsing the Canadian Pacific railway.

Mr. BUREAU: Were you in favour of the Red River Valley?

Mr. DEPUTY SPEAKER: Order. These questions and answers from one side of the House to the other are absolutely out of order in a debate on the second reading of a Bill.

Mr. CANNON: Mr. Speaker, I can tell the hon. gentleman this: His speeches at times, in this House at least, do not always express his real views, judging by the way he votes afterwards. But in addition to that the hon. gentleman has the misfortune not only of making speeches but also of writing articles in his paper, and I would refer him to his file—he might have surprises, and great ones, which will contradict altogether his conviction that he never was against public ownership.

I was saying, Mr. Speaker, that the Government has no mandate. This Government was elected for what purpose? They told us that it was absolutely necessary that their talents be kept at the service of this country to save the British Empire. If we had not the genius of administration of these gentlemen we see sitting in front of us,—if the Minister of Railways (Mr. Reid) had not remained at the head of his Department; if the Minister of the Interior (Mr. Meighen) had not stood by what he thought was his duty; if the Minister of Justice (Mr. Doherty) had not remained, working for the good of his country, although he is old and sick and tired,—the British Empire would have disappeared, Mr. Speaker,—so they said. The people of this country understood the British Empire was to be saved. But now that it is saved, Mr. Speaker, would these gentlemen please

save their own country by relinquishing power?

I oppose this Bill, Mr. Speaker, not only because I think that this is not the proper moment for discussing such a measure, but also because I think that the reasons given for its introduction are not sound.

I heard the President of the Council (Hon. Mr. Rowell) say yesterday: "We are continuing our work." I would like to know where that work began; moreover, I would like to know where it will end. The work of this Government in the matter of railway policy is nothing but a continuance of the traditions of the Tory party in this country. The Canadian Pacific scandal, Mr. Speaker; the Canadian Northern scandal; the Grand Trunk Pacific scandal—and now the climax, the crowning work of these genii, the Grand Trunk Railway system scandal. I know what their work has been so far as my province is concerned; it has been an effort to destroy what the Right Hon. Sir Wilfrid Laurier did for Quebec and for Ontario; an effort to efface completely any trace of the work of that great patriot in the building of the Transcontinental railway in 1903 and succeeding years. That has been the policy of the Government so far as we in Quebec are concerned.

We have built the Quebec bridge at a cost of millions of dollars, and will you believe me, Mr. Speaker, when I tell you that hardly any trains pass over that bridge? Why? Because this Government has absolutely no interest in Quebec; Quebec does not count. If Quebec does not count in the estimation of these hon. gentlemen, it did count in the estimation of a former government, the views of which were larger and broader and the object of whose consideration and attention included the interests not of one province or one section of the country but of the Canadian people as a whole. During the last election the Toronto Telegram advised the people of that city that they ought to support the Hearst Government because a vote for Hearst was a vote against Quebec; a vote for Hearst was a vote for Toronto against Montreal. I leave these gentlemen to their petty appeals; they have had the answer that they deserved.

Mr. Speaker, I do not wish to detain the House much longer.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Go on.

Mr. CANNON: The member for South Toronto (Mr. Sheard) says "hear, hear." I know that he voices his feelings. The question whether or not this party is against private ownership is not at issue. I am a Liberal; I am a progressive; I am in favour of anything that means progress in this country. Public ownership has been the policy of every Liberal organization throughout the world. But, Mr. Speaker, different countries have tried public ownership in recent years; we have had examples that we did not have before, and in the face of those examples and of those results, are we not justified, as sensible and reasonable men, in suggesting that it would be better to wait and see before we decide this question?

The member for Springfield (Mr. Richardson) said that the public ownership of railways was a success in Italy. Has the hon. member ever travelled in Italy?

Mr. RICHARDSON: Yes.

Mr. CANNON: He must have been glad to get away from those railways.

Mr. RICHARDSON: Not at all.

Mr. CANNON: The hon. member told us that public ownership of railways in England was a success. But the British Government to-day is altogether undecided what to do with the railways. They have on their hands a number of white elephants that they would like to be rid of—somuch so, Mr. Speaker, that the question of nationalization is coming up again in that country, not only as regards the railways, but also as regards the mines. The Prime Minister, Mr. Lloyd George—and the member for Springfield will admit that he is a Liberal—has declared that the matter of the advisability of nationalization is of such grave importance that it will have to be decided by the people themselves. Hon. gentlemen opposite usually imitate what happens in England; why should they not make the same wise decision which the Prime Minister of England has made on this question?

They have had public ownership of railways in the United States. I challenge any member of this House to deny that the deficit on the railway in the United States under Government administration has not been a million and a half dollars a day. What is it going to be here, judging from our experience in the past in connection with the Intercolonial?

Hon. gentlemen tell us that the administration of the national railways will be altogether outside of political patronage, "we have pledged ourselves to that." But this Government have made pledges in the

past which were never fulfilled; the farming sections of Ontario remembered one pledge two days ago. This Government, Mr. Speaker, should be serious. The President of the Council said yesterday: "We have to buy the Grand Trunk not on account of the failure of public ownership, but on account of the failure of private ownership." That was one of the main arguments put forwards by the Minister. The Canadian Northern failed as a private enterprise, and that is why the Government took it over. But what I cannot understand is why the Government, if they wish public ownership to be a success, leave in the hands of the same old gang who maladministered the Canadian Northern the administration of our national railways. If the man who was working for Mackenzie and Mann was not competent to administer a railway under private ownership where did he acquire new competency, additional talent, new administrative capacity, now that he works for the Government? If gentlemen go to the head office of the Canadian Northern in Toronto they will find there the same old faces of these political and railway buccaneers who robbed every Government in Canada; and they are still at the same game. The President of the Council may wax eloquent, but these are cold facts that cannot be contradicted.

Who runs the Government railways? Whenever there is any trouble or any difficulty in this country we have only to go down to the Central Station to see on one of the sidings the private car of Mackenzie and Mann in which a Government official is receiving advice from these gentlemen. Everybody in Ottawa and throughout the country knows that. Yet these people talk about public ownership as being a public duty—"a patriotic duty", to use the expression of the President of the Council. Is it patriotic to ruin your country? If so, this is the first intimation I have had of it.

It is a new doctrine; it is a very modern theory. Mackenzie and Mann robbed and bled every Government in Canada. If this Government are sincere, they have one duty to perform, namely, to rid their system not only of Mackenzie and Mann who are the figurehead, but of the puppets who hide behind them. Giants in railroading have failed throughout the world in recent years; in the administration of railroads will this Government contend seriously that pygmies will succeed where giants have failed? Patronage is abolished! These railroads are going to be run in such a way that the administration of Canadian railways will be cited throughout the world as a new wonder. Was it patronage or not, to give to the Hon. Mr. Carvell his reward and a $12,000 salary? Patronage abolished! In my county, I have the example of a station agent who was replaced after having been dismissed, because Hon. Mr. Sévigny was running as a candidate, and he wired the general manager that it was important that that station agent should still run the station because he had many relatives having votes in that constituency, and accordingly he was reinstated. But these gentlemen must be serious with the House of Commons and the country. Every Senator who is appointed is a political appointee and nothing else, and to remove that impression from my mind I would ask any minister of the Crown to explain to me why the appointment to the Senate concerning the county of Frontenac was not made before the elections were over. That is a very pertinent question.

The Government tell us that the main reason for this deal is necessity, it has to be done. Since when has it to be done? On the first September, when we met here, we were called upon only to put an end to the awful state of war which existed between us and Germany. I remember the President of the Council (Mr. Rowell) making one of the most eloquent speeches ever delivered in this House when he called upon us as patriotic citizens of this country to put an end to the state of war. We were called upon for that purpose only, to give peace to the good men, women and children of Canada. We did that. The ministry was not satisfied. On September 20 this deal was not yet necessary; we did not hear anything about it. Even on October 1, even on the 3rd, when the Acting Prime Minister of this country (Sir George Foster) spoke in this House, he did not disturb the Government's supporters who were packing their satchels and trunks in order to go home. It was not necessary then. But all of a sudden the atmosphere becomes loaded with clouds; the credit of this country is in danger! Again the Government proposes to the House of Commons a patriotic duty; we have to save the credit of Canada, says the President of the Council, all of a sudden. Save the credit of Canada! There is one way of saving the credit of Canada, and that is to prevent highway robbers and thieves from influencing the decisions of the Government——

Mr. SPEAKER: Order. The hon. gentleman is exceeding the rules of debate in

the imputation implied in his remarks. They are entirely unparliamentary.

Mr. CANNON: I had not concluded my sentence. I was going to say—to influence the decisions of the Government in the minds of evidently wrongly-informed people in this country.

Mr. SPEAKER: I do not know that the hon. gentleman helps his remark any by so concluding it. That is the judgment of the House.

Mr. CANNON: I bow to your decision, Sir. I say that it is the impression which wrongly exists in the minds of several people in Canada. The credit of this country has in no way been enhanced by the Canadian Northern deal; it was in no way enhanced by what we did last year; and I do not think it will be enhanced by the present proposal. It is necessary, say the Government, to help these railway companies. Since when has a company which is bankrupt, or on the way to bankruptcy, a claim on the generosity of this country? Other institutions in Canada have failed, have become bankrupt; have the Government interfered to give them financial help, to prevent them from failing? I will take a very recent example, the example of the Farmers' Bank in Ontario. That institution failed, and hon. gentlemen on the other side of the House had promised their constituents relief. The Bill was thrown out by the Senate and the Government never introduced that Bill. Why? Because it is an altogether unsound principle to claim for any company a right to financial relief from the Government. Let hon. gentlemen look at what happened in the United States. Practically every important railway in the United States failed in the course of its existence. The American Government never interfered. When a railway failed, the same thing happened as when any other corporation failed. Since when have we, the people of Canada, become dealers in scrap and rags? This is a new role for a Government.

11 p.m.

I am opposed to this Bill, not only because the time is not opportune and because the reasons given for the Bill do not justify its introduction or adoption, but because the method indicated by the Government is wrong. Why should we have arbitration? We had an example of what arbitration meant to the people of Canada. The Minister of Finance (Sir Henry Drayton) when he was chairman of the Railway Board, declared that the Canadian Northern stock was absolutely worthless. Nevertheless, the arbitrators who were named by the Government decided that a stock which was worth absolutely nothing, not one cent, was to cost the people of Canada the enormous sum of $10,800,000. We, the representatives of the people, have no right to constitute a tribunal on the same basis as that, which meant such a tremendous loss to the country in connection with taking over the Canadian Northern. Are we going to have the same experts to determine the value of this stock? I have nothing to say against these gentlemen, but if my memory serves me right, one of those who sat on the Canadian Northern arbitration board was the Chief Justice of the province of Ontario, and he again is named in this Bill to choose one of the arbitrators, together with the Chief Justice of the Supreme Court and the senior judge of the Exchequer Court of Canada.

Mr. MEIGHEN: You are about a year behind the times.

Mr. CANNON: I am not.

Mr. MEIGHEN: Well, go ahead the way you are then.

Mr. CANNON: If I go ahead the way I am it will be going ahead differently from the minister because my course will be straight. I say we have no right to put in the hands of these gentlemen the decision of such an important question after the way the Canadian people were treated at their hands a year or so ago. That tribunal gave over $10,000,000 to Mackenzie and Mann and their friends for a stock which was absolutely valueless, and the present Minister of Finance declared so himself. What is going to happen so far as the Grand Trunk is concerned we do not know. The sinister influences which were exercised in connection with the Canadian Northern still prevail. We know those men. Unfortunately for Canada they are still alive. They are watching these proceedings. The papers in Canada which have supported the present Administration for years, papers which put the present Administration into power, are protesting against this Bill and against the methods employed to take over the Grand Trunk. I hope that when we are in committee on the Bill, if it is not withdrawn altogether, it will be decided by the Government that no arbitration award shall be binding on the people of this country until ratified by the Parliament of Canada. Why should we divest ourselves of our responsibility? Why should three gentlemen, no matter who they are, impose on this

country an expenditure of millions of dollars? The constitutional theory on this point is very simple—no taxation without representation. I need not recall the long struggle in England and in Canada for the adoption and sanction of this constitutional principle. We have it. The members of the House of Commons, the sole representatives of the people, have no right to give to three judges, no matter who they are, the right of taxing the Canadian people, especially when that taxation amounts to millions and millions of dollars.

I will conclude these remarks by saying that the responsibility of the Government in a constitutional country is very heavy. The role played by a minister is very noble and very high. The trust that the people put in the ministers is a trust that should be respected. The Canadian people have entrusted these gentlemen with the protection and the safeguarding of their interests, financial, national and otherwise. These gentlemen are simply the stewards of the people. If they read the Gospel, as I have no doubt the President of the Council does every day, they will see that our Lord speaks in very stern words of the responsibility of stewardship. He painted the duties of stewardship as the most binding that a man can have imposed upon him. Stewards of the people, you have no right to squander one cent of the public moneys. Not the smallest fraction of money should be squandered or wasted. The Canadian people are watching, and I hope that some time the sun will rise on the day of reckoning for these gentlemen. I have no doubt that when that day comes, not the Canadian Northern, not the Grand Trunk, not the Grand Trunk Pacific, or any of their railways will prevent them from being removed from their seats to your right, Mr. Speaker, to the seats on your left in this House.

Hon. ARTHUR MEIGHEN (Minister of the Interior): If the debate from this on is to be a serious discussion of the resolution before the Chair, it is imperative that very little time or attention be paid to the speech of the hon. member for Dorchester (Mr. Cannon). The speech he has just delivered was characteristic of him, in that it was replete with what might be called clever turns of language, and also characteristic of him in that it was absolutely barren of everything else. There may be some success in controversy in this House if there is substance, relevant substance, to an address, even in the absence of candour, and candour in a speech in the absence of material facts or substance is always acceptable and welcome; but a speech that is lacking in both is not likely to live very long in the memory of hon. members.

I noted as time went on, two or three references the hon. member made which had some remote bearing on the resolution we are now discussing. I was interested as well without noting any relevance to the subject, in the appeal he made, a very touching appeal, on behalf of the returned soldiers of this country and their families, and I could not help but reflect on the sweet and enduring gratification it will bring to all the soldiers and heroes of our country when they learn that their champion in this House is now the hon. member for Dorchester. He had all the resources of his mind marshalled to attack the arbitration that took place on the subject of the Canadian Northern railway shares. I do not know whether his language in that regard was any more extravagant than his language relative to the Bill before Parliament. There is this however about the effect of the hon. member's opinion, that if there were any serious minded members of this House who had any honest doubts as to the wisdom of his course in supporting this legislation, these doubts would be set at rest when he finds that the measure meets with the envenomed hostility of the hon. member for Dorchester.

As to the arbitration that took place two years ago words failed the hon. member to properly characterize that policy. He thinks that any course on the part of the Government in regard to large railway systems that does not permit the onward, or downward, march of liquidation is reprehensible in every respect. There is in such a course, he says, a violation of responsibility and an utter ignoring of our duties to the people. Let railway systems, like everything else, go into liquidation and all is well! That is the way it has been and the way it ought to be! I was in this House when the gentleman whose memory the hon. member for Dorchester affects to revere was leading the Liberal party. If the hon. gentleman refers to the records of this House at the time when this Parliament was faced with the alternative of the Canadian Northern going into liquidation, a system less in magnitude than the Grand Trunk, he will see that that leader stood up in Parliament and warned us that it was our duty not to allow liquidation to take place. He warned this House that the duty before it was to arrest the progress of liquidation in the name of and

for the sake of the credit of this country and for the dearest interests of Canada. Not only did the leader of that day use such words and warn the Government accordingly, but his ex-Minister of Railways, Hon. G. P. Graham, now not in Parliaament, was even more emphatic than the then leader of the Opposition in chiding Parliament for ever thinking of liquidation as to the Canadian Northern system because it meant more in loss than this country could hope to gain thereby. If liquidation was a thing unthinkable for the Canadian Northern railway is the argument not equally applicable to the Grand Trunk? All the arguments used by Sir Wilfrid Laurier relative to the Canadian Northern railway apply equally, identically and with redoubled force to the subject now before this House. But logic is lost on an intellect under the sway of passion such as that possessed by the hon. member for Dorchester. Liquidation is right; public ownership is wrong. With the Canadian Northern liquidation was wrong but public ownership was right.

When the subject was before Parliament the Opposition of that time, within whose ranks were many hon. members opposite, moved a resolution calling for the public ownership of the Canadian Northern system, calling for arbitration as to the value of the stock in the Canadian Northern with a maximum of $30,000,000, the very course that we afterwards pursued except that we reduced the maximum to $10,000,000. I heard this subject referred to by the present temporary leader of the Opposition (Mr. McKenzie) the other day. "Yes," he said, "we did in 1914 support a resolution moved by Dr. Pugsley, calling for the taking over of the CanadianNorthern Railway system by means of the ownership of the stock at a value to be defined by arbitration and calling for the fixing of a maximum of $30,000,000 as the value of that stock. But, "he said," that was before we loaned them $35,000,000; as soon as we loaned them $35,000,000, they had $5,000,000 more than our maximum and therefore the maximum could not stand." I hardly know how to attack a position of that sort. As if the value of the stock of the system was depreciated by the fact that we loaned them $35,000,000. The $35,000,000 was a loan to the company. It was opposed because it would help the stockholders. How would it help the stockholders if it ruined the stock? If it had any effect on the stock it would raise the value of the stock. Though the stock which, without that raise, was to have under their plan a maximum value in arbitration of $30,000,000, still in the opinion of hon. gentlemen opposite there is robbery of Canada if the stock having this raise is arbitrated at a maximum of $10,000,000. I do not hear the mutterings of the hon. member for Pontiac (Mr. Cahill) for which I should be grateful.

We have had abundant and repeated witness of the truism that there is no use whatever in taking the advice in any respect of hon. gentlemen opposite because the moment we take that advice they deny its parenthood and assail their own ideas. Liquidation, let me repeat, was the agreed upon and recorded policy of hon. gentlemen opposite in relation to the Canadian Northern Railway system. Arbitration of the value of the shares was right and public ownership was right. Will any hon. gentleman tell me why liquidation was wrong in connection with the Canadian Northern and public ownership and arbitration right, and liquidation right and public ownership and arbitration wrong in respect to the Grand Trunk? The exigencies of political position are very great and drive public men into strange paths; and in proportion as the leadership is vacillating these exigencies become more repeated and more difficult.

I did not rise to refer particularly to the remarks of the hon. member for Dorchester. I was not able to be in the House when the hon. leader of the Opposition (Mr. McKenzie) was making his speech the other day, but I took occasion as I sat in my seat to-night to read it, and I thought I would be lacking somewhat in my duty—I had almost said to posterity—if I did not put on record a gem that I found in this speech. It is full of them, all of them just about, although not quite approaching in ludicrousness the specimen I am now going to treat. There is indeed scarcely a paragraph in the speech but against which the same attack could be made that I am going to make against this, but time prevents me from going over the other paragraphs with a like purpose. The hon. gentleman was endeavouring to show the burden that was going to fall upon Canada by way of annual charges as a result of taking over the Grand Trunk system and incorporating it with the Canadian National railways. He said first that the outstanding indebtedness of the system was $552,556,019. I find here in the blue-book he was relying on, a figure

which is within ten per cent of that amount but which in no way represents the indebtedness of the company.

There is a figure in the papers before Parliament of $504,629,211. The hon. gentleman evidently had reference to that when he put it as $552,556,019. At all events, there is no other figure so close. Now what is this figure of $504,000,000? It is not said in the documents to be the liabilities of the company—there is no hint of such a thing at all. It appears as the total on both sides of the balance sheet of the Grand Trunk system. Now I am not going to say the hon. gentleman does not know what a balance sheet is, that he does not know the difference between the debit and the credit side—he knows at least the geographical difference. I do not charge the hon. gentleman with anything, but really if I made such a statement as I find here in his remarks I would feel complimented if he charged me with dishonesty. The total on the credit side includes huge amounts but many appear on the debit side in exactly the same figures as on the credit side, being investments made by the company necessary to answer for charges in favour of, say, their own employees and others, therefore necessarily appearing on both sides but in no sense a liability. They contain none of the attributes of a liability at all but to make a balance sheet complete they must be there. The company have to answer to their employees for them, but they have the money invested to provide for that accounting. A balance sheet to be complete must include these items on both sides.

Mr. McKENZIE: Before I presented those figures to Parliament I submitted them to the minister who has charge of this Bill. I told him what I was going to say and he made no objection to it.

Some hon. MEMBERS: Oh, oh.

Mr. MEIGHEN: It would take the Minister of Railways half a day to discover what the hon. member was driving at and to trace up the origin of his figures.

Mr. McKENZIE: The minister can take his course now; I have made my explanation.

Mr. MEIGHEN: I propose to take it. Indeed, I have to acknowledge my own despair as regards part of his speech. There is a portion here, on page 1253 of Hansard, where he has selected a lot of figures. I do not know whether he got them from the statistics of Brazil or the population records of China, or where he got them, or what on earth he was driving at in presenting them, or what he was trying to argue. I have tried my limited ability at them for an hour and a half and I can not make head or tail, or beginning or end of the conglomeration I consulted the Minister of Railways and he agreed with me that he did not know what the hon. gentleman meant or intended to mean.

Now let us go on. Included in that statement, the balance sheet, are also current liabilities against which there are current assets of about double the amount necessary to answer those liabilities. Included as well are the three classes of preference stock and common stock, all included and figured out at the whole face value. Now then, besides what I have named are the actual liabilities which I gave out the other day, $60,833,000, $173,558,000, $5,344,000—advances by the Canadian Government, equipment trust notes, and so on—and the $35,548,000 of short term notes. Those are the liabilities of the system but the hon. gentleman takes the side of the balance sheet which is $504,000,000 and he adds to that $50,000,000 which he finds in the back of his head—at any rate no one knows where—and makes the amount $552,000,000, and then he says—and this is really beautiful—we have to pay interest on that $552,000,000 at six per cent. He says that interest amounts to $33,153,000, notwithstanding the fact that the statement itself showed the rates in every case; nowithstanding the fact that all these things at the bottom had nothing in the world to do with the interest; notwithstanding the fact that the interest runs three, four, four and a half, and five per cent, and includes $100,000,000 of common stock, and all these other things that do not bear interest at all. It is difficult to find where the hon. gentleman's absurd process leads to. I do not know what he means by talking in that way in this House. But that is not the worst. He has got the annual charge at $33,153,000 by the indescribable process to which I have referred, and then he goes on and says that is not all. He remarks that on this page 39 is another item of $50,126,665.98 of four per cent debenture stock that we have got to add. Now will the House believe me when I say that there is this foot-note at the bottom of the statement:

$50,126,665 of Grand Trunk four per cent debenture stock further than above has been deposited as collateral security for notes (indicated by an asterisk).

That is to say they make short-term loans; they owe on these loans this amount of

money $35,548,000, which I quoted, and they deposit the debenture stock as security, and the hon. gentleman adds the collateral to the debt. Now I give the hon. gentleman credit for distinguishing between the debit and the credit sides, at least as to position, but I will ask him in dealing with balance sheets after this not to add both sides together and confuse them. How can the debenture stock be a liability, when it is not out of the company's possession but placed merely as a collateral against their debt. Why did the hon. gentleman add it?

Mr. McKENZIE: Is it not an outstanding stock of the company.

Mr. MEIGHEN: No, how is it outstanding?

Mr. McKENZIE: It is deposited in the banks as collateral, that is where it is.

Mr. MEIGHEN: Yes, certainly.

Mr. McKENZIE: And it must be paid.

Mr. MEIGHEN: What?

Some hon. MEMBERS: Oh, oh.

Mr. MEIGHEN: How can it be a liability?

Mr. McKENZIE: Because the company does not have it.

Mr. MEIGHEN: How can they deposit it as collateral?

Mr. McKENZIE: How can a man give as collateral something he has not got?

Mr. MEIGHEN: That is what I say. I say they have it and lodge it as a collateral.

Mr. McKENZIE: Once they have deposited the collateral? Hon. gentleman opposite seem to be great financiers and very clever, but once a man gives his watch as a collateral is not that watch out of his possession, and if he does not pay the money the watch goes.

Mr. MEIGHEN: If he gives his watch as collateral security for the sum of $10, he does not owe the $10 and the watch too.

Mr. McKENZIE: If he fails to pay the $10 the watch goes.

Mr. MEIGHEN: Why of course but he does not owe both. I am obliged to the hon. gentleman for the illustration. Well, he says now, you have to add interest of $2,000,000 on that $50,126,665. You add that, he says, to the $33,153,000 that he has made out to be worth six per cent in the way I have tried to describe and by so adding he gets—now listen:—a total of $47,864,367. Well, I would be interested to know just what this new scheme of addition is;—$33,153,361, add to that $2,005,066, and then in the next sentence he says:

> The total annual interest upon all the Grand Trunk liabilities which we assume is $47,864,367.

In the mere process of putting the figures down the hon. gentleman adds calmly and apparently deliberately and with the utmost self-satisfaction the sum of $12,000,000 odd. He gives no explanation whatever. Has the hon. gentleman no sense of his responsibility? How does $2,000,000 and $33,000,000,—even if both were right, but both are ludicrously wrong,—added together make $47,000,000. Well, we will take the $47,000,000. What does the hon. gentleman say about that? There is $47,000,000 of annual charge. But he says, "I will admit that after payment of operation cost they have $9,400,000 left. So he just took that $9,000,000 off the $47,000,000, and he says in the peroration of this phase of his speech that there is left a deficit of $38,457,169, which deficit "must be paid annually by the people." Could arithmetical monstrosity go farther?

Mr. McKENZIE: Those figures are absolutely right, no matter how the hon. gentleman tries to muddle them.

Mr. MEIGHEN: I must in generosity to the hon. gentleman, admit this, that they are just as correct as his whole position, they are just as correct as the whole idea and spirit behind the opposition to this Bill, they are just as near truth, they are just as near reason, they are just as near common sense.

Mr. McKENZIE: Does my hon. friend argue what constitutes common sense?

Mr. MEIGHEN: There is this difference between me and the hon. gentleman. When I argue what common sense is I precede it by some reason, I do not simply pronounce it as from high Heaven and say, "This is final, let it go."

The hon. gentleman then moves his resolution which says: We cannot go on and decide this question in the closing days of the session. Well, what makes the session close? Is it not when we get through? How is it that we could decide this subject better if something else followed? If we have only this to consider, and this is the last business, have we not more time for its consideration than if we had some other things to consider? What particular

advantage would it be to us in our deliberations on this Bill to know there were some other Bills to follow? The hon. gentleman's resolution in effect says there would be great advantage! We are not asking him to go home,—we are not asking any one to go home. From the moment we had reason to believe that we were likely to secure the culmination of the negotiations we invited every one to stay. That was our plain duty, and that is our invitation today. No effort has been spared on the part of the Government to urge that hon. members both of this House and the Senate remain at their posts, and without hurry, without agitation, without being driven in any way quietly, calmly, and deliberately to think this thing out and decide what is best to be done on behalf of the people of Canada.

I was very much interested indeed in the speech of the hon. member from New Brunswick (Mr. H. H. McLean). There is no member in this House for whose motives and patriotic principles I have more regard. I see that he is apprehensive that the taking over of the Grand Trunk system will, first of all, add to our responsibilities and debts, and, second, that it may possibly result in a diminution of traffic through the port of St. John. Well, naturally the taking over of a large railway system adds to our obligations and to our responsibilities; there is no doubt about that. It does not add, as hon. gentlemen opposite would like to confuse the country into believing. Apropos of that—here is another marvel that I am glad I did not forget. The leader of the Opposition says that the Drayton-Acworth report did state that $3,600,000 was the average earning of the stock for ten years, and did recommend that a reasonable or substantial proportion of that amount be paid to the shareholders from the first, to be increased later by 40 or 50 per cent. But he said that was to be after all the debenture stock was paid off, after the whole road was clear of encumbrances. Did the hon. gentleman really mean that? May I ask him now?

Mr. McKENZIE: I have read the report.

Mr. MEIGHEN: No; that is just what he never does on the point really in question.

Mr. McKENZIE: I read the report, and it is on Hansard.

Mr. MEIGHEN: I am sorry to flatly contradict the hon. gentleman. But I will read it for him now; that probably will do just as well. The Drayton-Acworth report, at page lxiv, gives the dividends paid by the company from 1906 to 1915. On what stocks? On the guaranteed, on the 5 per cent first preference, on the 5 per cent second preference, and on the 4 per cent third preference. It adds that nothing was paid on the common. It gives those dividends year by year, then it deduces that the average over the ten years was $3,600,000 on those stocks. Does that include money paid in dividends on the debenture stock or bonds? Nothing could be more absurd. Why, it says in so many words, and there is the page—let the hon. gentleman turn to it again. He is turning up his own speech—I have that here, too, and I will read to him what he says. At page 1250 the hon. gentleman quoted from the report as follows:

> But we do not think that this is the only basis on which the people of Canada should proceed. We think this is a case for generosity rather than strict justice. Canada is under obligations to the Grand Trunk shareholders, who, in the early days, with but small government assistance, and in competition with the railways of the United States with their vastly greater resources, built up the first Canadian railway system. In later times the company has had further to meet the competition of heavily subsidized Canadian rivals. And it cannot be said that at any stage of its history the shareholders have obtained excessive profits on their enterprise. On the whole we recommend that, on condition of the surrender by the Grand Trunk Company of their entire share capital, guaranteed, preferred, and ordinary, the trustees grant a certain annuity, charged as a working expense on the whole undertaking of the Dominion Railway Company, for the first seven years, increasing at the termination of that period by something like 40 or 50 per cent.
>
> We have left the figures blank as there will be questions of cash in hand, value of stores, etc., which must make the precise figures subject to negotiation.
>
> But our meaning is that the first figure should be a moderate but substantial percentage of $3,600,000—

Now, during the course of the reading of that the Minister of Railways interjected: "That is what we are doing," and the hon. gentleman went on to explain:

> "A moderate percentage of $3,600,000." I would like to know from the Minister of Railways where under this bargain he makes an annual payment of a moderate percentage of $3,600,000.
>
> Mr. J. D. Reid: There is the $2,500,000.
>
> Mr. McKenzie: Evidently the hon. gentleman refers to something in the bargain that I could not come across. The hon. gentleman says "$2,500,000." That is the payment on the preferred stock but he has immediately alongside of that to pay nearly $8,000,000 on the debenture stock.
>
> Mr. J. D. Reid: This was to be in addition to that.
>
> Mr. McKenzie: This report does not say so. This report says that the company have to deliver up everything they have.

Mr. J. D. Reid: No, it does not.

Mr. McKenzie: That is the suggestion here. They have to deliver, holus bolus, everything they have from common stock up and then the Government comes in and makes an allowance upon the basis of $3,600,000, not the whole but a moderate or substantial percentage of the amount. That is the suggestion of the Drayton-Acworth commission and that is the only authority which the Government have to-day.

The hon. gentleman was telling this House that the suggestion of the Drayton-Acworth Commission was that there should be paid a moderate but substantial percentage of $3,600,000, against not the preference stock, the guaranteed stock and the common stock, but against all the bonds on which the interest is from seven to eight millions, and against the guaranteed preference stocks and common stocks as well. One reading of the Drayton-Acworth report by anybody at all will make it clear that the report not only intended to say but said distinctly: "Take it subject to these bonds and pay to the stockholders a moderate but substantial percentage of $3,600,000, and add to whatever you pay during the first few years by forty or fifty per cent later on." Surely, that is clear.

Mr. McKENZIE: This is what is in the report; I understood that I was perfectly within what the report suggested:

On the whole we recommend that on condition of the surrender by the Grand Trunk Company of their entire share capital, guaranteed, preferred and ordinary. . . .

Mr. MEIGHEN: That is what I said.

Mr. McKENZIE: It does not mention anything else.

Mr. MEIGHEN: Of course it does not.

Mr. McKENZIE: That is all that this learned Commission mentioned; the whole thing had to be given up.

Mr. MEIGHEN: Of course that is all they mention; that is what I am arguing —the surrender of its share capital that is the guaranteed, preferred and common stock; but the hon. gentleman added in the bonds.

Mr. McKENZIE: I did not say a word about bonds.

Mr. MEIGHEN: But the hon. gentleman did; here it is:

Evidently the hon. gentleman refers to something in the bargain that I could not come across. The hon. gentleman says: "$2,500,000." That is the payment on the preferred stock but he has immediately alongside of that to pay nearly $8,000,000 on the debenture stock.

That is, the bonds. Now, does the hon. gentleman still say that he is right?

Mr. McKENZIE: I say that I was talking about stock, not bonds. You may call it debenture stock, but it is stock.

Mr. MEIGHEN: But does not the report say that the proportion as recommended of the $3,600,000 is to supply to the guaranteed stock, the preference stock and the common stock, which is share capital? The debenture stock is not share capital at all. It is an other name for bonds and the report makes that clear.

Mr. McKENZIE: It says nothing about debenture stock at all. I had reason to suppose that they were dealing with the property of the company; that we were going to get it when we paid for it.

Mr. MEIGHEN: Certainly, the property of the shareholders of the company.

Mr. McKENZIE: If the report did not deal with the whole property, that is not my fault.

Mr. MEIGHEN: The report did, but the hon. gentleman mis-stated the report.

Mr. McKENZIE: I did nothing of the kind.

Mr. MEIGHEN: There is not a member of the House who does not see it.

Mr. McKENZIE: I quoted the report word for word, and there it is. Do not let any minister say that I mis-quoted the report, for I did not.

Mr. SPEAKER: It is perfectly within the rules for the minister to say that the hon. gentleman misquoted the report.

Mr. MEIGHEN: I do not wish to take shelter behind the rule; it is absolutely clear that the hon. member did misquote it, and he sticks to it because he says that this money was to discharge the whole thing—debenture stock, preference stock, guaranteed stock and common stock. That was not the report.

Mr. McKENZIE: It may be that I was wrong to that extent, but the bargain is absolutely bad enough for my purposes.

Mr. MEIGHEN: Certainly, because the hon. gentleman's purposes are purely political. The member for Dorchester (Mr. Cannon) favoured us with some quotations from Horace or Virgil, I know not which, but as I thought of the blind and confused gyrations through which the hon. gentleman is leading His Majesty's Opposition on this and on other great questions of policy, I was reminded of the famous apostrophe of our own bard:

Man, proud man,
Drest in a little brief authority,
Most ignorant of what he's most assur'd,—
Plays such fantastic tricks before high Heaven,
As make the angels weep.

Mr. McKENZIE: It is the privilege of the hon. gentleman to say these things, but I have nothing to be ashamed of in the course which I have followed.

Mr. SPEAKER: I must ask the hon. gentleman to remember that the minister has the floor.

Mr. MEIGHEN: In regard to this case the hon. gentleman's mistakes were real errors and might be forgiven. I am not so sure that having regard to his whole course as leader in the conduct of other debates there has not been something to be ashamed of.

Referring again to the apprehensions of the hon. member for Royal (Mr. H. H. McLean) the obligations which we assume are set out distinctly in the now historic report which has been before this Parliament for over two years, to which our policy is securely anchored, on which it is built and by which it is justified. We are now negotiating, as the report recommends, as to just the proportion of that $3,600,000 we shall pay. We are compelled to negotiate by way of arbitration for the simple reason that we cannot agree. We take the company's properties, subject to their obligations which the company has in normal times, and up until the last year or so, always discharged out of its earnings; and we assume a proportion of what they have regularly paid to their shareholders. That is the situation. We do that not because we want to, not because we are running out into the highways and by-ways to see what railways we can gather into our system,—that is not the spirit behind the Government's policy,—we do that because we find ourselves in this position: We find ourselves with a system of railways truncated and divided East from West, a system of railways that by its very composition cannot be a complete or successful system. But more than that we do it because we find ourselves saddled with the burden of operating at tremendous loss two great railways which private companies found themselves unable to operate—the Grand Trunk Pacific and the Transcontinental. The Grand Trunk Pacific operated last year at a loss of $10,300,000 odd and the Transcontinental at a loss of something I think, between five and six millions. These are two roads which were built in my judgment, without any justification. They were badly founded in business sense from the commencement. But if they had any justification, however meagre, however inadequate, it was this: that they were extensions of, and part of, and to be operated with, the Grand Trunk system. Those two railways operated not in conjunction with and as part of the Grand Trunk system could scarcely be said to be railways at all, operation of them I repeat, disjointed from that system, is unjustified on any principle of business or on any principle of national common-sense.

They must be operated in the very body-commercial of that system if they are to serve the purposes for which railways are built. How are we going to do that if we do not acquire this railway? How are we going to do that if we do not stretch out and make the system what it was intended to be? How can we get any even moderately adequate value out of the Grand Trunk Pacific or the Transcontinental? We must unite it up with the great system of which it was built to be a portion, an auxiliary, an extension and integral part. The hon. member refers to the possibility —I have heard of it more than once—of some traffic agreement that we might make with the Grand Trunk that would make that system serve the purposes intended to be served toward the Grand Trunk Pacific and the Transcontinental. If such an agreement were in the interest of the Grand Trunk, the Grand Trunk would have been before us to make the agreement long before this; indeed, it would have been in existence long ago. Ah, we are told, you can force it on them. So, perhaps we could, by holding them to their Grand Trunk Pacific obligations; strictly, we might. But here is a company that as it is to-day cannot stand up, cannot at all events continue long under present conditions. How then is it to continue after we have forced upon it an agreement that binds it against its interest to serve the Tanscontinental and the Grand Trunk Pacific?

Mr. ROBB: At the last annual meeting of the Grand Trunk shareholders held in London, England, in March, Mr. Smithers is reported to have stated to the shareholders that he made an offer to the Government for an absolute interchange of traffic as between the National Transcontinental and the Grand Trunk system and to operate that system at cost. Will the minister enlighten the House as to the correctness of that?

Mr. MEIGHEN: Yes, they to operate one end and we to operate the other. A moment's consideration of the proposal would convince the hon. member—I do not know whether he has read it or not—that such an idea would manifestly not be in the interest of Canada. They were to get the good and we take the bad. But that is not the traffic agreement I have in mind. A traffic agreement that we forced upon the Grand Trunk railway would make us answerable to the Grand Trunk railway for the penalties which that railway might suffer as a result. Could we answer them by saying: We will not assist you, although we forced upon you a traffic agreement which makes your road subservient to ours and help to make our road pay. Before I leave that, let me repeat that we are asked to do that with a road that is now at the door of the Government for assistance; that now under present conditions is meeting with all manner of difficulties in traversing its path. But we have had traffic agreements with the Grand Trunk; we have had an agreement for interchange at Montreal with the Intercolonial, and what has been the result? Any man in this House who understands railway business will know that, unless there is a definite selfish purpose to be served by a road in living up to traffic agreement, that traffic agreement will never serve the other road. There are a thousand evasions oven, all manner of them, and you cannot follow them up. Have we ever been able to do so with the traffic agreement we had? It has been one continual process of dispute and arbitration ever since it was entered into and with no satisfactory results, and that was a traffic agreement only as to a small specific matter of local interchange. But a traffic agreement that is intended practically to make one big system operate in unison with another, especially a traffic agreement in any way contracted under duress, is wholly impracticable and ineffectual. That is our position.

It is worth while to add that if such an arrangement were in practice by any means made effective, it would have the practical result of bringing this system in any event under the wing of the Government subject to Government dictation and entailing Government responsibility. It would have all the disadvantages and none of the merits of complete government ownership, operation and control. Therefore, the fact is not that we are eagerly seeking after new responsibilities; we are not; we are not in a financial position to seek new responsibilities that we can legitimately avoid; the fact is that we find ourselves in

12 p.m. a position at once onerous and grave—a position that can be relieved and improved only by the acquisition of a system that makes our own system real; that makes our present system an operating possibility and a probable success. That is why we take the course that we do. I have heard many objections and I know there are many hon. members who, if they were given a choice between assuming these responsibilities and simply standing aside without any responsibilities at all, would gladly take the second alternative—many an hon. member on both sides would, I believe, gladly do that—but we are not in that position. We cannot get out of responsibilities, it is only a case of choosing which class of responsibility we shall assume, and any criticism of these proposals that is not accompanied by an alternative proposal that will meet the stern necessities binding on us at this time is of no value by way of criticism. It is a waste of words and should pass by us as the idle wind. We have been addressed by prominent business men, as prominent indeed, as the very respectable gentleman (Mr. Amyot) quoted by the honourable member for Dorchester (Mr. Cannon). We have been addressed from many quarters, I feel, by big business even which seems on this subject to be allied with honourable gentlemen opposite. We have been addressed with objections to government ownership in theory, principle and practice and all the rest of it. But we have never been addressed from big business or little business, from politician or stateman or newspaper or any one else with any workable alternative that we could put in place of the proposals which we now venture to advance. Standing squarely and facing these facts, is it not the duty of Parliament to support the Government in the course we are pursuing? Is it not the duty of honourable members of this House to make clear to the people of this country our real position, not an enviable position, it is true, but a very real position that we are now in—and show them what is undoubtedly the truth, namely, that we are making the best of a bad situation, seeking to the best of our capacity as representatives of the people to take a course in the best and final interest of all?

On the motion of Mr. Robb, the debate was adjourned.

On the motion of Honourable Mr. Doherty the House adjourned at 12.05 a.m. Thursday.

Thursday, October 23, 1919.

The House met at Three o'clock.

HON. W. L. MACKENZIE KING.

INTRODUCED TO THE HOUSE BY MR. McKENZIE AND HON. MR. FIELDING.

Mr. SPEAKER: I have the honour to inform the House that the Clerk of the House has received from the Clerk of the Crown in Chancery a certificate of the election and return of the Hon. William Lyon Mackenzie King for the electoral district of Prince, P.E.I.

Mr. D. D. McKENZIE: Mr. Speaker, I have the honour to present to you Hon. William Lyon Mackenzie King, member-elect for the county of Prince, Prince Edward Island, who has taken the oath, signed the roll, and now desires to take his seat.

Mr. SPEAKER: Let the hon. member take his seat.

PRIVILEGE—STATEMENT BY HON. J. D. REID.

On the Orders of the Day:

Hon. J. D. REID (Minister of Railways): Mr. Speaker, there has been brought to my attention, an article appearing in the Regina Leader of 20th inst. in which reference is made to an alleged meeting between myself and other members of the Government, and Sir William Mackenzie, Sir Clifford Sifton and others at Sir William Mackenzie's private car in Ottawa, on or about October 10. The intention is to endeavour to create the impression that the latter two gentlemen were in some way interested in, or consulted, with regard to the Government's policy as to the acquirement of the Grand Trunk Railway system. Other papers antagonistic to the Government's policy have sought also to disseminate this idea.

I desire to say that the article in question is a false and malevolent fabrication from beginning to end. There has been at no time, consultation, conference or any communication whatever, between the Government and either of these gentlemen, directly or indirectly, in any form or manner whatsoever, with regard to the policy of the Government or anything relating thereto. There was no such meeting as alleged, or anything bearing the faintest resemblance to it.

Upon enquiry, I find Sir William Mackenzie was not in the city at that time nor for a considerable time before and after. The article is nothing more or less than a disreputable attempt to malign these persons as well as the members of the Government, and these and all other attempts to induce the people to believe that the persons referred to are in any way associated with, or interested in the Government's policy in this matter, are nothing but vulgar mendacity.

CANADA AND NAVAL DEFENCE.

On the Orders of the Day:

Hon. CHARLES MURPHY (Russell): I desire to call the attention of the Government to a despatch which appears in this morning's paper and to ask a question with reference thereto. The despatch in question is a cablegram from Melbourne, Australia, purporting to give a summary of a report which has been made by Lord Jellicoe, and in the course of the message the following occurs:

> The report declares that the naval interests of the empire will likely demand within the next five years a strong far eastern fleet comprising vessels of the Royal Navy East Indian squadron and Australian, Canadian and New Zealand navies. The report suggests that each dominion and India and also Great Britain should bear the cost of vessels specially allocated for the defence of their own harbours. The annual cost of maintenance of the far eastern fleet is estimated at twenty million pounds sterling. Australia's share would be four million.

I would like to ask the Minister of Justice, who seems to be leading the House, if he has any information to give on this subject and if Canada is to be taxed in the way described.

Hon. C. J. DOHERTY (Acting Prime Minister): The Government is not in possession of any report such as referred to, and I do not think the hon. gentleman need be apprehensive that taxation will be imposed on Canada because of any views that Admiral Jellicoe may entertain, or otherwise than by the action of the Canadian Parliament.

THE TARIFF—CANADIAN MANUFACTURERS ASSOCIATION.

On the Orders of the Day:

Hon. Mr. MURPHY: I wish to ask the Government another question. The newspapers stated yesterday that a meeting, conference or interview had taken place between certain representatives of the Government and representatives of the Canadian Manufacturers Association. I would like to know whether any demand has been made by that association for an increase in the tariff, and if so what reply has been made to that demand?

Mr. DOHERTY: There was no conference whatever bearing in any way on the tariff or any question relating to it.

Mr. MURPHY: Will the hon. gentleman state the nature of the interview?

Mr. DOHERTY: The gentlemen desired to make certain representations to the Government with reference to what would be, in their opinion, better methods to adopt in connection with questions affecting the high cost of living, and so forth. There was no reference to the tariff.

Mr. MURPHY: They referred to Monday's elections?

Mr. DOHERTY: They did not mention them.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

The House resumed the adjourned debate on the motion of Hon. Mr. Reid for the second reading of Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk railway system, and the amendment thereto of Mr. D. D. McKenzie.

Mr. F. S. CAHILL (Pontiac): Mr. Speaker, very little new light has been shed upon this question since it was first introduced into the House, but I presume it is the intention of the Government, when we get into Committee of the Whole on the Bill, to furnish us with certain information, provided they have it.

Last night when the Minister of the Interior (Mr. Meighen) was speaking in reference to the attitude of the Liberal party on the Canadian Northern purchase, he said that the Liberal Administration of 1916 had advocated and supported a policy of arbitrating the value of the stock of that railway and its assumption by the country on the basis of arbitration. He pointed out that my hon. friend the leader of the Opposition (Mr. McKenzie) had stated that when they made the proposal to take over the road it was on the basis that not more than $30,000,000 should be paid for the stock. The Minister of the Interior (Mr. Meighen) also informed the House that the Government of the day loaned the Canadian Northern people $35,000,000—I believe the correct figure is $40,000,000—and that therefore the assets of the company were worth more than they were before this money was advanced to them. In other words, he argues that the more money the Dominion Government loaned to the company the more the stock of that company would be worth, and therefore his Government was justified in paying $10,000,000 for what was described by the Drayton-Acworth report as worthless stock.

Much has been said, Mr. Speaker, during this debate, and also during the debate in the previous session, with regard to the railway policy of the Liberal party, which many hon. members opposite claim to be responsible for the present involved railway situation in this country. I have been looking up the figures on this question, and I find that during the period from 1896 to 1911—15 years, the total aid granted by the Liberal Administration to all railways in Canada was $48,000,000. That information will be found on page 436 of the year book for 1917. During the period from 1911 to 1917—6 years, the Conservative Administration advanced $37,000,000 by way of cash aid to our railways. In other words, during six years they advanced an amount within $10,000,000 or $11,000,000 of the total aid granted by the Liberal Administration during the much longer period of 15 years. Those figures will be found at page 413 of the year book for 1918. But it may be argued, Mr. Speaker, that it was not the system of cash grants which stimulated so much railway construction, but the guaranteeing of bonds. I find that for the period from 1896 to 1911 bonds were guaranteed to the extent of $85,000,000 by the Liberal Administration; but between 1911 and 1918 $103,000,000 worth of bonds were guaranteed by the Conservative Administration. So that there is apparently no foundation for the statement made by some hon. members opposite that the present railway position is a legacy from the Liberal party.

During the period from 1896 to 1911, 10,000 miles of railway were constructed under the Liberal Administration, or an average of 670 miles per year. Between 1911 and 1917 under the Conservative Administration 13,000 miles of railway were built, or an average of 2,100 miles per year. During the period between 1896 and 1911 the colonization of the country kept pace with our railway construction. According to the Drayton-Acworth report there were 285 people to every mile of railway in this country in 1896. In 1911 the report gives the population at the same figure, but it goes on to say that in 1917 there were only 185 people to every mile of railway. So that the Conservative Government during the period between 1911 and 1917 apparently forgot about colonization and embarked on the policy of guaranteeing bonds and giving cash assistance to stimulate railroad construction all through the country.

Now, Mr. Speaker, much has been said about the folly of the construction of the Grand Trunk Pacific and the National Transcontinental. I was in Saskatoon in 1905, and I remember survey parties of the Grand Trunk Pacific going through to Edmonton, running their surveys from the South Saskatchewan to where the railway was to be constructed to the North Saskatchewan at Edmonton, a territory comprising 300 miles of the very finest land, with practically not a settler on it. The Grand Trunk Pacific opened up that territory. The Transcontinental in the East also opened up the magnificent territory running through the province of Quebec and the province of Ontario. But again the policy of this Government was to discourage settlement in that territory, and that discouragement, coupled with the bad railway service, has made it impossible to induce settlers to come in, although there are some 15,000 inhabitants in the territory in the province of Quebec immediately east of the Ontario boundary living in a very fine country, and it would be an exceedingly prosperous country if the people had proper railway facilities to enable them to take out their products and develop the land.

We are also told, Mr. Speaker, that the Grand Trunk under their agreement with the Grand Trunk Pacific and the Transcontinental were unable to live up to its terms on account of the high cost of the Transcontinental. I believe the Transcontinental was estimated to cost in the neighbourhood of $60,000,000 odd. The final returns show that the cost was in the neighbourhood of $160,000,000. Well, Mr. Speaker, if this road did cost $100,000,000 more than was originally estimated, could not an arrangement have been made with the Grand Trunk and the Grand Trunk Pacific to assume the liabilities of the road on the basis of the first estimated cost of $60,000,000 odd? If the Grand Trunk Pacific were made to live up to the original agreement with the Government, an adjustment might have been made on the basis of what they considered in the original estimate was the fair cost of the road. The Grand Trunk then in turn could have been forced to live up to their agreement with the Grand Trunk Pacific in regard to the bonds of the latter which they guaranteed.

No reason has been given why the Grand Trunk was not made to live up to its agreement in respect of the Grand Trunk Pacific. Hon. gentlemen tell us that it would be impossible to live up to that agreement. Well, if it would be impossible to live up to that agreement why do the Government pay $60,000,000 to the Grand Trunk Railway Company before they undertake to make that company live up to its obligations in respect to the Grand Trunk Pacific? But they had no intention of asking the company to live up to that undertaking; the Minister of the Interior, who was in charge of the negotiations, states quite clearly that he has no such intention. In his letter of July 11, 1918—which, he tells us, is the basis of the negotiations which we are now asked to complete—he said:

> The Government to take over the Grand Trunk Pacific Railway and branch lines and the Grand Trunk Railway Company; to acquire all assets, and to assume all obligations of both companies.

There is absolutely no question of asking the Grand Trunk Pacific to live up to their obligations or the Grand Trunk to live up to its obligation in regard to the Grand Trunk Pacific. He goes on to say that the Grand Trunk could not do so, but in the very next breath he says that although the company are unable to pay the $97,000,000 which we claim they owe us, we will pay them $60,000,000 before we attempt to arbitrate the amount of our claim against the Grand Trunk. There is no foundation whatever for the purchase on the basis of inability of the Grand Trunk to meet their obligations in respect of the Grand Trunk Pacific agreement; at least, no argument to that effect has been substantiated here.

A fairly good argument, however, has been put up by the ministers in charge of this Bill on behalf of the Grand Trunk. When we refer to the Drayton-Acworth report, which points out that some thirty millions should have been spent on maintenance, up-keep and betterments, and ask what condition the Grand Trunk Railway system is in, they tell us: "Well, the president of the company says that the road is in first-class shape and that the company are able to pay dividends." But the report of these experts, on the basis of which the Government are attempting to purchase this road—and that is the only advice which they have on the subject—states that the road is not in good condition and that it is not in a position to pay dividends. Yet members of the Government tell us, when they bring the Bill before the House, that they have the assurance of the President of the Grand Trunk Railway Company that the road is in first-class order. In other words, the man who is selling them the gold brick says that it is pure gold.

Mr. Speaker, in Committee on the resolution, I and a number of members on this

side attempted to get some information from the Government, and the reply that we received was very much like the speech of the Minister of the Interior last night in which he gave absolutely no information, said very little, if anything, pertaining to the subject, and did little more than attempt to ridicule members on this side for asking for information. On page 41 of the blue-book I find that the total funded debt of the Grand Trunk undertaking amounts to $448,000,000. Add to that the $60,833,000 of 4 per cent guaranteed stock, which has practically become a funded debt, and we get $509,000,000; and if we add to that the current liabilities we get a total of $579,885,000 as the capital sum on which we are agreeing to pay interest if we acquire this railway system. I am not giving these figures as correct, because no information is available that we can speak of as being correct; but I ask the Government to state what the exact figures are, if these are not correct.

In answer to a question, the Minister of Interior takes up the blue-book and says: "Can the members not read the statement which appears here? There are two sides to it; the totals on both sides are the same." But he does not tell us what the liabilities are, what the assets are or what the totals are. He states that there are notes payable, liabilities amounting to $35,000,000 and another item of current liabilities amounting to $22,000,000; and he says that there are current assets to offset that amounting to $51,000,000. I ask for the details of that item of current assets. Surely a matter of forty or fifty millions is of sufficient importance to justify even this Government in satisfying itself whether or not these are real assets. If these assets are liabilities of the different companies that we are taking over —liabilities to the parent company—certainly they would not be a liquid asset in any sense of the word. That is one of the items that I would like to have cleared up.

The Minister of the Interior tells us that the Grand Trunk statement is the statement to accept with regard to the liabilities that we are assuming. But when we assume the liabilities under the Grand Trunk purchase we are assuming all the liabilities of that undertaking, including the liabilities of the Grand Trunk Pacific and the other subsidiary companies; and that is not shown in the Grand Trunk statement. We should have a statement of the assets and of the liabilities of the whole undertaking so that the people will know what this legislation means and what it amounts to.

The President of the Council (Hon. Mr. Rowell) made what I thought was a significant remark in his address the night before last when he said that we must get these railroads all together; that we have one end in the West and another end in the East and that for operating purposes it is absolutely necessary to get them all in with the Canadian National, and that if at any future time we hand it over or dispose of it, it will be a more valuable asset with the Grand Trunk included. Now, that is just what I fear; that when the Government make a huge loss in operation they will hand the system over to some persons, and those persons are likely to be the present operators of the Canadian National railways —the Mackenzie and Mann crowd. The minister said that the national railways should be efficiently managed, and when I asked him if they were efficiently managed, he said that they were. But it is common knowledge to any one who has anything to do with the Canadian National railways that they are not efficiently managed. I doubt whether one manufacturer out of ten in Canada would route his stuff over the Canadian National railways in preference to the Canadian Pacific if he had the choice. They are not efficiently managed; they are managed purely and simply for the people who are controlling them—the Canadian Northern crowd, Mackenzie and Mann and Lash and Hanna, who are selling supplies to this company, constructing lines for it and making profits out of it.

In answer to the member for Huntingdon (Mr. Robb) the Minister of Railways stated that in one year the deficit in operating the Canadian National railways has been $15,000,000 and interest charges $19,000,000, and that the Grand Trunk Pacific deficits and interest charges would be not less than $12,000,000, making altogether $46,000,000 that the Canadian people are out of pocket in respect of one year's operation of these systems.

I should like to know how much money is being made by the people who are handling the undertaking, the people who have the privilege of buying the ties, rails and other supplies of all kinds for this undertaking and who are paying absolutely no attention to the management of the railway except so far as their own interest is concerned. The condition of the railway has been allowed to run down throughout the country; it is getting in bad odour everywhere it is being operated, and even the operation of the Intercolonial is not as good as it was before it was taken over by the Canadian National railways.

Facing this condition, hon. members say that we must acquire the Grand Trunk.

There is only one purpose for taking that course. One of the ministers said that it was the policy of the Government since 1911 to have public ownership and management of railways. I did not know that this Government had been in office since 1911; but apparently the President of the Council (Mr. Rowell) was quite satisfied with that statement, and he said that it was the policy of this Government to own and operate the railways of Canada. But they all balk at the Canadian Pacific; they will not go so far as to acquire that railway. They are quite willing to go as far as building up a competing line to hand over to the Canadian Northern, but they will not go a step further. They are willing to pay any price for the Grand Trunk. If hon. members were honest in their advocacy of public ownership, the first thing they would want to do would be to get the railway at a reasonable and fair price. Prior to the purchase of the Canadian Northern by the Government $100,000,000 worth of unguaranteed securities was circulated. The Government would not furnish us with the information as to who held those securities, which were passed out to friends of Mackenzie and Mann before the purchase was made. The Drayton-Acworth report will tell you that there was against this road $100,000,000 worth of securities more than the road was worth; yet these hon. gentlemen tell us that it was in the name, and for the sake of public ownership that we must pay these exorbitant prices. When we come to the purchase of the Grand Trunk, the same thing occurs. The first thing they do is to advance $60,000,000 worth of stock to persons unknown, but it is intimated in the press that these people must have had knowledge from governmental sources, because the stocks were bound to advance as soon as they were guaranteed by the Government. They did advance, and there is no doubt that some people will, in less than a year make anywhere from thirty to forty million dollars out of this transaction. Why does the Government not reserve that for the people of Canada who are furnishing the money to acquire this railway? What reason is there for giving some people $60,000,000 before you attempt to set a price on the property by arbitration? As regards one item of $40,000,000 or $50,000,000, I do not know whether it is worth a cent or not, and that without taking into consideration anything of the value of the undertaking. We agree to pay the shareholders of the Grand Trunk $60,000,000, and then we agree to arbitrate the value, if any, of the property. We release them from their Grand Trunk obligation and from their National Transcontinental obligations, and we give them $60,000,000 and then arbitrate as to the value, if any, of the property. Just because they write across the cheque "for public ownership" the Government think they can issue a cheque for any amount they may desire. The Government are not satisfied with paying these exhorbitant prices; but in order that their friends may be safe, they appoint an arbitration commission. Does the report of arbitration come back to Parliament for the money to be voted? Not at all. The Government by Order in Council take the right to issue a cheque for whatever amount the arbitrators may decide upon. They give power to that arbitration to enable them to pay out to their friends money that Parliament would not give to the Government; that the Government would not dare to come to Parliament and ask the privilege of issuing cheques for and of spending money without submitting their estimates to Parliament; but in this case they purpose issuing a cheque for an unlimited amount without the sanction of Parliament. It looks to me as though there was something very urgent about this deal so far as the Government of Canada was concerned.

The minister stated that the deal was finally completed after prolonged negotiations. The negotiations were cut off after July 11, 1918. The Chairman of the Board of Directors of the Grand Trunk Railway Company said that he did not understand the letter of the Minister of the Interior (Mr. Meighen), and he took it to the Prime Minister of Canada and asked for an explanation. The Prime Minister said that the letter meant the same offer as was made in February of that year, but in that letter there is this paragraph which might be construed differently:

> Should the company desire, the guaranteed stock may be treated as an obligation in the same way as the company's bonds.

But the Prime Minister said that that did not mean anything and Sir Alfred Smithers, Chairman of the Board of Directors of the Grand Trunk said that it did not mean anything. The Prime Minister said that the offer was practically the offer made in February of that year, so that the transaction which was brought in the last days of this session was an entirely brand new transaction; it was a transaction based upon an understanding arrived at between Sir Alfred Smithers and the Minister of the In-

terior, an understanding of which Parliament and the country had absolutely no knowledge. There never before was any suggestion that these bonds would be guaranteed first and the value, if any, of the balance of the stock arbitrated afterwards. The suggestion was never made in the Drayton-Acworth report, and we are now asked, in the last days of a session that was called for another purpose, to sanction this purchase. The Government come down with a proposal on which they have absolutely no information. They do not know what liabilities the country is assuming; they do not know what the assets amount to; they have no idea whether the road is worth the funded debt or not, nor whether the stock is of any value or not. But they first give $60,000,000 worth of stock so as to make their friends safe before they attempt to arbitrate, and they tell us that they must get this road in order to complete a system with connections at both ends that will be useful to their friends, the Canadian Northern crowd. The Minister of the Interior said last night that it was impossible to make a working arrangement, as suggested by Mr. Kelly, President of the Grand Trunk, between the Canadian National railways and the Grand Trunk Railway system. In the United States, there is not one railroad running from the Eastern States or from New York clear to the Pacific coast. There are five railways through the Western States, all of them with working arrangements with Eastern railways. There is not in the United States one line owned from coast to coast. Therefore, they are all under working arrangements, and why could we not have a working arrangement if it were in the best interest of the country? The Government were apparently very anxious to bring forward this matter as a public ownership proposition. I for one do not know that I would be very much opposed to public ownership of railways provided that the undertaking were managed by an efficient Liberal administration; but public ownership of railways managed by the present Administration with the assistance and connivance of the Mackenzie and Mann interests is something to which I am absolutely opposed, and I think it will be found that the country will be opposed to it too.

Mr. WILLIAM FOSTER COCKSHUTT (Brantford): Mr. Speaker, before entering upon a discussion of the subject before the House, may I be permitted to extend my congratulations to the new arrival (Mr. Mackenzie King), who is in our midst today? He is a King from Prince, I am told, and we have now the satisfaction of seeing three gallant leaders on the Opposition side. It is a triumvirate of wisdom, because wise men come from the East, it is said, although they sometimes have the wisdom to stay in the West when they get there. We trust that under the guidance of these three hon. gentlemen the Opposition will see new daylight on the railway question.

I hope that the hands of the Opposition have not been tied by the amendment that has been moved. I understand that the hon. leader who has just taken his seat has full knowledge of the amendment, and if he has not I commend it to his early and serious consideration. He is a man who has long stood for the cause of labour and is recognized as a very high authority on many aspects of labour questions, and I could scarcely conceive him giving his full assent to a policy that excludes public ownership from the policies to be pursued in Canada in the interests of labour particularly. Coming, as I do, from a workingman's city, I know that public ownership has been one of the strongest planks in the labour platform for many years. Labour believes that public utilities of all kinds should be owned and operated in the interests of the people, and that appears to me to be a fairly sound plank in the platform of labour. It is several years since I gave my assent to the proposition of ownership by the people themselves of public utilities in the municipal, provincial and Dominion fields, and if there are profits accruing from the operation of these great utilities, which are really using the public resources, they should accrue to the people who should own and operate these utilities. I think that principle is fairly well accepted now by the larger number of our public men, and of the people of Canada.

The Bill before us, Bill No. 33, for the acquisition of the Grand Trunk railway, is one of the most difficult and intricate that it has been my lot to endeavour to make a few remarks upon during my parliamentary career, and I do not blame the Opposition in any sense if they have not fully mastered what is contained within the four corners of the measure now before the House. I have done my utmost on this occasion as on previous occasions to fathom this railway question, and the few remarks I have to offer this afternoon are from the standpoint of a business man who is looking, I trust, to the best interests of Canada as a whole, and trying to see daylight through the chaos that prevails in the

railway world at the present time. Canada embarked, not to-day, nor yesterday, but several years ago upon a somewhat reckless policy of building railways, and while it may be said that we have not got value for our money I am hopeful that in the long run the optimism and the business acumen that may have been displayed in the construction of these roads will not prove to be altogether wasted, but that the roads will eventually redound to the advantage of the country, and not only serve the people efficiently, but at the same time afford a return to the pockets of the taxpayers of the country who have to support these great undertakings.

The figures that have been presented to the House are so conflicting and confusing that I have had very great difficulty in ascertaining just what this Bill involves. I shall endeavour to give just my own view, holding no one responsible in any sense for any thing I shall say on this question. I have endeavoured to arrive at the sum of the obligations that we are undertaking by this legislation, the amount of the annual interest that will have to be paid, and the questions involved in the operation of this intricate system known as the Grand Trunk Railway of Canada. In the first place this system presents difficulties that do not face any other railway in the Dominion of Canada. I hold in my hand a map showing the ramifications of the Grand Trunk, of its branch lines, subsidiaries, leased lines, and so on, in the provinces of Ontario and Quebec, and in the adjacent states to the east and west in the United States. The whole of it is a labyrinth of railway construction of trunk lines, cross-country lines, and so on, some of them under lease, some of them rented, and some of them merged into one heterogeneous and, I trust, a somewhat homogeneous whole. It is certainly an eye-opener to look at this map and see the various lines that are involved in this system. I have consulted what I consider to be one or two of the best railway authorities who have studied this question, and the views that I give are confirmed more or less by these authorities. Let me give an extract from the report of the Royal Commission, commonly known as the Drayton-Acworth report, showing what they recommend to the Parliament and people of Canada as the best course to take in dealing with this great railway question. The recommendations are very brief, and I think it is wise for us to bear them in mind at the present moment, because at the time that commission was appointed we believed it was composed of the most able railway men to be found in Canada, and the United States for that matter, because one of the commissioners was a citizen of the United States. Their recommendations are found on page lii of the report and are as follows:

1. That a Board of Trustees be constituted by Act of Parliament and incorporated as "The Dominion Railway Company."

2. That the ownership of the Canadian Northern, Grand Trunk, and Grand Trunk Pacific Railways be vested in this company.

3. That the Government assume responsibility to the company for the interest on the existing securities of these undertakings.

4. That the Intercolonial (including the Prince Edward Island) and National Transcontinental Railways be also handed over by the Government to the company.

5. That the whole of these railways, the Canadian Northern, the Grand Trunk, the Grand Trunk Pacific, the Intercolonial, and the National Transcontinental, be operated by the company as one united system.

This day, are these recommendations fulfilled in your ears,—to use a Scriptural phrase,—because every one of these roads has been acquired, or will have been acquired when this legislation becomes effective, and will be operated under one management. That will give public ownership a chance to show what it can do. With all deference to those who say that public ownership has been an entire failure up to date, in my judgment it is too early to make any such statement, because up to the present time public ownership has never had a fair show in the Dominion. I am surprised that these leaders on the other side of the House, two of them coming from down East, are prepared, so far as we have heard from them, to oppose public ownership, when they were willing to submit to public ownership so long as it served the eastern provinces at a loss to the rest of the Dominion, as has been the case for the last thirty or forty years with the Intercolonial railway. I do not recall in my twelve or fifteen years' experience in this House ever hearing these gentlemen denounce the public operation of the Intercolonial, because it was serving the Maritime Provinces in many instances at less than cost. I not only make that statement with confidence but I can recall, as can the hon. members recall, that on different occasions hon. gentlemen on the other side of the House have said that when the Transcontinental railway was built it was never the intention of the Dominion to make that railway pay. It was built as an obligation

undertaken at Confederation by the Government of Canada. I have heard that argument advanced with considerable skill by hon. members opposite, who have contended that passenger rates should not be increased to a paying basis, and freight rates should not be made paying rates because it was an undertaking with the Maritime Provinces that this railway should be run for their benefit, no matter whether it was operated at a loss or not. Therefore I say that the results of operation of the Intercolonial for the past thirty or forty years cannot be by any means an evidence that public ownership is an entire failure, even in the case of that railway itself. True, you may ask, Sir, what about the Canadian Northern railway? Well, the Canadian Northern has been in the possession of the Government for nearly two years, but I desire to point out that that railway has not so far had a fair chance to show what it can do, and I believe that we have received good value in its purchase. I have stood by it on every platform where anything to the contrary has been said, and I have yet to see in the debates on that question the opponents of the Canadian Northern get anything but the worst of a contest with any one who is at all acquainted with the terms on which that railway was obtained. It is the cheapest railway on the North American continent, costing about $44,000 or $45,000 per mile. It is well located and has put on the map many of the towns and cities in the West. These prosperous communities have sprung up because the Canadian Northern went through and built up that part of the country. The Canadian Northern up to the present has been operated by the Government only under war conditions, because, though the war was terminated nearly a year ago, costs of operation are higher than ever they have been, and I think it is well for hon. members to bear this fact in mind, for it is applicable to the situation and is one cogent reason why the Canadian Northern is not paying. It is between the upper and nether millstones, so to speak. Operating expenses consisting of fuel, labour, material, repairs, etc., have gone up about 100 per cent within the last five years. During that time we have had two advances in freight and passenger rates, one of 15 per cent, and another of 25 per cent, making a total of 40 per cent. During this period the operating expenses, as I say, have advanced about 100 per cent, and the railways—this statement embraces the Canadian Pacific railway as well—have not been allowed to fix their freight and passenger rates at paying prices in consideration of the high cost of operation that now prevails in Canada. This, therefore, is but a fair consideration to have in our minds when we assert that the Canadian Northern is not paying and cannot pay. This is a factor that cannot be lost sight of, and in my judgment it explains to a very large extent why up to date we have a deficit on the operation of all Government railways. The rates have not been advanced to suit the times. We have been compelled—

Mr. J. A. CURRIE (Simcoe): The hon. member must bear in mind that there has been an advance of twenty-five or thirty-five per cent.

Mr. COCKSHUTT: I have already said there has been an advance of 40 per cent, and if the hon. gentleman had been listening he would have heard my statement. But I say that 40 per cent is not enough under the circumstances and consequently we have not got the railways on a paying basis up to the present. It is now proposed by this Bill to go a step further and to supply what has been lacking in the recommendations of the Drayton-Acworth report—that is, the acquisition of the Grand Trunk proper.

Mr. McKENZIE: Will my hon. friend permit me a question?

Mr. COCKSHUTT: Assuredly.

Mr. McKENZIE: I know he is a good business man and I should like to know how long he would give the roads to demonstrate whether or not they will be successful from a financial standpoint?

Mr. COCKSHUTT: That is a question for the future, but I should judge that from three to five years would be a very moderate period in which to allow these railways to get into sucessful operation in such a way as to reward the business interests of Canada for the tremendous investment in the roads. I think that from three to five years is the shortest time within which the board can get these railways into thoroughly co-operative organization and operation.

Now, Mr. Speaker, I am sure that one of the main reasons why public ownership is not the success that we should like to see it—and this is rather a delicate point, although I think it is only fair to mention it—is that in the eastern portion of Canada there seems to be a group of forces that are antagonistic to the principle of public ownership. I should like to commend my good

friend from Cape Breton North, whom I may now call Leader of the Opposition No. 2, although until quite recently he has acted ably as Leader No. 1, on the fact—

Mr. McKENZIE: Pardon me; Cape Breton North "and Victoria."

Mr. COCKSHUTT: I accept the correction. Cape Breton North and Victoria then —not a leader?

Mr. McKENZIE: No.

Mr. COCKSHUTT: Well, I congratulate my hon. friend on the fact that he has done his best during his leadership, and he has handed over a legacy to his successor which it will be difficult to shoulder. However, the hon. gentleman has placed himself in opposition to public ownership. I regret that in the province of Quebec, and to a certain extent in the Maritime Provinces, there is a very considerable consolidation in opposition to public ownership. And I want to say to my hon. friend in all sincerity that if he were on this side to-morrow and leading the Government, he could not get away from the fact that public ownership is here, and here to stay. In the face of that indisputable fact, is it not folly to go on pounding public ownership and depreciating properties that we have bought and paid for and others that we are about to acquire? Surely it is not a nice bird that fouls its own nest, and it is not good patriotism to depreciate the securities of one's own country. My good friend from Cape Breton North and Victoria must recognize that this country owning as it does already some fourteen to sixteen thousand miles of railway is very largely interested in public ownership, and if he were administering the affairs of Canada to-morrow he could not upset that arrangement. It is here to stay and I beseech him as a true citizen of Canada to cease pounding this property and rather to begin to boost it. The greatest stumbling block in the progress of public ownership is the fact that in some sections of the country there is too much pounding of these railways. The attitude is this: "I told you so. You went into it and we succeeded in making it a loss just as we told you." Is that the kind of citizenship we want in Canada? I trow not. I am free to say to my hon. friend that when the Grand Trunk Pacific and the Transcontinental proposition was brought before the House in 1903-04, I fought it for all I was worth, both in the House and in the country. I take no responsibility, so far as I am concerned, for the building of that road. I fought it strenuously, believing that it was going to be a white elephant, as I termed it at that time, and I won out my first election in fighting that particular railway project. I thought it was a very wildcat scheme at the time.

But what is the use to-day in getting up and telling the House that that railway is not worth five cents on the dollar? It is absolutely useless to do so. We have the railway on our hands and it is our duty to make the best of it. Our money is in it and we are not going to be benefited by abusing and belittling the property. We are not going to get any money out of it by saying that the enterprise cannot be made to pay. As true citizens, we ought all to take pride in the National railways of Canada. We ought all to set ourselves to boost our own property and to endeavour to make a success of public ownership. Success should be the guiding star in this respect of every truly loyal citizen of Canada.

Do not let us say: "We are prophets of evil and we told you so and now fry in your own fat and stew in your own juice, so to speak, and get out of it as best you can." No, that is not the spirit and I ask my good friends in Quebec, and in the city of Montreal particularly, to think this over—because I have myself received many communications endeavouring to influence me more or less on this question. But my mind has been made up. I said some years ago on the floor of the House that I was in favour of public ownership and I have not yet seen any reason why I should change this view. It is true it has not worked out altogether as I expected nor altogether as I had hoped; but with the rounding out of this great railway scheme, with the purchase of the Grand Trunk and the giving of that loyal support that should be given to a great national enterprise, there is no reason why, in the no distant future, we should not have a favourable financial showing from the enterprise. I am sorry, Mr. Speaker, as I say, that these hostile influences, particularly in Quebec, should be prevalent to a very considerable extent. I trust that these citizens, who I think are misguided in continuing their opposition, however rightly they may have intended it in the first place, may change their views. I admit that once on a time I was opposed to public ownership. But the times change; progress is made; the world becomes more enlightened; and it would be shutting our eyes to all that is reasonable and right if we were to say: "Oh, well, private enterprise has always been good enough in

Canada to conduct all the railways; it has been good policy even to the extent of the Government handing over lands and money subsidies, and all that, to railways all the time up to date, and what was in the beginning shall be now and continue hereafter." That surely is a short-sighted policy. Therefore, I trust that our good friends, particularly in the province of Quebec—and now I have in mind the very highly-trained business men and the vast business interests to be found in that province—should change their tune on this question. And when I say that, Mr. Speaker, I want it to be distinctly understood that I am just as friendly as I possibly can be to the Canadian Pacific Railway. I have, both in Canada and abroad, time and again pointed to the magnificent Canadian Pacific as a monument to Canadian enterprise. I look upon it as the shining masterpiece of organization and of business success in Canada, and probably nowhere in the world has a transportation company achieved as great a success as has the Canadian Pacific Railway. All honour to it, I have always been its friend. I do not want to be considered anything but its friend now when I advocate the public ownership of railways in Canada. The very first public address I ever delivered, was on the building of the Canadian Pacific railway in the year 1882. I spoke strongly then in favour of the construction of the Canadian Pacific railway; and from that day down to this I have always viewed that enterprise with just pride. I consider that the management has been most effective, and we all know that railway is looked upon as one of the most wonderful transportation organizations the world has ever known. All honour to the Canadian Pacific Railway; it is not out of any spirit of antagonism that I now advocate that the other railways in Canada be amalgamated into one gigantic property, and operated and developed for the advantage of Canada as a whole.

I do not wish to dwell upon this question of public ownership further but I want to give a few figures as to what I apprehend we are undertaking to spend upon the Grand Trunk railway. It is true that the blue-book that has been placed in our hands, containing the correspondence relating to this arrangement, is a little difficult to understand. Referring, however, to the last page in the book, page 56, you will see there what has been paid in recent years by the Grand Trunk Company to its shareholders. I find that until the years 1917 and 1918 in the guaranteed stock four per cent was paid each year. That amounted to about $2,500,000 in round figures. There had never been a failure to pay that until the two years mentioned, 1917 and 1918. I think a word of explanation with regard to the reasons why it was not then paid would perhaps be in order. I understand it is owing to war conditions and very largely to the branch lines of the Grand Trunk in the United States that this result has happened. The McAdoo award fixed the price of labour at a very high figure in the United States, and the Grand Trunk is also subject to the Interstate Commerce regulations which fixed the price of freights to be charged, so that the railway has been, so to speak, between the upper and the nether millstones; it has been ordered to pay high wages and it has had to submit to the ruling of the United States Government as to the amount of freight and passenger rates to be charged which were fixed at less than the Government themselves must have known these railways could be operated at. One reason for that, as I understand it, was to keep down the already high cost of living, because if the railways had been allowed to advance their freight rates, as they should have been considering the cost of operation about 100 per cent, the cost of living would have proportionately increased and therefore they decided that the Government would have to meet it anyway. As the Government are operating the railways over there they preferred to take this loss themselves and to allow the foodstuffs of the people, and the coal and other commodities that were required, to be carried at actually less than the railways could afford in order that the cost of living to the workingman should not be unduly increased.

Mr. McKENZIE: Is the hon. gentleman able to tell us how much the Government increased the railway freight rates over there during the year 1918?

Mr. COCKSHUTT: I did not catch the hon. gentleman's question.

Mr. McKENZIE: The Government of the United States operated the railways over there in 1918. To what extent did they increase their freight rates? Does the hon. gentleman know to what extent the freight rates were increased?

Mr. COCKSHUTT: No, I am afraid I do not. My information is they increased the rates by very little. The total as handed to me by my hon. friend from Algoma (Mr.

G. B. Nicholson) is 40 per cent. I give that on the authority of my hon. friend, who is a railway expert, and whose figures I have generally found very reliable. My hon. friend says that 40 per cent is the exact amount of the raise over there, while the rates were raised in Canada 15 and 25 per cent. Wages in the meantime had increased, I suppose, fully 100 per cent. Coal has increased well-nigh 100 per cent, if not more in some localities, and was very difficult to get. The cost of all kinds of repairs required by locomotives and by cars and rolling stock generally increased enormously during that time, so that it is not to be wondered at that public operation of the railroads of the United States has turned out a great financial loss. But those railways were endeavouring to serve the nation in order to enable them to win the war, in order to carry their troops, in order to carry munitions of war, and all the supplies for the troops. These supplies and troops, I understand, were carried at a comparatively nominal figure as compared with what they would have been if the Government had been beholden to private companies and the latter choose to charge a paying rate on all the traffic that those roads had by reason of the war. That seemed to me to be a reasonable statement and I cannot comprehend why my hon. friends opposite should wish to advance the argument they have because the United States has lost one to two hundred million per annum or as one of them said yesterday a million and a half a day. I am not quite sure whether it was a million or a million and a half a day, but that is neither here nor there when the question at issue was between the service to the people and the winning of the war, which was the all-important question and to which everything was made subservient during the two years to which I referred.

That seems to me to be a reasonable proposition. But before I was diverted I was setting out to show what I conceive to be the fixed charges that we are obliged to pay under this agreement. In the first place, those charges, as I make them up, are in round figures $11,000,000; that is, interest charges upon advances of one kind and another secured by guaranteed, preference, or debenture stock. Then the Grand Trunk Pacific obligation, from which, I suppose, under the agreement, we will relieve the Grand Trunk; I fix that at about $4,000,000. Then interest on the Grand Trunk guaranteed stock, $2,500,000. In addition, I suppose we are obliged to a certain extent to continue all the bargains the Grand Trunk has made with various lines in the United States with which it is working in co-operation either by lease, traffic agreement, or otherwise. I admit the Grand Trunk has some very entangling alliances with the American roads, and those alliances constitute, to my mind, one of the stumbling blocks in this proposition. I regret that these entangling alliances are a factor in the agreement. I view them with more or less alarm in a way, and still I do not see any reason why the American Government should not treat the Grand Trunk under our control and ownership in as fair a way as it treated the parent company, for which we are now becoming responsible. My figures in the aggregate for interest charges of one kind and another, as near as I can get at them, Mr. Speaker, amount to $18,500,000 per annum. The Grand Trunk has never failed to earn and pay the $11,000,000, which is more than half of the whole amount. Only for two years, as I showed a moment ago from the last page of the Grand Trunk statement, that is, in the years 1917 and 1918, did the Grand Trunk fail to pay interest on the guaranteed stock, and on the first preference stock it has only failed to pay dividends for four years out of the last fifteen or twenty years, and those four years were war years. So we have reason to believe, Mr. Speaker, that the Grand Trunk will continue to earn enough to take care of a very large proportion, if not all, of these fixed charges. One of our hon. friends opposite, the member for Bellechasse (Mr. Fournier), the other night gave some excellent figures, and I have very little fault to find with them, in which he estimates the fixed charges at $20,000,000. The difference between us is only $1,500,000 per annum, and as I have endeavoured to arrive at my figures after careful consideration and study, I think they may be taken as a close estimate. With regard to the war years during which the Grand Trunk failed to pay certain of these stock dividends, if it had been allowed to raise its rates, as I pointed out, to the standard at which a business man would say the railway should be operated, we have no reason to believe that there would have been any failure to meet those fixed charges.

Mr. Speaker, I for one believe that if public ownership in Canada is to be a success we must put it on a business basis and keep it there; a political basis will not do, it will not pay. Our national railway system must be put on a business basis, and every one using our roads for freight or

passenger service must be willing to pay fair rates, otherwise we can never hope for successful operation. No merchant could afford to sell goods at less than cost and hope to prosper; and no public ownership undertaking can afford to carry freight and passengers at less than cost and have a nice balance at the end of the year. It cannot be done. We must be willing to pay fair freight and passenger rates, and then with sound business judgment and capable management I am very hopeful indeed, Mr. Speaker, of the results that will be obtained in the next three or five years.

My hon. friend opposite, who has up to date been the leader of the Opposition (Mr. McKenzie), made a very interesting speech the other night, and I have perused it with a good deal of sympathy, especially as I found he was more or less confused with figures, the same as I admit I am myself sometimes in viewing such an agreement as this. We cannot blame the hon. gentleman if his figures did not all tally with the presentation made from this side of the [illegible] question, and while [illegible] dered good business to add both out-go and income together and call the total your income, we have the example of the Dominion Government doing that in trade matters, because it is well known that the total trade of the Dominion is made up every year in that way, both exports and imports are added together. No merchant, no manufacturer, no business man would be allowed to publish a balance sheet on that basis, but public officials are a law unto themselves. If a business concern floats a stock issue it is bound to show only what it sells, and must not include what it buys as part of its business. So my hon. friend when he made up his figure of $47,000,000 for annual interest was only adding the two sides together. But even then I do not know where he got the balance, because, according to the hon. member for Bellechasse (Mr. Fournier) whom I have already quoted, our annual interest obligation will be $20,000,000 while my hon. friend (Mr. McKenzie) put it down at $47,000,000 or $48,000,000. I do not blame him. I admit myself that figures are very confusing. But the total was more than double what one of his own followers had estimated it to be, and I am sorry to say in this case the follower was nearer the truth than his leader. That is no reflection upon the leader, because followers sometimes are men of very bright minds.

Mr. McKENZIE: Either the one or the other will show a very bad bargain for the country.

Mr. COCKSHUTT: Not necessarily. If we are able to get in $25,000,000 and only have to pay out $20,000,000, we would have a balance of $5,000,000 to the good; and I do not think it is too optimistic to say that within five years with proper management we will have a balance on the right side. I fully believe we will. But this result can only be secured by insisting upon proper management on strictly business lines and absolutely free of politics.

I want to refer for a moment to the amendment moved by my hon. friend, because I think that as a great leader, and as this is perhaps his last public act as leader of the Opposition, it is a pity that he should spoil a good reputation by handing down to posterity a document such as he prepared as an amendment to the Bill now under discussion.

It is one thing, Mr. Speaker, to riddle a policy with holes; it is another thing to put a better policy in its place. If all the statements made in the proposed amendment are true, then it was up to the leader of the Opposition to suggest a better way of dealing with the matter. He gives three reasons why this Bill should not pass; and I think it will not be amiss if we refresh our minds as to what those reasons were. The amendment proposed is as follows:

That the Bill be not read a second time but that the House do come to the following resolution:

That the Bill proposes an uncertain but very large addition to the debt of the Dominion at a time when existing obligations, arising out of the War and from other causes, are so vastly in excess of all previous obligations as to give much cause for anxiety on the part of all who are concerned in the financial position of Canada and the maintenance of the public credit.

That a measure of such wide-reaching character and large importance requires a study by the House and the people that cannot possibly be given in the closing days of the session.

That the present session of Parliament was called for a special purpose which has already been accomplished.

That on Wednesday, October 8th, the Honourable the Minister of Trade and Commerce, acting as leader of the House in the absence of the Prime Minister, stated that the Government's expectation was that the session would close within the then current week.

That under such circumstances the introduction by the Government of a measure of such great importance as the acquisition of the railway and property of the Grand Trunk Company of Canada is improvident and inexpedient.

That for these reasons the further consideration of the Bill be deferred until a future session of this Parliament.

I fail to find in that amendment anything constructive. The hon. gentleman gives three reasons why he would not do it, but he does not tell us how we are going to get out of the woods. We are facing a condition which is not of the Government's seeking; it is a condition which has come down to the Government as a legacy largely from my friends opposite. Let them not forget that, because they can never get away from their responsibility for the Grand Trunk Pacific undertaking, which was the main cause of the crippling—yes, almost the annihilation—of the old Grand Trunk proper when it tried to put into execution a bargain into which it entered with hon. gentlemen many years ago. We tried our best to save them from it, but the Grand Trunk has failed to fulfil its obligations, and for years the Government has been operating the Transcontinental at a loss because the Grand Trunk, which had undertaken to pay three per cent on all the money invested in that road, failed to come forward and fulfil the contract when the road was finished. So that the operation of the road by the Government was not of the Government's own choice; it was because of the bargain which hon. gentlemen opposite, who were at that time in power, made with the Grand Trunk and because of the inability or the lack of desire on the part of the Grand Trunk to carry it out. Later the Grand Trunk commenced the operation of the Grand Trunk Pacific from Winnipeg to the Coast; it has been operated for some years, and always at a loss. I do not think that in any single year it paid operating expenses, and certainly it has not been able to meet any of its interest obligations. That condition, therefore, was not of this Government's seeking; it was a legacy left by hon. gentlemen opposite. This Grand Trunk matter is now up for settlement, and action upon it cannot be postponed. Knowing that, the hon. gentleman tells us where the proposal is all wrong, but he does not give us the slightest constructive thought as to what we are to do under the circumstances. I think, therefore, that he will be condemned throughout the country—at any rate by those who know that this situation has been forced upon the Government and was not of their own seeking. The chickens have been a long time coming home to roost, but they have come home, as we prophesied many years ago—as far back as 1903-04 when the Grand Trunk entered into this wild-cat scheme, along with the Government, of building the Transcontinental and the Grand Trunk Pacific. That scheme was a white elephant and everybody knew it; it was a political railway from the start; it was not destined to pay. It was fifty years in advance of the times and of the requirements of the country in all that northern section. Whatever may be said with regard to its operation in the West, I believe that that part of it can be made to pay, provided there is proper management, where the line does not too closely parallel the Canadian Northern.

Of course, we are blamed for assisting the Canadian Northern. But who began the main assistance which was given to the Canadian Northern? It was not hon. gentlemen who are now on this side. The grant given by the Laurier Government some ten or twelve years ago of $35,000,000 in respect to the northern section above lake Superior was the beginning of our serious troubles in connection with the Canadian Northern. From that time on it was inevitable that the interests of the Government of Canada and the Canadian Northern Railway system should be so linked up that they could never be separated. It was not within the bounds of possibility that the Canadian Northern could relieve itself of its immense obligations in respect of the aid given to it by the Government, so that two years ago it came into our hands. The Intercolonial was already there. The Grand Trunk Pacific is now in the hands of a receiver, and is about to come under Government control. The Transcontinental has been in the hands of the Government for some time, and now we are to have the Grand Trunk. The Grand Trunk is an old parent company for which I have a great deal of sympathy; but I do not want to see the country get soaked in the terms embodied in this measure. There are one or two features of the measure that I am not very clear about and that I do not like very much.

Section 6 is one which gives me cause for hesitation and uncertainty; it provides for the method of arbitration. It is proposed by that section that the Board of Arbitration shall consist of three judges. Now, I have a great respect for the Bench and for our courts of justice, but on a question such as this I would rather take the opinion of a great railway man or an excellent business man than that of a judge; and I say that without any disrespect. I do not think that we should have three judges on the Board of Arbitration. I look upon that provision as a weak spot in the Bill.

Mr. ROWELL: My hon. friend is under a misapprehension. The Bill does not provide for three judges; it simply provides that in case the two arbitrators who are appointed, one for the Government and one for the railway, do not agree, a third is to be appointed by two judges.

Mr. COCKSHUTT: The section uses the word "judges". It says:

> The value, if any, of the first, second and third preference stocks and the common or ordinary stock of the Grand Trunk now issued and outstanding to the face values above mentioned (hereinafter together called the "preference and common stock") shall be determined by a board of three arbitrators, one to be appointed by the Government, one by the Grand Trunk, and the third by the two so appointed, or, failing agreement, by judges to be designated in the said agreement.

Now, the alternative is all judges, as I understand it. If that is not correct, then I am glad to know that a business man or a railway man may be selected.

Mr. ROWELL: My hon. friend is in error in assuming that the alternative is all judges; the provision is that the third is to be appointed by two judges.

Mr. FIELDING: And the third need not be a judge.

Mr. ROWELL: My impression is that the provision in the letter which was read to the House is that the third shall be a judge. I am speaking from recollection.

Mr. FIELDING: The Bill does not say so.

Mr. ROWELL: The Bill does not say so, but my recollection is that the letter which contains the basis of the proposal so provides. But the other two need not, and probably would not, be judges.

Mr. COCKSHUTT: I am glad to know that there is something in that, but I do not think it quite covers my point.

Is there any reason to suppose that the Government are not going to appoint a judge? I do not see any reason for supposing that they are not going to appoint a judge, because the Government, as a rule, appoint judges. I do not suppose the leader of the Opposition (Mr. McKenzie) would object to a judge being appointed, but I do not think that in a railway arbitration a judge is the very highest class of arbitrator so far as values are concerned. What I want to see appointed is an arbitration board that is going to take into consideration the value of the line, the location of the line, where its traffic is going to be lasting. For instance, you might build a branch line of railway into a wood country, and for ten years, while the timber was coming out, that road would be a paying one; it would, perhaps, be paying a considerable profit. But when the timber was all out, the line would be something of a scrap heap. We want men with an initial knowledge of what will develop traffic, who will go over the line in order to find out what permanent traffic is to be expected from it. That having been ascertained, you will then know that the road is well planted. In addition to that, I would want to know the quality of the road. While a judge is an excellent man in a court room, I do not know whether he is as good a judge as to the values of ties, rails and things of that kind, as a railway man. There is nothing in the Bill that says that the Government shall not appoint a judge, nor that the company shall not appoint a judge, and there is nothing to show that two judges having been appointed will not agree on a third judge; I should think that they would be likely to agree on a third judge. Unless we know the kind of arbitrators to be selected, I do not think the explanation that has been given is conclusive. It is distinctly provided that if the two arbitrators fail to agree on a third, two judges will then appoint a third arbitrator, and he is likely to be a judge also. Therefore, I do not like the proposition. Perhaps I misread it, and I hope that the interpretation placed upon it by the President of the Council is correct, but I fear it will be an objection similar to what we have had many times in the past.

Further, in the acquisition of the Canadian Northern, a limit was placed beyond which the award could not go, and that limit was $10,000,000. I know I shall be told: You cannot go into an arbitration and, at the same time not go into it; if you are going to submit your case to arbitration, you must submit it, and you must pay the award. But, as the Government in the Canadian Northern case, fixed a limit of $10,000,000, I would have felt some more assurance in my mind if the Government had, in this arbitration, fixed a limit beyond which we could not go even if it were fairly high. Then the country would know what is involved in this whole purchase which otherwise it does not know and cannot know, perhaps for years to come. That appears to me to be a very crucial question right there in the Bill, and as a business man, I have forebodings that public ownership again is going to be soaked more or less with values that do not exist. I do not say that to crack the Bill; I am going to support it because I do not see

that there is anything else to it, especially as my hon. friend opposite (Mr. Cahill) gave us no alternative proposition. But having said that, I do not know why I should shut my eyes to things that may be stumbling-blocks to myself and others, and that is one of the stumbling-blocks I find in the measure. I should like to have the assurance that at least one business man or one railway man will be on that arbitration board. I do not think that is an unreasonable request, and whether this has been tried or not, I do not know, but it appears to me that a limit should be fixed which the Grand Trunk themselves could not oppose and beyond which the country could not go in paying for the road.

We are assuming immense responsibilities in its purchase; there is nothing else to do but to face them and to raise the financial requirements to carry the deal through. But that having been said, that is no reason why we should not get one hundred cents on the dollar for every dollar that we put into the undertaking; and as a business man and as a man who is in favour of public ownership I say that a worse blow cannot be given to public ownership than to overpay for properties that the Government is acquiring and then to expect that the country is going to get value in the result. It cannot be done; we must get value, and public ownership is not given a fair trial until you buy your properties at a fair market value which is to be determined by their earning capacity. The dividends that can be earned upon the road are the only criteria that we have of value. I may be told that the Grand Trunk cost $134,000 per mile, but I want to see where the assets are, where the dividends are coming from on that $134,000 per mile. As a business man, I think it is our duty to look into this and to see that too high a price is not paid for the road.

I have spoken longer than I intended, but I have not touched the fringe of the subject. It is so intricate and more or less involved that I do not wish to multiply figures. My intention was—and I hope I have made that clear—to show to the House about what our financial obligations would be, and I have shown that they will amount to about $18,500,000 per annum, or supposing that my hon. friend opposite is correct, about $20,000,000 per annum. We are not very far apart. Those are the annual charges, and if you capitalize them at 5 per cent, you have pretty well arrived at what the capital will be, at the obligations that will rest upon the country and that will have to be met. Although they are mortgages at present, they are on the property, they are fixed charges that you have to meet, and they will not be removed until you pay out the capital for them so that you must not say that we are risking simply the interest; we are also becoming responsible for the principal. There is no doubt about that. If you buy a house with a mortgage on it, you take the house with the mortgage, and the mortgage remains on the house until you liquidate the capital involved in the original amount. It will not do to say that the mortgage is only so and so and that I have to pay five or six per cent on that, amounting to $200 or $300 a year; you have to take the capital on which this is the interest, and that is the obligation that rests upon the country. I figure that we shall be involved in a capital liability which must some day be met, that will run up into the hundreds of millions of dollars. I do not shut my eyes to that. I am not sure that the hon. member for Pontiac (Mr. Cahill) was very far wrong in the capitalization that he gave. As I read the Drayton-Acworth report, the capitalization will run into the neighbourhood of $400,000,000 or more, so that there is a very heavy financial obligation in the acquisition of the Grand Trunk. But we are face to face now with the proposition that the Grand Trunk is unable to continue to run the road and to meet its financial obligations with regard to the Grand Trunk Pacific. In other words, it is unable to meet its liabilities, and it is to-day practically insolvent. Some hon. gentlemen may say: Why not put it under the hammer? We have never seen any railways of that kind go under the hammer in Canada, and I hope we never shall. If it should be allowed to go under the hammer, there is only one possible bidder in Canada so far as I know outside of the Dominion Government, and you all know who that is without my mentioning the name. The people of Canada would not view with equanimity the control of two great railways by a single corporation, no matter how high-minded the board might be. We want competition; we have spent hundreds of millions of dollars in this country to get it, and now that we are on the threshhold of obtaining one of the greatest assets in the way of railways that Canada can get, for the development of trade that binds the east to the west and the north to the south, are we going to let this offer slip through our fist into the hands of a private corporation? I cannot see that that would be sound business.

Though I have some misgivings with regard to some features of the measure I have been forced to the conclusion that there is nothing else for the Government and the country to do but take over the Grand Trunk at the best possible bargain that can be made, and then have all the national railways consolidated under one management. I would put the finest men that can be got in Canada in charge of the management of the road, and have them told by this Government and the country that they are expected to operate the national system of railways to the best advantage of the people and to give financial results of which we need not be ashamed. So far as I can see, there is nothing else for us to do, and therefore I endorse the Government's proposal and trust that this legislation will pass.

Hon. WILLIAM LYON MACKENZIE KING (Prince, P.E.I.): Mr. Speaker, the hon. member who has just taken his seat (Mr. Cockshutt) has been so kind as to allude in generous terms to the confidence which the electors of Prince have placed in me in choosing me to be their representative in this House. I must thank him for giving me this opportunity to acknowledge publicly that great trust. He has also referred to the exceedingly difficult task which has fallen upon me in the obligation which will come in the course of time to assume the leadership of the Opposition in succession to my hon. friend from Cape Breton North and Victoria (Mr. McKenzie), who has led the Opposition during the past two sessions. No one is more conscious than I am of my many limitations adequately to discharge the obligations of that position. I am thankful to my hon. friend for the example which he has set me, and I have asked him, in order that it may be possible for me the better to acquire familiarity with the procedure of the House to acquaint myself with the matters that are coming before Parliament, if he will continue to lead the Opposition for the remainder of the present session, and he has very kindly consented to do so.

It is as the member for Prince that I should like to speak on the amendment which is before the House. I designedly say as the member for that constituency, because it is one of eight or ten constituencies which ought to be represented on the floor of this House in such an important discussion as the present, but which for obvious reasons have had no representation in this Parliament through the whole of this session. I contend that that of itself is a reason why hon. gentlemen opposite should not press with such undue haste the enactment of this legislation at this time. Surely, if Parliamentary Government stands for anything, it does stand for the right of the people of the country to have their voice heard through their representatives in the halls of Parliament. There are eight vacancies, I think, existing at the present time throughout the Dominion. In the constituency of Assiniboia there has been no representation for nearly two years. Are not the farmers of Assiniboia entitled to have their voice heard here in regard to the important measure which is before Parliament at the present time? Are not the electors of the constituency of Victoria and Carleton, in New Brunswick, similarly entitled to be represented here? Are not the electors of the constituency of North Ontario entitled to representation here and to their voice on this important measure? Are not the electors of the constituency of Glengarry entitled also to representation here, and the electors of Quebec and Kamouraska, in Quebec, and the electors of Victoria, in British Columbia? From one end of this country to the other we have constituencies with no representation in this Parliament, and yet the Government without giving any real reason to the country, persists in driving ahead with this measure, which has been described by one of the ministers of the Crown as the most important transaction which the Parliament of Canada has ever had to deal with.

Mr. SHEARD: May I ask whether the constituencies of Gaspé and Maisonneuve are represented here during this debate?

Mr. KING: I will answer my hon. friend. Only some ten days ago the leader of the Government, I think it was, assured this House that by the end of last week or the week previous the proceedings of Parliament would be at an end for this session. That assurance by the leader of the Government was accepted in good faith, and the representative of the constituencies mentioned, with another hon. member, arranged to take their passage across the ocean on a mission which they had had in mind for some time previous. If, therefore, these constituencies are not represented here at this moment, it is not the fault of the members of those ridings. but it is due exclusively to the fact that they accepted in good faith, as they had a right to accept, the assurance given them by the leader of the Government. That is also a very strong reason why, when the Government through

its leader informed not only the members of this House but the country that there was no further business of importance to bring up, we should not proceed at this time with this most important measure. No mention was made in the speech from the Throne of legislation of this kind. If the speech from the Throne has any significance at all, it is that the members of Parliament and the people of the country may know what legislation is to be brought before Parliament, and I submit that here is another reason why hon. members on this side of the House are justified in asking the Government not to press this matter to a conclusion at this session, but allow it to stand over, at least for the short time that must elapse between now and the next session of Parliament.

I did not rise for the purpose of adding much in the way of argument to what has been said, and said so fully, from this side of the House. My purpose is rather to emphasize the need for caution in proceeding so hastily with such an important measure, and I would mention as the chief reason for that the misapprehension which I believe exists not only throughout the country, but in this very House, in regard to the significance of this particular measure. I need nothing more to assure me that I am right in this than the speech to which we have just listened from my hon. friend from Brantford (Mr. Cockshutt).

I should like to point out, first of all, that there is an impression abroad that the Government is undertaking by this Bill to purchase the Grand Trunk Railway system, that this is a measure in the nature of an act of purchase, for the purchase of the Grand Trunk Railway properties or of the Grand Trunk Railway stock. Sir, I submit that there is nothing in this Bill to justify such an impression. There is nothing here which will enable any one to say that if this measure carries the properties of the Grand Trunk Railway system will be acquired by the people of Canada. I shall enlarge on that in a moment. In order to deal with two points at once, let me say that the larger misapprehension which I believe exists is that this particular measure is in the nature of a measure for public ownership of the Grand Trunk Railway system by the people of Canada. My hon. friend who has just sat down prefaced his remarks by saying that he wondered how any one who was a supporter of labour in its advocacy of different measures could possibly oppose a measure of public ownership when

introduced into this Parliament. It is in regard to this very question of public ownership and to the misapprehension which I believe exists, not only throughout the country, but in this Parliament in regard to the significance of this measure as a measure of public ownership that I wish to speak for a moment, and wish to urge that the Government do not continue to exercise the haste it has been exercising in pressing this measure forward at this time.

To my mind, it is not a measure of government ownership at all, and that is the note I should like to have sounded throughout this country. My hon. friend speaks about government ownership and labour. Well, let me reduce the whole matter to a simple illustration which every workingman will understand. When a working man who has been paying rent for a house decides that, instead of continuing to pay out of his income a certain portion every month to the landlord, he will save his money and purchase a home of his own so that thereafter he will not have monthly payments to make, he is going in for what he understands as ownership. He purchases a house with his savings and he has nothing further to pay to any one else in connection with it. It is his property. Now, public ownership is understood by the workingman as just this thing, the only difference being that the ownership is in the state and not in the individual. When workingmen talk about government ownership they have in their minds, as most people rightly have, that the thing which is being acquired will be the people's, and that there will be no further payments to make in the nature of dividends on stock. They understand that the property is acquired in order that what has been paid or is being paid out in dividends to private shareholders will thereafter be available to the people themselves in the form of a saving whereby services can be performed at a lower rate. That is the only conception of public ownership that is worthy of the name. But what does this Bill propose? I was almost about to say it proposes that when the Government has acquired the property it shall do certain things; but, as I read the Bill, the Government never comes into ownership of these properties at all. At best, so far as ownership of the Grand Trunk properties goes, it is but an agreement in the nature of an option for the purchase of the Grand Trunk properties, not now, but at the end of thirty years. Let me read to hon. members just what the Bill itself says in regard

to these Grand Trunk properties which we are discussing here and which a large number of honourable members opposite think that this country is coming into the ownership of. The preamble reads in part:

Whereas the present capital stock of the Grand Trunk Railway Company of Canada, consists of the following:—

Four per cent (4%) guaranteed stock	£ 12,500,000
First preference five per cent (5%) stock	3,420,000
Second preference five per cent (5%) stock	2,530,000
Third preference four per cent (4%) stock	7,168,055
Common stock	23,955,437
	£ 49,573,492

And whereas the present outstanding debenture stocks of the Grand Trunk Railway Company of Canada consisting of—

Five per cent (5%) Grand Trunk debenture stock	£ 4,270,375
Five per cent (5%) Great Western debenture stock	2,723,080
Four per cent (4%) Grand Trunk debenture stock	24,624,455
Four per cent (4%) Northern debenture stock	308,215
	£ 31,926,125

That represents the Grand Trunk Railway property as it is held by the different shareholders and the debenture holders. All of that stock may be divided into two groups in accordance with what is proposed in this Bill: The first, stock which is to be retained by the present owners, and the second, the stock which is to be exchanged—not to be acquired absolutely by the Government of this country with the obligation ending there but to be exchanged. Something is to be given in return for it, another form of stock of actual or greater value, with a dividend guaranteed at four per cent by the Government. Let us see how that measures up with the idea of government ownership. This is what is proposed in clause 4:

As part of the consideration for such acquisition, the Government may agree to guarantee the payment of:—

(a) Dividends payable half yearly, at four per cent per annum, upon the present guaranteed stock;

(b) The interest upon the present debenture stocks as and when payable, in accordance with the terms thereof.

In other words, the four per cent guaranteed stock and all that is described here as outstanding debenture stocks remain, exactly as they are to-day, in the possession of the people who own them, and what the Government proposes to do is to agree to pay these holders of capital and debenture stocks the dividends which up to the present time they have had to look to the Grand Trunk Railway Company for.

Mr. COCKSHUTT: May I ask the hon. gentleman a question, not with any intention of interrupting him? Suppose I buy a house from him. I have not the whole of the money but pay two thousand dollars down and give mortgage for the balance of two thousand. The mortgage is made out to my hon. friend and the deed stands in my name. Whom does he consider the owner of the house?

Mr. KING: I would answer my hon. friend by asking him this question: Where is the deed that the Government gets for this property? The Government gets no deed for the property which they are assumed to be acquiring or purchasing. The property remains in the possession of the people who already own it.

Some hon. MEMBERS: No, no.

Some hon. MEMBERS: Not by any means.

Some hon. MEMBERS: Certainly.

Mr. KING: Will my hon. friend (Mr. Cockshutt) please follow the Bill? "Four per cent guaranteed stock, £12,500,000;" —will any hon. gentleman rise and say that this is going to be transferred from its present owners?

Mr. COCKSHUTT: Not immediately.

Mr. STEVENS: Perhaps the hon. member will permit me a question?

Mr. KING: By all means.

Mr. STEVENS: The possession or control of the property will rest in the voting stock, and the debenture stock and guaranteed stock, which is non-voting, cannot be claimed to have possession. Am I correct?

Mr. KING: I desire to repeat what I have already said. This is what the Government measure itself says, defining the different stocks representing the property: First, there is four per cent guaranteed stock amounting to £12,500,000, and I challenge any member to say that that stock does not remain with its present owners. All that this Bill does is to guarantee that the Government instead of the Grand Trunk Railway Company shall hereafter pay the dividends on that stock, and by so doing the Government increases the value of the stock, as my hon. friend from Shelburne and Queen's (Mr. Fielding) so ably pointed out the other evening. It

raises the stock in actual value. With regard to the outstanding debenture stock—five per cent amounting to £4,000,000 odd, another five per cent amounting to £2,000,000, four per cent amounting to £24,000,000, and four per cent amounting to £308,000—every bit of that stock remains in the hands of the present owners.

Mr. MIDDLEBRO: Will the hon. member permit me a question?

Some hon. MEMBERS: Sit down.

Mr. MIDDLEBRO: My hon. friend has asked a question and I am merely attempting to answer him. What is the difference between——

Some hon. MEMBERS: Sit down.

Some hon. MEMBERS: Order.

Mr. MIDDLEBRO: What is the difference between debenture or any other stock and an actual mortgage of property where the holder of the stock has no other interest in it than to receive the dividend on the stock, without any voting powers whatever? We say that the holders of the stock are simply mortgagees without the power of management in the concern, and all we have done is to assume the right to pay them off.

An hon. MEMBER: Don't make a speech.

Mr. DEPUTY SPEAKER: I wish to inform the hon. gentleman (Mr. Middlebro) that the statement he has made is not a question.

Mr. KING: I am addressing my remarks at the moment to the question of ownership. I am taking up the question as to whether this is in the nature of a transaction of government ownership and I am answering by pointing out—and if I am not correct in so doing, I would like hon. gentlemen opposite to tell me—that all this retained stock remains in the possession of the people who have it at the present time.

Mr. MIDDLEBRO: Just as a mortgagee.

Mr. KING: It remains in the possession of the persons who have it at the present time, but the difference is this: Instead of the payment of dividends on all that stock being made by the Grand Trunk Railway Company, the Government of Canada hereafter will have to guarantee and make every bit of the payment at greatly enhanced values.

Sir SAM HUGHES: Can the holders of this stock to which the hon. gentleman has made reference sell that stock?

[Mr. King.]

Mr. McKENZIE: Why not?

Sir SAM HUGHES: I am asking the question.

Mr. McKENZIE: Certainly they can.

Sir SAM HUGHES: Can they sell it?

Mr. KING: Certainly they can sell it and make a profit on it—selling it with the Government guaranteeing the interest on it. There is left the other remaining stocks the value of which the Government proposes to have arbitrated, the stocks to be exchanged for stocks with dividends guaranteed by the Government. Now the value of these stocks at the present time, according to figures that appear, in the Drayton-Acworth report, amounts to—well, it is questionable, to put it mildly, whether they possess any value at all. It is a question whether, if the Grand Trunk met its obligations as it ought to meet them, there would not be a considerable deficit, and not a single cent go to the holders of that stock. What does the Government propose? It proposes to take and give all that stock a value to exchange it for stock which will yield four per cent under government guarantee, and sell at par. I wonder if the people of this country appreciate this transaction. I am sure that the members of this House to whom I am speaking at this moment never dreamed that this was what was actually being proposed in this measure, but every word of it is true. Let me distinguish the one lot of stock from the other. The first lot I would call the stock that is being retained by private possessors; the retained stock, this lot is stock that is being exchanged, the exchanged or exchangeable stock. What does the Government get? The Government gets that exchanged stock, but what does it give? It gives a four per cent stock to take its place, it guarantees to pay four per cent interest on that stock, and also undertakes that none of it shall be purchased by the country for another period of thirty years. My hon. friends opposite speak of this as a measure for government ownership. Do they realize that what this measure does is to make complete government ownership of railways in Canada impossible for another thirty years to come? That is what it does. Suppose the people of Canada to-morrow, or ten years from to-morrow, or twenty years from to-morrow, should say: "We have made up our minds that we will become the owner of the railway systems of Canada; we want complete government ownership." Under the terms of this Act they could not acquire the properties of

the Grand Trunk from these private owners who will be entitled to hold the stock until 1950. There is the position, and yet hon. gentlemen opposite go plunging ahead in the name of government ownership and say, "We must get this measure through at this particular session of Parliament." I warn the Government to be careful. If they think that the advocates of government ownership are going to support them in a transaction of this kind, because, as I have said, far from making for government ownership, this measure makes government ownership impossible for another thirty years. Let me read clause 5 of the Act itself which governs this matter. It provides as follows:

> The present guaranteed stock and the new guaranteed stock, or any part thereof, may be called in or redeemed by the Government, at par, at any time after thirty years from the date of the appointment of the said Committee of Management, on six months' notice, by advertisement, to the holders thereof.

Now there is the true nature of the measure which the Government is rushing through Parliament at this particular stage —a measure which absolutely precludes the possibility of government ownership of railways in Canada, of the entire railway system of the Dominion, until after the year 1950, and more than that: Not only makes it impossible for the country to acquire these railroad stocks at a value they could be purchased at to-day, but makes it necessary that they shall be purchased only at par, this value being enormously increased in the interval in virtue of the fact that the Government stands as security of guaranteed dividends for all that period of time.

Mr. COCKSHUTT: I would ask the hon. gentleman would he approve of the Government of Canada borrowing money at five or five and a half per cent and paying off these stocks that are only carrying four per cent, because then we would own the stock?

Mr. KING: This is not a good time to borrow money. The Government will be well advised if it does not enter into any more schemes for borrowing money than are necessary. What is needed above everything else in this country to-day is economy and some regard for public expenditure. It is the wanton extravagance of this Government, more than anything else, that has exasperated the people of this country.

Mr. McCREA: The Government does not know anything about that.

Mr. KING: What is this agreement for? I have said it is not an agreement to purchase the Grand Trunk, it is not an agreement to acquire public ownership. Notice this: The word used all the way through the Act is the word "acquire." That word "acquire" may mean anything. I think in legislation which it proposes the Government should be careful in placing before the country exactly what is meant. I say this is not an agreement in the nature of purchase either of properties or of stock. Stock that is brought in to the country under an arbitration does not represent value acquired by the country for, as I have said already, there is given in exchange for it a four per cent guaranteed stock.

Now, just in passing. The hon. member (Mr. Cockshutt) referred in his remarks to the way in which that exchangeable stock was to be arbitrated and he took exception to the fact that judges were to be named as the arbitrators. I would like to ask the honourable the Minister of Railways, who I am glad to see opposite, if he would tell this House just why a certain change was made. I notice in the letter that was written to Sir Alfred Smithers on October 9th and signed by Mr. Meighen, Minister of the Interior, and which is placed on Hansard at page 1023, setting forth conditions to which Sir Alfred Smithers, as president of the Grand Trunk, had agreed, there is the following in reference to the nature of that arbitration:

> The value (if any) to the holders of the first, second and third preference stock, and the ordinary or common stock, shall be determined by a board of arbitrators consisting of three persons, one to be appointed by the Grand Trunk, one by the Government, and the two so appointed to select a third, or failing agreement, the third to be selected from among the judges of the Superior Courts in Canada.

Now, notice this. We have something definite here, we have some little guide as to who is to be the arbitrator in this matter because it will be on the third arbitrator's decision more than that of any other that the whole question of what the country is to pay for this stock will turn.

> —failing agreement, the third to be selected from among the judges of the Superior Courts in Canada by Sir Louis Davies, Chief Justice of the Supreme Court of Canada, and Sir Walter Cassels, Judge of the Exchequer Court of Canada, acting together.

There are two gentlemen whose names are known and respected throughout the Dominion, and it was agreed that they should name the third arbitrator. Now, in the Bill as brought down that course has been departed from altogether, as my hon.

friend from Brantford (Mr. Cockshutt) pointed out. Section 6 of the Bill reads:

The value, if any, of the first, second and third preference stocks and the common or ordinary stock of the Grand Trunk now issued and outstanding to the face values above mentioned (hereinafter together called the "preference and common stock") shall be determined by a board of three arbitrators, one to be appointed by the Government, one by the Grand Trunk, and the third by the two so appointed, or, failing agreement, by judges to be designated in the said agreement.

What I want to ask my hon. friend is: Why was a change made from the original proposal which Mr. Smithers was prepared to adhere to, by substituting for the two judges whose names are mentioned therein a clause which leaves us entirely in the dark as to who the third arbitrator is to be selected by, or who the third arbitrator is to be?

Mr. J. D. REID: It was not necessary to set that out in the agreement. Mr. Smithers, representing the Grand Trunk, and the Government agreed that the two gentlemen named should designate the third arbitrator. When the Bill gets into committee if it is necessary to word the clause differently, there is no objection to its being done.

Mr. KING: Will the minister give the House an assurance that when the Bill goes into committee it will be worded in accordance with the terms of that letter?

Mr. J. D. REID: In accordance with the two names I have mentioned?

Mr. KING: In accordance with the terms of the letter that passed between Mr. Meighen and Mr. Smithers.

Mr. J. D. REID: Will the hon. gentleman read the letter that he referred to of July, 1918?

Mr. KING: I am referring to the letter of October 9, 1919, just two weeks ago, which is set out in Hansard at page 1023.

Mr. J. D. REID: The letter is in this form:

The value, etc., shall be determined by a board of arbitrators consisting of three persons, one to be appointed by the Grand Trunk, one by the Government, and the two so appointed to select a third, or failing agreement the third to be selected from among the judges of the Superior Courts in Canada by Sir Louis Davies, Chief Justice of the Supreme Court of Canada, and Sir Walter Cassels, Judge of the Exchequer Court of Canada, acting together.

I have no hesitation in saying that the Government will embody in the agreement exactly what is in that letter. If it is not in the Bill it will be in the agreement, and I give my assurance to that effect. Is that the answer?

Mr. KING: That is satisfactory. That improves the situation to this extent, that in the Bill as it was presented to the House the amount of money which the country becomes obligated to pay for this stock was to be determined largely upon the words of one gentleman—unknown, who was to be chosen by judges—unknown, the country to pay for the stock it is obtaining an amount—unknown.

Mr. ROWELL: Will my hon. friend permit me a correction there? The Bill is framed upon that letter, which is the basis of the agreement. It did not require that all the terms should be embodied in the Bill. There never was any intention to depart from it, and the Bill is not a departure from it.

Mr. KING: I would say to the honourable the President of the Council, with all deference, that I think it should be stated in the Bill, and I hope the Government will see that the Bill is amended in a manner which will make it perfectly clear that that course is to be followed. I understand from what the Honourable the Minister of Railways said that that will be done.

But the situation, important to observe, is this. Here is stock, the value of which up to a couple of weeks ago could have been ascertained from a stock list. In view of the fact that the Government has brought forward this measure to guarantee interest payments on the stock that is to be given in exchange, all this other stock is going up, up and up. It is all important, therefore, it seems to me, to fix a definite date with reference to which the arbitrators are to base their estimate of the value of the stock. Is that the intention of the Government?

Mr. J. D. REID: The hon. gentleman has reference, of course, to the stocks that will be the subject of the arbitration?

Mr. KING: That is it.

Mr. J. D. REID: Certainly, a date will be fixed in the agreement. The hon. gentleman should of course know that.

Mr. KING: Will the Minister of Railways undertake to say that the date to be fixed will be a date prior to the time at which the Government's intention in this matter was made known to the public?

Mr. J. D. REID: It is not fair to ask a question of that kind. But I will say this to the hon. gentleman: When the date is

being fixed the Government will protect the interests of the people by setting a date of which no advantage can be taken.

Mr. KING: I appreciate what the hon. minister has said about fairness; it is the element of fairness that I am trying to consider. The public of this country as a party to this transaction, are entitled, it seems to me, to the greatest element of fair play. Now, a good deal turns, it seems to me, upon the date to be fixed, and in fairness to the public, I submit that the Government ought to assure Parliament immediately that the date with reference to which the valuation of these stocks will be considered will be a date prior to the time at which the intention of the Government in the matter of this transaction was made known to the public. Without that assurance the whole transaction becomes one which seems to have reference very largely to the stock market, rather than to the interests of the people. It is important in these transactions that the interests of the people in matters concerning payments out of the revenues of the country should be freed from the possible influences of stock transactions inimical to the national interest.

Now, Mr. Speaker, I have pointed out that this measure is not for the purchase of the Grand Trunk properties; it is not even a measure for government ownership. What is it then? It is nothing more than an agreement for the transfer of the management of the Grand Trunk Railway system to the gentlemen who, as my hon. friend from Pontiac (Mr. Cahill) described them, are managing the Canadian National Railroads at the present time, and who were controlling the Canadian Northern system before it was taken over by the Government. That is all that this measure is—plus this one other important feature. It is also a measure to enhance the value of the stock of the Grand Trunk Railway Company. That is all. Those are the only two things that are accomplished in this Bill. There was no need of an agreement between the Government and the Grand Trunk as to the acquirement of the stock; that is something the Government could have arranged with the stockholders if it had wished to do so. But when it comes to the question of relieving the Grand Trunk of its liabilities it was necessary to enter into an agreement, and that is the purpose of this whole measure. It is a Bill to foist on the people of Canada all the liabilities of the Grand Trunk Railway system and of the Grand Trunk Pacific, and to give in return for an exchange of management to the shareholders of the Grand Trunk Railway Company an enhanced value for their stock. I say to my hon. friends they have no right to proceed with a transaction of that kind at this stage of the session. I say we have a right to expect the Prime Minister here in his seat in discussing this question, and I ask my hon. friends opposite to defer the enactment of legislation such as this, which is going to bind the country for another generation, until the Prime Minister can be present in his seat in Parliament.

If the Government wish to make a working arrangement between the Canadian National Railways and the Grand Trunk Railway system, they have it in their power to effect it.

The ostensible purpose as put forward in the Bill is that a committee of management shall be formed as soon as the agreement is ratified to operate the Grand Trunk system in harmony with the Canadian National railways. A great deal is being said about the merits of bringing these two systems together. Well, every one will admit that it is desirable that these two systems should operate together; the one supplements the other. If they are not supplementing each other in such a manner as will best serve the interests of the country, this Parliament can find a method of bringing such a condition about. Parliament is all-powerful in effecting any arrangement which it thinks best in the interests of the people; and I say that in order to effect a working arrangement between these two great systems which will make the whole system, as it were, serve one big national interest, it is not necessary to go so far as this measure goes; it is not necessary to saddle this country with the liabilities of the Grand Trunk and the Grand Trunk Pacific and at the same time give additional value to the stock of the shareholders over across the seas.

There was one remark made the other evening by the ex-Minister of Agriculture, the hon. member for Marquette (Mr. Crerar), which I should like to read, because I think it is all-important that he and those who agree with him should understand just what this transaction amounts to. I quote from page 1211 of Hansard, which contains a report of the debate on October 20:

> An argument has been put forth by the directorate and management of the Grand Trunk that it should be relieved of any liability in connection with the Grand Trunk Pacific. In the face of all the circumstances I think it is impossible for this Parliament to concede that position for a moment—
>
> Mr. Rowell: Hear, hear.

Well, the whole purpose of this Bill is that the Grand Trunk shall be relieved of any liability in connection with the Grand Trunk Pacific; it simply turns over to this country all the liabilities of the Grand Trunk in regard to the Grand Trunk and the Grand Trunk Pacific. The member for Marquette could not have appreciated that fact when he made his speech. Like many others throughout the country and, apparently many in this House, he was under the impression that this measure was based upon a carrying out of the principle of government ownership; that it was being introduced with a view of freeing the country from certain liabilities pertaining to one of the biggest corporations. As a matter of fact, this measure does the very thing that I have described; it simply loads the country with these liabilities and gives in return to the Grand Trunk shareholders an increased value and guarantee dividends for their stock.

Now, Sir, I have nothing further to add except this—and I say it with realization of its full import. The Government are the trustees of the people of this country. They are the trustees of the public funds and the use that is made of them not only in the present; they are trustees also for the generations that are to come. This measure, it seems to me, loses regard of the full sense of obligation of trusteeship which the Government should have in respect of its duty to the people at this time. It loses regard of the obligations of the Government towards those who come after. By this Act the Government would make it impossible until the year 1950 for the people of Canada to get complete possession of the railway systems of this country if that should be their desire or to acquire ownership of the Grand Trunk properties then, except at a greatly increased cost. The Government have no right so to bind the people for the future.

The Government brought this session of Parliament about for a particular purpose; that purpose related to the Treaty of Peace. That purpose has been fulfilled, and it is not right that the Government should at this time introduce the measure which is now before the House. Moreover, the Government was elected, by means that were very questionable, for a purpose; and what was the purpose? The winning of the war. Does any hon. gentleman say that the war has not been won? Does any hon. gentleman say that the purpose for which the Government was elected has not been fulfilled? The purpose being fulfilled, then, by what right does the Government continue to hold office? They were not chosen by the people to put through a Bill of this kind on behalf of the shareholders of one of the biggest corporations in the world; they were chosen for an entirely different purpose. I say to hon. gentlemen that in accordance with right and proper constitutional procedure, the only course open to them is to drop this measure altogether, for the present at least; give the representatives in Parliament here assembled a chance to go back to their constituencies and confer with the people and get their views. Then this measure can be discussed when Parliament reassembles in February; the representatives of the people will be able to deal with the matter with due regard to the wishes of their constituents. In the meantime, opportunity will have been given to the people to understand the nature of this transaction. I say that Parliament has no right to usurp the rights of the people in regard to a great transaction of this kind and to decline to give the people an opportunity to inform their representatives in Parliament of their wishes in the matter.

What we need in Canada to-day is more control of Parliament by the people and of the executive by Parliament. This measure shows, as no other measure possibly could show, how far we have been getting away from constitutional government in Canada. The time has come to call a halt; the time has come when members of Parliament should have regard for the people's wishes and when the representatives of the people in Parliament should control the executive.

Mr. G. B. NICHOLSON (Algoma, East): May I at the outset be permitted to join with the member for Brantford (Mr. Cockshutt) in expressing my congratulations to the hon. member for Prince (Mr. King), who has just taken his seat in the House as leader of the Opposition? Perhaps I may be also permitted to say that I feel disposed to express my disappointment at the performance to which he has treated the House on this his first appearance since he was elected as member for Prince and leader of the Opposition. Some of us were looking forward with some degree of hope at least that upon entering the House the hon. gentleman would be able to clear up some of the mists which have apparently been hanging over the eyes and intellects of hon. members who sit around him in connection with the matter of the Grand Trunk purchase, or the taking over of the Grand Trunk system. But having listened to him intently; having taken notes of what he said and given attention to what he has

read; having examined the deductions that he made from the things which he read, I have reached the conclusion that the light which he has on the railway situation in Canada, particularly the light which he has had in regard to the proposal now before the House, is not very much brighter than the light which has been exhibited by the hon. gentleman who has been keeping his seat in this House warm for him during this session and the last.

The hon. gentleman has undertaken to show to this House—and without question with the intention of convincing the country, if he can—that the taking over of the Grand Trunk Railway system under the terms of the agreement outlined in the Bill now before the House will not constitute and will not consummate an act of public ownership. He bases his argument in support of that—and I must confess I was utterly amazed to hear him do it—on the fact that the Government undertakes to continue to pay or to be responsible for the interest on the bonded indebtedness of the Grand Trunk railway. Will the hon. gentleman who, I presume, knows something about financing large institutions in this country, undertake to say that because the Canadian Pacific Railway Company agrees to pay the interest on its bonded indebtedness to the people who have purchased and own those bonds, the Canadian Pacific Railway Company or the shareholders of that company, are not the owners of the system? Would those who cheered so lustily for the statement of the hon. gentleman when he said that this would defer for a period of at least thirty years the possibility of public ownership in this country say that, because a corporation pays interest on its bonds, it does not own the institution upon which those bonds have been issued? The proposition of the hon. gentleman is so obviously absurd that it seems to me unnecessary to take up even a moment of the time of the House in arguing against it. What this Bill purports to do and what the agreement authorized by this Bill brings into effect is nothing more or less than this: The Canadian people take possession of the Grand Trunk Railway of Canada, subject to its bonded indebtedness and in accordance with terms that will be determined by a board of arbitration that is set up by this Bill. Just as soon as that board of arbitration has given its award, ownership of the Grand Trunk railway, as ownership is understood by any man who understands anything about the matter, passes absolutely to the Canadian people. The illustration given by the hon. member for Brantford (Mr. Cockshutt), in asking the hon. gentleman a question, illustrates the point exactly. The fact that a man has a mortgage on his house, that he may have a certain liability resting on the property that he owns, does not interfere in the least degree with his ownership. It is the title that passes. It is the Canadian people who will own, control and operate the Grand Trunk Railway of Canada. They will do just exactly the same as any other owner; they will do just the same as if the Grand Trunk passed from the hands of one company to another; they will continue to carry the obligations that the Grand Trunk must always carry, and they will own the system. I almost came to the conclusion, as I heard the hon. gentleman leading up to his argument, that he was going to put forward as a basis for his conclusion, the theory that the only way by which the Canadian people could become owners of the Grand Trunk railway would be by utterly repudiating the bonded indebtedness. If that be the position he takes, why then, all right, we are on ground that we can discuss. If it be the feeling of the hon. gentleman that the Canadian people in taking over the Grand Trunk should repudiate the bonded indebtedness of that railway, that they should undertake to say to the bondholders of the Grand Trunk railway: We are not going to give you even the right to foreclosure under a mortgage, but we are going to cancel the indebtedness—if that be his position, there is at least some degree of reason in it. He can be placed in the same class as all those who believe in the confiscation of everything in the shape of real and physical property. If that be his position, the House and the country will clearly and definitely understand it. But if he proceeds to argue that when we purchase a property, when we agree to pay to the man who holds a mortgage on that property, the interest on his mortgage until such time as the mortgage is liquidated, as a result of that we do not get ownership, then he takes a position that cannot be justified and that he cannot defend before any man who understands anything about business transactions or the control of any institution of this description.

Let us see what will be assumed when we take over this railway. The Drayton-Acworth report, that we have heard a great deal about in this House and that every

member must agree went into the whole question of the physical condition and values of railways in Canada more thoroughly, I presume, than any other commission or body that has ever investigated railways in this country or possibly on this continent, says that the Grand Trunk railway cost—that is its value at the time the report was made—$127,000 per mile. The bonded indebtedness that the Government of Canada for the people of Canada assume under the agreement constitutes an obligation against the Grand Trunk railway of $49,000 per mile, and not one cent more. The Government says: We will pay the interest on the guaranteed stock and the bonded indebtedness, and we will leave to arbitration what, if anything, shall be paid in lieu of the first, second and third preference stock and the common stock of the Grand Trunk railway. In reality they practically wipe out one-half of the value of the Grand Trunk railway as set forth in the Drayton-Acworth report, leaving to arbitration what, if anything, shall be paid for a sum of about $60,000,000 worth of first, second and third preference stocks, and in doing that they base their position on the Drayton-Acworth report that in itself stated that in their judgment there should be paid for the first, second and third preference stock a sum substantially approximate to $3,600,000 per annum for seven years, with a substantial increase at the end of seven years.

I do not wish to detain the House at any length, and I am not standing here as one of those who are at all enthusiastic with regard to public ownership of railways. On many occasions in this House I have made my position with regard to that clear, but we are dealing, not with a theory, but with an actual condition. The leader of the Opposition—I will accept the suggestion thrown out by the hon. member for Prince (Mr. Mackenzie King), and I will refer to the hon. member for Cape Breton North and Victoria (Mr. McKenzie) as the leader of the Opposition—has moved an amendment to this Bill and has spoken on it at some length. The hon member for Shelburne and Queen's (Mr. Fielding), who sits alongside of him, spoke also on this Bill at length. Now we have had the hon. member for Prince (Mr. King) speaking this afternoon at length. Has any one of the three intimated to the House or the country any alternative to the proposal made by the Government? What is the alternative that these hon. gentlemen suggest? It is simply: Wait, drift, dilly-dally with this question that has been pressing this country for two and a half years. How has it been pressing? What is it that has brought the country into the condition in which it is? If my memory serves me correctly, the hon. gentleman was a member of the Government which brought about the condition that makes it absolutely necessary for the Government of Canada to take over this Grand Trunk railway. The hon. gentleman speaks of the people of Canada relieving the Grand Trunk of all its obligations in connection with the Grand Trunk Pacific. It has been a matter of amazement that any hon. member sitting on that side of the House who supported the Government which backed up the Transcontinental and the Grand Trunk Pacific should ever come to stand up and utter even the words "Grand Trunk Pacific" in this House.

It is the iniquity of the Grand Trunk Pacific and the Transcontinental that has placed Canada where she is to-day in regard to this railway situation, and which makes it absolutely necessary that we take over the Grand Trunk railway in order that by some means or other the people of Canada may be relieved of carrying a burden that can never be borne unless the National Railway system is rounded out. Will the hon. gentleman or any one else on the other side of the House tell us what he would do with the Grand Trunk Pacific and the Transcontinental without the Grand Trunk railway? Will they tell us?

The hon. gentleman speaks about traffic agreements and a gentleman's arrangement between railways, and all that sort of thing. Some of us know a little about the operation of railways, not very much, but we have given the matter some little thought, and I ask any practical railway man who has been close up to the management of a railway, what kind of a job could be made of operating the Grand Trunk Pacific and the Transcontinental under a traffic arrangement with the Grand Trunk. Where would we land? In just one of two positions: We would still further bankrupt the Grand Trunk Pacific and the Transcontinental, and they are bankrupt now, or we would bankrupt the other road. We would be operating them in the first place at a double overhead cost of management, equipment, terminals and all that kind of thing, and in the end we would be working simply on the basis of a gentleman's agreement. Take, for example, the history of the United States railways and you will find that these "gentleman's" agreements have not been very effectual in making it possible for United States railways to operate successfully. There is only

one way in which public ownership of railways in this or any other country can be made a success, and that is by rounding out the system as it should be rounded out, spending a sufficient amount of money to develop the system as it requires to be developed, and then operate it strictly under a business management, with a tariff for both freight and passenger traffic that will make it possible for the railways to operate without placing indirect taxation on the people of the country to support them.

Coming back to the question of what we are going to do with the roads that have been foisted on us by the Government of the hon. gentleman (Mr. Fielding) and those who supported him in this House, what are we going to do with the roads we now have if we do not take over the Grand Trunk? Will some hon. gentleman tell us how we are going to operate them? As a matter of fact, whether we take over the Grand Trunk or not, we are up against this in connection with the Transcontinental, that some one will have to operate it for the next twenty years at a loss, but that is not the case in connection with the Grand Trunk Pacific, so far as operating expenses are concerned because it is within the bounds of possibility that it can be operated so as to make both ends meet. It is true that if we are going to deal fairly with the Canadian people as a whole, we can never look forward, and I use the word "never" advisedly, to having the Grand Trunk Pacific or the National Transcontinental earn interest on the money that has been sunk in those two roads, because there has been no equivalent value produced for the expenditure of that sum. I think the hon. member for Pontiac (Mr. Cahill) said this afternoon that it would be a fair proposal to say to the Grand Trunk: We will give you the National Transcontinental on the basis of $60,000,000, the original estimated cost. As a matter of fact, the National Transcontinental has cost about $215,000,000, and the Grand Trunk Pacific $260,000,000 or $270,000,000. Where did the money go? Not into the construction of the railway—not for one moment. It would be utterly impossible to trace where the money did go to, but any one who has investigated the matter for a single moment knows that the money did not go into the railway. Consequently, it would be unfair to competing railways or the people of Canada to expect the road to earn interest on anything more than its actual value, which is about 35 or 40 per cent of what it is supposed to have cost.

Something has been said during this debate with regard to arbitration. The hon. member for Prince (Mr. King) was apprehensive that the country might get the worst of it in connection with the arbitration. Reference has also been made to the arbitration award in connection with the Canadian Northern. It is true that the arbitrators in that case found a value that the Drayton-Acworth Commission did not find. Whether they were justified in their finding or not, I am not going to argue. The position I have always taken is not to question the integrity of the judges on the bench of this country. I believe the arbitrators acted honestly. They may have been mistaken. Whether they were or not, I say that when the Canadian people got the Canadian Northern at the price they paid for it under that arbitration, even though they assumed all the obligations of the Canadian Northern, they got the best railway bargain that has ever been handed over the counter in this country. They got the cheapest railway that has ever been produced in this country, because the road was built by railway men and built honestly. The money all went into the railway, and not into the pockets of political friends of those who were behind the railway. Those are the facts.

There is one other point: What would happen if we did not take over the Grand Trunk railway? If the Grand Trunk Pacific, which the country has to take over because we have guaranteed the bonds to an amount greater than the value of the railway, and if the Transcontinental and the Canadian Northern are to be a successful system, one of two things is necessary. We must acquire eastern connections, either by purchase or by construction. Which are you going to do? It has been stated on the floor of this House that it would cost $100,000,000 to round out the Canadian Northern and the National Transcontinental in Eastern Canada. It will cost nearer to $200,000,000 to construct terminals and a gathering system in Eastern Canada that will make the operation of the National Transcontinental a success. When you have spent that $200,000,000, what have you got? You will have a reckless duplication of lines, which is what has bedevilled the whole railway business of this country. Would that be a wise policy to pursue, instead of acquiring lines that are already in existence? The hon. gentleman has referred to the necessity for economy. Would there be very much economy in the Canadian people undertaking to construct another set of terminals in the city of Toronto, for in-

stance, or in Ottawa, or in any of the towns throughout Ontario and Quebec, and duplicating lines already in existence throughout these provinces in order to make more difficult the profitable operation of the lines now there? Instead of doing that we should begin with eliminating some of the lines we now have, and one of the things that will be necessary before government ownership or any other kind of ownership can be a success is the elimination of certain of these non-productive competing lines that never were necessary and should never have been constructed.

In conclusion, if any hon. member in this House, or any business man outside of it, be he a railway man or not, will show me a way by which this railway burden that has been imposed on the people of Canada can be carried, other than by acquiring the Grand Trunk and rounding out the National Railway system and operating it as a public utility, I will be ready to hold up both hands for it.

If the hon. gentleman (Mr. King) can find any group of financiers in this country, either the Grand Trunk financiers or any others, who will take these burdens off our shoulders, co-ordinate the railways, and give to the people the service they should get from them, then I would be willing to write off all the money that his friends pocketed out of the construction of the Transcontinental and the Grand Trunk Pacific and turn the whole thing over to them for nothing. That is the position I would take, and it is a perfectly logical position. But faced as we are with this tremendous burden from which we cannot escape and which was imposed upon us against the will of the people and notwithstanding the protests of those who were best fitted to know what the railway situation was, what are we going to do to-day? I say to my hon. friends: Come forward with some alternative proposal that possesses intrinsic merit and show the Canadian people sane leadership in the endeavour to get out of the wilderness into which they were led by the hon. gentleman (Mr. King) and his friends in connection with this whole railway business.

At six o'clock the House took recess.

After Recess.

Mr. L. A. LAPOINTE (St. James): Mr. Speaker, in rising to speak on the question before the House I am not going to repeat the many good reasons given by the speakers on this side who have preceded me against the acquisition of the Grand Trunk at the present time and under the existing circumstances. I desire not so much to express my own views as to put on record the resolutions and protests of the Montreal Board of Trade, the Chambre de Commerce and the Canadian Manufacturers' Association against this transaction. My desire is mainly to place before the House and the country the views of these great commercial organizations, composed of eminent business men, with respect to this transaction. The announcement of the Government's policy with respect to the Grand Trunk came as a surprise not only to the city of Montreal, but to the whole country, because nobody expected the question would come up at the present session. As a result of the strong opposition to the Government taking over the Grand Trunk railway which is expressed by the business men of Montreal, the Board of Trade met on the 16th of October and passed a resolution demanding that the Government halt in its present proposal. That resolution was worded as follows:

> That this special general meeting of the Montreal Board of Trade, having in view the result of Government operation of railways both in Canada and the United States, and the heavy financial responsibility assumed by the Dominion Government in connection with the railways already taken over by it, which, added to a public debt, enormously increased by war expenditure, necessitates a heavy burden of taxation on the country, strongly protests against the proposed acquisition and operation by the Government of the Grand Trunk Railway system.
>
> Also resolved that a special delegation be appointed by the Board Council to present this resolution at Ottawa, and secure all information possible regarding the railway situation.

The above resolution was moved by Mr. George Sumner and seconded by Mr. Lansing Lewis, and fifteen minutes after its introduction was unanimously passed by the attendance of over two hundred business men at that meeting. That indicates that all these business men had a thorough grasp of the situation, appreciated the circumstances of the case, and understood what was involved in the Government's policy of acquiring and operating railways.

In moving the resolution, Mr. Sumner said:

> Why should this great question, involving all Canada be hurried through in the closing days of a session of Parliament?
>
> Is it politics and votes that are sought—or why are the Canadian people to be led blindfolded into the fatal policy of more government controlled railways? Has not Canada been bled for a generation by deficiencies of the I.C.R.?
>
> Have we not before us the huge deficiencies

in recent years through the management of railways by the Government of the United States and Great Britain?

The newspapers say the G.T.R. had an operating surplus of $1,543,000 for the past six months. Is there one man in this room who believes that the Government could have operated the G. T. R. for the past six months and shown a loss of less than $3,000,000?

Mr. BURNHAM: Does the hon. gentleman and his clients not believe in government control? If they do, is it not true that in case the railways which are controlled object to that control and wish to give up, the Government must be prepared to own the lines?

Mr. L. A. LAPOINTE: Really, Mr. Speaker, I will not undertake to answer a question that more nearly resembles a speech than anything else. My hon. friend entertains theories of his own and some of those theories excite surprise among his fellow-members. The hon. gentleman is welcome to his theories but at present I am not speaking about government ownership or nationalization. I am explaining why this transaction should not be carried through at the present time, and I am quoting the opinions of business men of Montreal in support of that view. To resume now with my quotation from Mr. Sumner's speech at the Board of Trade meeting:

Montreal is the great centre through which flows the produce of Canada, and if the Government would take their advice from men of experience in railways instead of looking to the West to catch votes, they would keep themselves out of trouble.

That is very plain. Mr. Sumner said further:

I am told that there are very great errors in the Drayton-Acworth report? Why are they not pointed out? For instance the statement that cost of equipment was added to capital, I am informed, is not true. Why are not the facts about what is written off and in development brought out?

Why the great hurry to acquire the Grand Trunk?

The Canadian Government has loaned money or financed the purchase of wheat and cheese for Great Britain, and also various products of Canada that are being shipped to Roumania.

Why not give a helping hand to the G.T.R. so that her pressing debts may be paid and her equipment improved? Then wait a few years until Canada gets over this horrible war's effects and until the whole country can think and work calmly.

The Government of former days subsidized the Grand Trunk Pacific. Then came a new Government that subsidized the Canadian Northern. Who is at fault for these two railroads being built from Edmonton to the Pacific?

In view of these facts, why should not the Government take over the Grand Trunk Pacific and pay its debts and relieve the G.T.R., and thus enable it to become a credit to Canada.

It appears to me that such help to the Grand Trunk would put them in a position where the railway could, under reasonable rates of freight and proper traffic arrangements with the Grand Trunk Pacific, relieve Canada of a calamity of further Government-run railway. At the same time, there would be fair prospects of paying dividends to the English owners.

Does the Government expect that taking possession of, or tying up the Grand Trunk, will help the Victory Loan? It is the common talk of the street—Not one dollar for the Victory Loan, if the Grand Trunk is taken over or throttled.

That question comes from a gentleman who is respected in Montreal and who is not a French Canadian, but a good English-speaking Canadian.

The reasonable plan is to form a working agreement for freight and passengers between the Grand Trunk in the East and the Canadian Northern and Grand Trunk Pacific in the West, and thus enable all these roads to earn dividends.

Characterising the Canadian National railways as a "wooden railway, run by wooden heads," Mr. Lansing Lewis, in seconding the resolution flayed those who sought to nationalize the Grand Trunk. While the motion, he said, did not contain "enough pep," he was willing to second it and support it.

Lansing Lewis, speaking on the resolution, said it seemed to him rather a ladylike one, and if he had had anything to do with it it would have been a little more definite.

This is a most vital question and one on which the board should express itself very distinctly. It is not fair and just that such a big question should come before the country, and that the Board of Trade should not be heard from. Is it not selfish to leave a poor old government to struggle with this question alone? Are they possessed of the business acumen which we naturally look for in a congregation of such men as I see here to-day?

Are we to leave all legislation to the west, where the Board of Trade is a very wise one? The boards of trades in various cities are often foolishly jealous of one another, but I know the Montreal Board of Trade does not want to boast as having the whole say in this matter and we passed a resolution in July last that was very good. He hoped they would not think him discourteous if he said that the question was such a big one that it required a meeting of the whole board to express its opinion rather than simply the council alone.

Continuing his remarks, Mr. Lewis asked what had been the result of the resolution. He did not think that any of them had seen any results except that the Government were going to do exactly the thing they did not want them to do. It was by their actions that they showed what was in them. They knew what happened to resolutions, stacks of resolutions were being proposed and carried every day, with an extra quantity on the first of January, but they must

show that they meant what they said in order that the resolution had any effect.

"When you want a thing done you must go to the Government and tell them what you want done and get some attention," declared Mr. Lewis, "That is the only way we can get attention. Do you realize the position of the Montreal Board of Trade? It is in the metropolis of Canada, the head of commerce, banking and everything else. We must enlist the interest of all the boards of trade throughout the Dominion on this Dominion question, for we want their assistance. A person by the name of Wilhelm Hohenzollern caused to be injected into the German people a very viscous bias, and we know the result. Another person in the province of Ontario seems to be playing much the same game, and entirely turning the heads of our people in Ontario, but that borders on politics.

"I have pored over the newspapers and have not heard a single man who pretends for a moment that our government or any government in any country can run a railroad.

"I don't want to allude to that ridiculous railway that is said to run between here and the lower provinces, the laughing stock of Canada."

Mr. Downey: "It is the wooden railroad. I christened it that years ago."

Mr. Lewis: "Yes, the wooden railroad run by wooden heads. Any government-run railway means increased taxation, but for some reason members of parliament who have taken the oath to serve the best interests of this country are preparing to vote for it and we are paying those gentlemen $2,500 each to put us in the hole."

I do not think that he alluded to members on this side of the House, because we are making a fight on that.

If you really mean what this resolution says so very daintily, I do ask you to express yourselves in such a way that the council will feel that it is necessary for them to take such steps as will induce the Government to realize that the Board of Trade of the metropolitan city of Canada looks on this project with the greatest horror as being one that is bound to bring disaster and which should be avoided in every possible way.

That represents my view exactly; I could not present it any better than it is given there.

Mr. A. A. Ayer was the next speaker. He said:

—that Montreal as an individual city through which poured the commerce of the country should have the biggest voice in determining whether or not it was best to take over the Grand Trunk railway.

And he went on to give good reasons why the resolution that had been presented should be adopted.

Mr. James Cleghorn, Vice-President of the Board of Trade, then made the following statement:

As a member of the council I would just like to say a few words in reply to Lansing Lewis. Mr. Lewis had a feeling that we should

[Mr. L. A. Lapointe.]

recommend that something be done. We sent a recommendation to the Prime Minister last July. At that time no person had any idea that this was to be sprung upon us and only one week ago the Prime Minister informed the House that the session would end in another week. Not even the members of the Opposition at Ottawa had enough information to discuss this important question. They are asking for a delay until next session in order that they may acquire the proper information so as to find out if the statements of this present Government are facts, and that the taking over of the railway is the only way out of the situation.

In looking at the papers we find that the Minister of Railways made a statement that if this deal goes through we will have 21,780 miles. The largest system of national ownership in the world. That is what astonishes us. We have heard about the Intercolonial. It is a crime the way that road has been operated and it fills us full of fear when we hear about this proposal.

It is useless therefore to expect your council to put a definite proposition before the Government. That would be impossible. We have not the proper figures upon which to work. We are told that we will not have to pay any money but the country nevertheless will be responsible for the deficits and the annual fixed charges if this deal goes through and we cannot tell what this is going to cost us. The council has been alive to this matter. Last week we sent a telegram to the Acting Prime Minister protesting against the scheme.

Among the other speakers were Messieurs William Galbraith, F. W. Covert, W. P. Downey, Huntley Drummond and John Baillie, President of the Board of Trade. I will not read the complete list of names, because there were over two hundred at that meeting.

On the 20th of this month this resolution was presented to a committee of the Cabinet by a delegation consisting of Messieurs John Baillie, Huntley Drummond, A. A. Ayer, W. R. Miller, Herbert Molson and George Sumner. The delegates were introduced by Senator Smeaton White to the committee of the Cabinet, which consisted of the following members of the Government: The Acting Prime Minister, Sir George Foster; Mr. Meighen, Mr. Rowell, Mr. Doherty, and Senator Robertson. With regard to what took place on that occasion, the Montreal Star says:

The hearing took place behind closed doors and the delegation, judging by their reticence, were evidently completely tied up as to what transpired.

The members of the delegation who afterwards were questioned as to their views of the situation declined to make any statement.

Sir George Foster said that the delegation presented two resolutions expressing the sentiment not only of the council but of the whole Board of Trade. Of course, we do not know what took place, but this despatch—whether the gentleman

who sent it to the Star was inspired I do not know—says this:

> There is no question that the Government has things pretty well lined up to secure the passage of the Bill. For months many powerful and influential interests have been insisting upon the acquisition of the road and the presence here of heads of the Canadian Northern and of a certain politician, who had much to do with the formation of the Union Government has afforded evidence of what was in the wind.

That is what I endeavoured to say the other day to the President of the Council (Mr. Rowell), namely, that something of that kind was said,—that there was a man behind who was holding the strings and influencing the Government in trying to push this deal through the House.

Mr. ROWELL: I will give my hon. friend the answer made in this House this afternoon by the Minister of Railways (Mr. J. D. Reid), namely, that the statement is absolutely false, manufactured out of whole cloth by the interests which are opposing the policy of the Government, a policy which is in the public interest.

Mr. L. A. LAPOINTE: Who has manufactured that anyway?

Mr. ROWELL: The supporters of my hon. friend on this motion.

Mr. L. A. LAPOINTE: Let the President of the Council (Mr. Rowell) remember that the Star is a friend of the Government, not mine, and I am to-day putting all these things before the House for a certain purpose. I want my hon. friends opposite to be sure that they will be sincere and not hypocritical at the proper time. The same despatch continues:

> Montreal's delegation to-day, though representing the greatest body of business men in the Dominion, thoroughly convinced of the peril of nationalization, was as the voice of those crying in the wilderness. They were received courteously but that is all that they got. However, the impelling force behind the deal and the Government, evidently, is an acquiescent party prepared to utilize its prestige and influence to see it through without regard to any disastrous consequences it may entail.

There is no way of getting out of this. That is to say, our hon. friends opposite will not take any reasons or arguments; they are ready and they have decided to pass this measure, and in proof of that I have only to quote these words of the acting Prime Minister (Sir George Foster) to the delegation:

> "The measure is before the House and will be pressed to a conclusion," said Sir George Foster, acting Prime Minister, to the delegation from the Montreal Board of Trade.

We are losing time in discussing this matter, but we will do our duty up to the last moment to show that we are sincere on this question. I have given the protest of the Board of Trade, but let hon. gentlemen remember that there is another Board of Trade, the Chambre de Commerce, as we call it, of the city of Montreal which represents the French business men of that city and which includes many English-speaking members as well. In the Gazette of this morning it is reported that they met and passed a resolution. The article in the Gazette reads:

> Opposition to the proposed purchase by the Government of the G.T.R. was voiced at a special general meeting of the Chambre de Commerce yesterday and a resolution of protest was adopted with one dissenting voice. The resolution, brought in by Mr. C. H. Catelli, chairman of the committee on transportation, which, at the last meeting, was instructed to study and report on the G.T.R. question, is as follows:

This is the resolution:

> Whereas the national debt of Canada has reached such a figure that the resulting taxation jeopardizes the chances of competing, in Canada as well as abroad, with foreign producers;
>
> Whereas the manner of acquisition of the Grand Trunk Railway system proposed by the Government is a most onerous method;
>
> Whereas the Government might, perhaps, without acquiring the railway, secure the right of way over the Grand Trunk lines which could insure to the Government transcontinental lines the necessary feeders;
>
> Whereas experience, in Canada and elsewhere, has demonstrated that a democratic state cannot operate a railway as economically as a private company;
>
> La Chambre de Commerce of the district of Montreal declares its opposition to the purchase of the Grand Trunk Railway system by the Government of Canada according to the resolution presently before Parliament;
>
> And expresses the opinion that later it will be found expedient to devise a method of transferring to a private company all the Government lines.

The report of this meeting in the Gazette is in part as follows:

> In moving the adoption of the resolution which he had submitted, Mr. Catelli stated that the committee in its study of the question had concluded that if the deal were proceeded with there were only two methods of taking over the system, sequestration and acquisition by arbitration. He ventured the opinion that sequestration was out of the question, as the road had been able to pay dividends. His opposition to the arbitration method was based on a quotation from the Hansard which tended to show that the awards of the arbitration board would be final and not subject to appeal.

Not even subject to a report to this House after the arbitration. That is to say, the representatives of the people will have

nothing to say as to the decision given by these gentlemen from Toronto—because I expect that three Toronto men will be the experts on this question; there is no doubt about that, because I may say, en passant, that when somebody who wants to have his property expropriated has already one man on the arbitration board, it is very easy to get a second. The article continues:

Mr. Catelli submitted that this procedure would be unbusinesslike, particularly as practically no information as to the reasons for the proposed acquisition had been laid before the people by the Government.

Mr. J. N. Cabana, in seconding the resolution, declared that the question was one of the most serious which had ever come before the country. He briefly outlined the history of the G.T.R., and attributed its failure to achieve more favourable results to the fact that the directors of the road were all in England and thus had at best only a detached interest in this country. He alluded to the deficit of the Canadian Northern under Government administration and called upon his hearers to imagine what the deficit would amount to if all these roads were taken over. Mr. Cabana suggested that all three transcontinental roads should be placed under common control of a private company. He thought that a more practical plan than that of Government acquisition was needed.

Another big manufacturer in the city of Montreal, Mr. Alfred Lambert

—thought it extraordinary in a democratic country such as Canada that such a situation should arise as the Government attempting to put through such a deal without furnishing the people with the most minute details as to reasons for, and people behind, such proposal. He said that the spread of Bolshevistic tendencies in this country was greatly deplored, especially by the Government, but declared that the Government, in pursuing such a policy as that which it had adopted with regard to the G.T.R. deal, was going farther than any other agency in propagating Bolshevism. He even intimated that the people, if this course of procedure were persisted in, might take over the reins of government themselves. While not opposing the principle of nationalization, he thought that a full light should be thrown upon the matter.

There was only one dissenting voice, and that was as to the manner of taking over the shares. A copy of this resolution has been sent to every hon. member of this House, so no doubt the Government have received copies.

The Canadian Manufacturers' Association are also opposed to the Government's proposals. So unanimous in their opposition to the Grand Trunk railway deal, proposed by the Federal Government, that they decided that discussion was unnecessary, and believing that the reasons for their opposition were so obvious, the Quebec Division of the Canadian Manufacturers' Association passed a resolution against the scheme at their first annual meeting last night, to the accompaniment of a determined and solid vote and hearty applause. The resolution reads:

"In view of the grave financial responsibilities already assumed by the Government of Canada, through the acquisition and operation of railroads, which responsibilities add to a public debt enormously increased by war expenditures, and which will necessitate a heavy burden of taxation on the country.

"And in view of the actual results of such government operation of railroads both in Canada and in the United States.

"Be it recorded that the general meeting of the members of the province of Quebec division of the Canadian Manufacturers' Association held in Montreal on October 16, places itself on record with the Dominion Government, as unalterably opposed to the contemplated acquisition and operation by the Dominion Government of the Grand Trunk railway."

The motion was introduced by F. W. Stewart, the vice-chairman of the division. Mr. Stewart said that at a meeting of this kind the question of the Grand Trunk purchase should be taken up as one of the most important issues facing the country to-day.

Without further comment he read the motion as given above, and it was greeted with applause on all sides. He then called for a seconder and Lieut.-Col. W. J. Sadler responded, but without making any comment upon the proposed resolution. The chairman called for expressions of opinion but there were none offered. He then put the motion and called for a show of hands in favour. A veritable forest of hands sprang up, and when an opposition vote was called there was none. The resolution was declared carried unanimously. The president instructed the secretary to wire the resolution at once to the acting Premier and the Minister of Railways.

No doubt the Government have received that protest also.

I also wish to read a few extracts from editorials in the Montreal Star, which will no doubt appeal to hon. gentlemen opposite. The editor of the Star is addressing them, not us, because he thinks the members of the Opposition are doing their duty to the country in this matter. He talks very straight:

But the deal itself, above and apart from all its possible graft,—

Did hon. gentlemen opposite hear that? Is there any possibility of graft in this transaction? The editor of the Star, at all events has his suspicions:

But the deal itself, above and apart from all its possible graft, is pregnant with disaster. Not only does it add hundreds of millions to the debt, not only does it commit the country to annual millions which will never be earned, to necessary capital expenditures for maintenance running into scores of millions, and to tangled Grand Trunk legal liabilities in the United States amounting to scores of millions more, but as at present before the House it commits the country definitely to the greatest

and most dangerous experiment in public ownership the world has ever seen.

In another Star editorial I find this:

If the country is let in for this deal, hastily and without a prepared avenue of alternative when the inevitable disaster impends, we shall be led near to national ruin, if not over the brink. This population cannot bear the burden of debt and deficits, the burden of waste and graft,—

Again the word "graft" is mentioned:

—the burden of political domination by the huge machine which the administration of a great transcontinental traffic system by politicians will thrust upon us.

The Minister of Railways has undoubtedly read these words with care, and, astute as he is, he must read between the lines. The article goes on to say:

But so rigid are party bonds, even under the coalition, that there are apparently none in Ottawa to make a fight for the public welfare in so desperate a difficulty except for party reasons. But whatever the underlying motive, there is sound common sense back of the Opposition demand for slow progress and careful consideration of every step in this portentous project.

Not later than yesterday the Star said:

Democratic principles are completely disregarded in the present proposal that Parliament shall accept in a few days a highly complicated proposition prepared in secret conferences extending over many months. It comes out of a survival from the times of war exigency of that dominance of the executive, properly exercised when the Hun thundered at the gate, but to-day both unwise and undemocratic, a shocking reversal of British practice and an abominable denial of primary public rights. To all intents and purposes, there is to be staged at Ottawa a spectacle of taxation without representation, for a blindfolded chamber could not pretend to translate into effective influence the feeling of the people in regard to this scheme. A bold injection of the element of hurry places both the House of Commons and the people in the hands of the schemers.

Schemers, Sir! I do not know that such a word would be countenanced were it not for the fact that I am quoting an article. The rules of the House, however, protect me and if the cap fits any hon. member on the other side he can wear it.

—a situation entirely to the liking of docile parliamentary pawns,—

Observe, Mr. Speaker, some hon. gentlemen on the other side are described as "docile parliamentary pawns." These are not my words; I am quoting them.

—fraught with the gravest dangers to the country, as all men of independent mind are aware.

I read in the Citizen of this morning the following:

Deficit reported on Canadian Northern railway operation. Total $17,011,875 up till Dec. 31 last under government ownership.

The President of the Privy Council (Mr. Rowell) said that this question had not been anticipated at the time it was stated that prorogation would shortly take place. He said that the agreement had been suddenly submitted to the Government. The agreement was dated October 9, but the correspondence began in March, and the advice to the Grand Trunk concerning the receiver was contained in a communication dated March 7, 1919. Now, the question we cannot refrain from asking ourselves is, what transpired between that time in March and the middle of October? The letter of the 24th March, which it is said was "handed to Sir Thomas White by Mr. H. G. Kelley," conveyed the intelligence that the negotiations were completed. What happened since then? At page 1021 of Hansard on October 10 the Minister of the Interior says:

I need not read the cables themselves for the reason that if my memory is correct they have already been produced and are embalmed in Hansard; but further for the reason that they are embodied in the letter dated 11th July, 1918, addressed by myself to Sir Alfred Smithers, President of the Grand Trunk Railway Company. This letter was written after thorough consideration and review on the part of the ministers then overseas, and after full conference with members of the Government at home. That the record may be properly based, I shall read that letter which is as follows:

That letter is dated July 11, 1918, and refers in part to the conferences that had been held, but I want to know what led to that letter of the 9th of March, and by what process Mr. Smithers had come to the conclusion to submit this proposition to the Government with a view to arbitration, when there had been no previous hint of any kind. Until I am convinced to the contrary, I shall believe that the decision to hand the matter over to the Government was arrived at long ago and that the Government was just waiting until the last moment to spring it upon the House.

The Prime Minister has stayed away and has not compromised himself; and Sir Thomas White, who is responsible for a great deal of this trouble, is no longer Finance Minister. His successor has not had very much experience in Parliament as yet, and I do not think he will be able to offer a strong defence of this bargain. If I understand correctly the vote is to be taken to-night and that hon. gentleman has not yet spoken on the question although he should be here to defend this bargain

in view of the great financial problems that are connected with it.

There is another feature involved in the acquisition of the Grand Trunk railway by the Government and that is how the taxes now collected by different municipalities on the railway property will be made up after that property passes under government control and becomes exempt from taxation. In the city of Montreal that taxation amounts to $350,000 annually. So that city is confronted with a loss of that big amount, and Toronto and other municipalities will be in a similar position. In my opinion the Government should embody such amendments in the Bill as will protect the interests of the municipalities concerned.

My conclusions on this question are these: The purchase of the Grand Trunk railway will immediately burden Canada with an obligation of nearly half a billion dollars and in interest and loss of taxes of from $25,000,000 to $30,000,000 yearly.

That is to say that the Dominion debt, which is already $1,750,000,000 and rapidly reaching $2,000,000,000, will be increased by at least two or three billions, without taking into account the enormous increase of obligations for pensions, allowances, etc., and the necessary public works.

This railway legislation which is contemplated was rightly styled by an important Canadian newspaper as an imminent calamity, and nevertheless in the presence of these facts and other criticisms equally disinterested, and of the horrible examples very recent of the operations of the United States Government and in Great Britain, we are at present officially informed of the approaching accomplishment of a vast plan of nationalization the financial results of which should cause the greatest uneasiness to all the business men and to all the labour classes of Canada.

With a national debt of approximately nearly two billions, in comparison with that of $400,000,000 before the war, and facing numerous other problems which our economical and social status is facing, we seriously propose, completely ignoring, or nearly, the will of the people, to increase the enormous present debt to the fabulous sum of two billions and a half.

And who is to profit by this stupendous absorption? The English shareholders who alone will benefit by this transaction, for we will relieve them of the burden of several million dollars of shares invested in that country (of which the stock does not carry at present any more obligations on the part of the Dominion). And, in exchange, we shall give the promise of payment by Canada in the shape of bonds resting on the entire assets of Canada as security.

In pursuance of the proposed plan of nationalization, the shareholders of the Grand Trunk shall receive the interest on their debentures, whether it is earned or not. If it is earned so much the better, if not taxes will be needed to pay the note. To-day the shareholders of the Grand Trunk only receive dividends when they have been earned. It is no wonder that they are in favour of the proposed nationalization.

It is unnecessary to discuss the anticipated deficits of the Government, which are unceasingly increasing. The United States, England and Canada have gone into railway operations and we find that their real losses figure up to billions of dollars, in operation and interest. Although the Canadians need no more information with regard to the well known inaptness of the Government when it takes up the administration of railways, it seems opportune to reproduce a paragraph of "The Canadian Railway Problem," by Mr. W. F. Tye, C.E., published in 1917:

> Including the operating expenses and fixed charges, it costs the C.P.R. about $70 to do $100 worth of business. Including the operating expenses and interest on costs (that is to say fixed charges) it costs the Intercolonial and other railways of the Canadian Government $200 to $220 to transact business of $100.

Fortunately, and this is the point Ottawa is called upon to decide, there are in Canada a large number of opponents who do not pronounce themselves, but who are nevertheless sincere opponents to the subsequent experimentation in the national operation of railways. In opposition with this important group of taxpayers there is a small number of theorists who have discarded discretion and their great experience, being confident that Canada in all adverse condition is strong enough to go through, even with a burden which will soon reach a debt of $2,500,000,000.

I pretend that the Grand Trunk is bought to prevent it being put in the hands of a receiver, but notwithstanding the difficulties of the Grand Trunk Pacific, the opinion prevails in the financial circles that if the Grand Trunk was administered in Canada and not in London the company could have at its disposal a sufficient financial aid on this continent to take charge, not only of its obligations, but also of those of the Grand Trunk Pacific and also to permit of a larger extension of its system.

In view of the very urgent need of the greatest reserve in national expenses, I am opposed to the present proposition and deal.

Mr. J. D. REID (Minister of Railways): Mr. Speaker, the hon. member for St. James (Mr. Lapointe) will pardon me if I do not answer the remarks that he has just made. I rise particularly this evening to reply to a few of the statements made by the leader of the Opposition (Mr. King) and the hon. member for Cape Breton (Mr. McKenzie). I wish to congratulate the hon. member for Prince (Mr. King) on his appointment to the leadership of His Majesty's loyal Opposition in this House. It is an honourable position, and I only hope and trust he may occupy it for very very many years.

I am very glad indeed that he has been elected in time to take his seat during the present session. We have before us one of the most important questions that has ever been presented to this Parliament, and it is well to have on it not only the position taken by the hon. member who was leading the Opposition until to-day, but also the pronouncement of the leader of the Liberal party selected by that party as a whole. I must say that when I listened to him this afternoon I was very much surprised. I did believe that during his speech he would make some suggestions as to what he and his party thought the Government should do in the present condition of affairs. What a spectacle we have presented to us this evening: We have the hon. member for St. James (Mr. Lapointe) reading resolution after resolution,—all going to show that this Government was embarking on public ownership, and protesting in every way against the Government taking that course. So far as the hon. member for St. James and many of his associates who have spoken are concerned, they have all taken the position that if this transaction goes through the Government are adopting a policy of public ownership, and against that they are protesting. In contrast to that we have the leader of the Opposition taking his seat to-day and devoting three-quarters of his time trying to prove that if this transaction goes through the Government will not be owners of the Grand Trunk railway, and that we on this side of the House are trying to lead the people to believe that this means public ownership when in reality it does not mean anything of the kind. What are we to understand from these diametrically opposite expressions of opinion? Does the leader of the Opposition (Mr. King) wish us to understand that his followers were not right, and that he is opposed to all of them? For that is really what it means. If I understood him, he was trying to prove that although we were becoming sole owners of the stock, yet that did not constitute public ownership and the Government did not own the road, notwithstanding that the stock gives us absolute control of the sale or disposition of any part of the road in every way, shape and form and absolute control over its operation.

Mr. KING: I do not wish to interrupt the minister, but I desire to clear up one remark he made to the effect that the Government is getting the stock. Does the Government get the 4 per cent stock?

Mr. J. D. REID: Let me tell my hon. friend what we get. In the first place, the original debenture stock is simply a mortgage; there is not any question about that. The hon. gentleman knows that, for it was stated in this House, that what we will get is the script of the first, second and third preference stock and the common stock, which will be all handed over and deposited in the vaults of the Dominion Government in Ottawa. Now as to the guaranteed stock—and I can anticipate what the hon. member was going to ask me. That guaranteed stock has a voting power the same as any other stock, but that voting power is taken away and it is simply treated as the original debenture stock—we pay the interest on it in perpetuity, but we have the right at the end of thirty years, if the Government of this country feel that that stock is more valuable, to take it over and pay for it. Therefore, in the meantime that stock is deprived of its voting privileges and simply becomes a bond issue.

Mr. KING: I am sorry to interrupt the minister, but I would like to have this point clearly understood. His remarks, as I gather, now imply that what the Government gets in this 4 per cent guaranteed stock is the right to purchase it thirty years from now?

Mr. J. D. REID: Yes.

Mr. KING: That is true. But the Government does not get the stock at the present time?

Mr. J. D. REID: We do not have the script transferred to us.

Mr. KING: No, certainly not.

Mr. J. D. REID: And I can tell the hon. gentleman in a minute why we do not want to buy it now.

Mr. KING: What becomes of government ownership then?

Mr. J. D. REID: I will tell the hon. gentleman why. It is simply because that stock, for which one hundred cents on the dollar was paid by those who hold it, earns 4 per cent, and if we bought it we would have to pay 5½ or 6 per cent.

Mr. KING: I do not wish to make too many interruptions, but I think it will help us to understand exactly what the Government is getting.

Mr. J. D. REID: Anything I can do to convert the hon. gentleman I shall be quite happy to attempt.

Mr. KING: Then we will take the other stocks to which the minister has referred, the first 5 per cent preference stock, the second 5 per cent preference stock, the 4 per cent third preference stock and the common stock, amounting relatively to £3,000,000, £2,000,000, £7,000,000, and £23,000,000 and over. As I understand the minister he says that the Government gets that stock and puts it into its vaults?

Mr. J. D. REID: Yes.

Mr. KING: And when the Government gets that stock and puts it into its vaults it gives to the holders of that stock an equivalent value in Government guaranteed stocks bearing interest at four per cent which the Government cannot for a period of thirty years purchase from them.

Mr. J. D. REID: The hon. member is absolutely wrong; he knows he is wrong when he makes that statement, and I will tell him why. With regard to the first preference stock, $16,643,999.78; the second preference, $12,312,666.50; the third preference, $34,884,534.95 and the common stock, $116,583,124.44—I repeat that script for that stock will be transferred and placed in the vaults of the Dominion Government. But the hon. member suggests that the Government will then issue equivalent stock and pay interest on it at the rate of four per cent. He must know that that is not correct. These four stocks are submitted to the arbitrators for valuation. The hon. member tries to make the people of Canada believe that we are taking over that common stock, for instance, amounting to $116,583,124.44, and issuing equivalent script and handing over four per cent interest on it in perpetuity to the shareholders of this company.

Some hon. MEMBERS: No.

Mr. KING: Let me make myself perfectly clear. What I say is this: The Government proposes that its arbitrators shall say what the value of that stock is. Then the Government proposes to give to the holders of that stock a Government stock carrying a guarantee of four per cent and to place it beyond the power of the holders of that stock to have the stock purchased by the Government within thirty years. When the minister says that the Government is getting a certain value in stocks which it is putting into its vaults, that statement is misleading inasmuch as the Government gives back what the arbitrators say is the equivalent value of that stock.

Mr. J. D. REID: I wish to make it plain, I do not want there to be any misunderstanding as between the leader of the Opposition and myself. The arbitrators will place a value—"if any," mind you—upon the stocks that I have just mentioned, and then the Government will issue stock for the amount at which the arbitrators value this stock, and on that stock the Government will pay four per cent. Now that is entirely different from what the leader of the Opposition said.

Mr. KING: That is all that I have said.

Mr. J. D. REID: Perhaps that is what the hon. gentleman meant, but he expressed it in such a way that any member of the House or any private citizen who reads his statement might think that the Government were handing all that equivalent stock over and paying four per cent interest on it, and if I had not answered my hon. friend the people would have believed that was the case. The member for North Cape Breton and Victoria (Mr. McKenzie), when he was speaking the other day, said that if we took over this railway system the Government would be pledged to pay in perpetuity a sum by way of annual interest on the total liabilities of the Grand Trunk, which would include all those stocks. Had the Minister of the Interior not replied to this statement, it would have gone out to the country as correct. Now, that is the answer with reference to the stock.

Mr. KING: May I see whether we are absolutely agreed on this main point? As I understand the minister now, these stocks that have been referred to are to be valued by arbitrators.

Mr. J. D. REID: Yes.

Mr. KING: They are the stocks that the Government is going to put into the vaults. That is what the Government is getting; that is all that the Government is getting.

Mr. J. D. REID: What else do they want?

Mr. KING: Then suppose the arbitrators say that the value of these stocks is nothing, the Government gets nothing.

Mr. J. D. REID: They get the stocks.

Mr. KING: Just so; they get nothing. If the arbitrators give the stocks a value of a million dollars or ten million dollars, then the Government hands over to the owners of that stock a Government-secured stock, guaranteed at four per cent rate of interest; so that the Government gets nothing at all.

Mr. J. D. REID: That is simply absurd. The hon. member states that if the arbitrators decide that the four stocks I have mentioned are worth nothing, we shall get nothing. Well, I will tell you what we do get in that case. In the first place, we get absolute control and ownership of the Grand Trunk Railway system without paying anything for the stock. That is one thing we get.

Mr. KING: Where is the ownership in that?

Mr. J. D. REID: Well, wait until I finish telling you what we get. The Drayton-Acworth report showed that during the ten years prior to the war the average annual interest earned and paid on the stocks that we are now arbitrating was $1,100,000, or $11,000,000 in ten years.

Mr. JACOBS: What was the dividend percentage?

Mr. J. D. REID: It is mentioned in the Drayton-Acworth report; the hon. member can find it there for himself. Now, the Government was willing, the people of the country were willing, to continue paying that $1,100,000; so that if the arbitrators say that this stock is worth nothing we not only get ownership, control and operation of the road and get the stock for nothing, but we save $1,100,000 per annum more than is involved in what we are now proposing.

Mr. KING: May I put this question? I am quite prepared to admit—

Some hon. MEMBERS: Order.

Mr. DEPUTY SPEAKER: The hon. member (Mr. King) will have to limit himself to a question, and it can only be asked if the hon. minister consents.

Mr. J. D. REID: I am willing to allow the hon. member to put a question.

Mr. KING: I think it is important to make clear the distinction between control and ownership. The minister speaks about the Government owning the Grand Trunk Railway system. In that event will the minister tell the House what is the meaning of this clause in the Bill:

> The present guaranteed stock and the new guaranteed stock—

That includes all the capital stock and debenture stock.

> —or any part thereof, may be called in or redeemed by the Government, at par, at any time after thirty years from the date of the appointment of the said Committee of Management, on six months' notice, by advertisement, to the holders thereof.

Where is the "ownership" of property which cannot be acquired for another period of thirty years?

Mr. J. D. REID: I must frankly admit that it is pretty hard for me to convince the hon. member on any of these matters, but perhaps I might try to do so. The hon. member's question is: Where is the ownership, because the guaranteed stock is held practically as a debenture stock, whoever it may be held by, also where is the ownership, because the stock that we issue is in the hands of the public? I will try to explain to him where the ownership is. The guaranteed stock, whoever it may be held by, and the new stock that may be issued, will simply be held as security on which they will get interest without their having any say as to operation or sale, without being able to interfere in any way with the operations of the Grand Trunk and with knowledge of the fact that the Dominion Government have the right under this Bill to sell or otherwise dispose of any portion of the road. We have the stock transferred to us; we own the first, second and third preference stock and the common stock; and instead of borrowing money at 5½ or 6 per cent in order to pay the award, we are simply giving them as collateral security for the first, second and third preference and the common stock, an issue of non-voting stock. That is as well as I can explain the matter to the hon. member, and I think that will satisfy the public as regards public ownership. The hon. member, if I understood him aright, argues that because we own only the stock, we really do not own the railway and can do nothing with it. We

now own all of the stock of the Canadian Northern railway. Might I ask the hon. member if he now considers that the Government are really the owners of the Canadian Northern system?

Mr. JACOBS: Unfortunately, yes.

Mr. MACKENZIE KING: Does the Government pay dividends to the stockholders?

Mr. J. D. REID: That is not the question.

Mr. MACKENZIE KING. That is what they are doing by this measure. That is quite different from this.

Mr. J. D. REID: I want to ask the hon. member again this: The Dominion Government own the stock of the Canadian Northern Railway Company with bonds against it just the same as in the case of the Grand Trunk. Will he say now that we do not own the Canadian Northern railway? He cannot say that; he knows he cannot say it. The hon. member this afternoon argued, if I understood him aright,—and he is doing so now—that in taking over this stock, we are not really getting government ownership. During the course of his remarks this afternoon, I must frankly say that I was waiting very anxiously to see whether he was in favour of public ownership or private ownership, but he did not commit himself. I should like to ask him now. Are you in favour of public ownership?

Mr. MACKENZIE KING: If the minister is unable to frame a policy, I am quite prepared to take the responsibility of framing one when the time comes.

Mr. J. D. REID: I should like to ask the hon. member another question.

Mr. DEPUTY SPEAKER: The hon. minister is certainly not in order in putting questions to an hon. member who has already spoken and who has exhausted his right to speak.

Mr. J. D. REID: Have I the privilege of asking him whether he would consent to a question or not?

Mr. DEPUTY SPEAKER: It could possibly be done with the unanimous consent of the House, not otherwise. A similar ruling was given last night by Mr. Speaker, and I must respect that ruling.

Mr. J. D. REID: I bow to your ruling, Sir. The only point I wish to make is this, namely, that we now have in this House a leader of the Opposition who, in my opinion, is afraid to stand up and say whether he is or is not in favour of public ownership. As regards the present transaction, every hon. member opposite, with the exception of the leader of the Opposition, has endeavoured to impress upon the people that this side of the House in adopting the policy of taking over this road is entirely committed to public ownership. He is the only one of the whole party who is endeavouring to persuade the people now that the other members on the opposite side are all wrong; that it is not public ownership at all; that we really do not own the railway. Is it not a nice spectacle to see the leader of the Opposition in his first remarks in this House as leader take a position of that kind?

It is not a question whether the members of this House are in favour of public ownership or not; it is a question whether the Government are going to take over this road or let one of two or three things happen. I only wish that you, Sir, had not ruled that I could not ask the hon. member one or two more questions, because I would like to know which one of these two or three alternatives he would be willing to adopt. In the first place we are face to face with this proposition, and it is all on account of the policy of hon. members on the Opposition side when they were in power, and the leader of the Opposition (Mr. King) who was at that time a member of this House, is also responsible for the railway tangle in which we find ourselves at the present time. I will tell the hon. member why we must decide to-day whether the Government will take over this railway, not because of public ownership but in the interest of the people of this country, or, whether we will let the Grand Trunk go in another way that would prove disastrous to the Canadian people. I will tell him why we are in this trouble. The Grand Trunk railway, the Canadian Pacific railway and the Canadian Northern railway were all at one time doing well and prospering, with great futures in this country. What happened? In 1903, the Grand Trunk wanted to get into the Great West, just to get a connecting line into Saskatchewan and Alberta. I was here at the time and I know what I am speaking about. I saw Mr. Charles M. Hays, and he declared he did not want to go further than Saskatchewan and Alberta, but the Government of that day—and the hon. member who is now leader of the Opposition was one of those responsible in the matter—insisted that the road must be built from Moncton to Winnipeg and from Edmonton to the Pacific.

The company agreed to do that and the Government of that day told Charles M. Hays, and led the people of this Dominion to believe that it would not cost this country more than, I think, some $13,000,000.

Mr. TOBIN: Mr. Speaker—

Mr. J. D. REID: I will not allow any more interruptions. Mr. Speaker, I want, with all respect to the hon. member to say this. I am prepared now to let him or any other hon. member on the other side of the House ask me a question if the leader of the Opposition will let me ask him one. The leader of the Opposition (Mr. King) sits quiet and makes no reply to my question.

Mr. TOBIN: He said—

Mr. DEPUTY SPEAKER: Order.

Mr. TOBIN: I just want to put the minister right.

Mr. DEPUTY SPEAKER: The hon. member has no right to interrupt the minister, who has the floor, without his consent.

Mr. J. D. REID: Now let me tell the members of this House and the public just what the leader of the Opposition did to get us in the railway muddle we are in at the present time.

Mr. TOBIN: He was not in the House then.

Mr. J. D. REID: He was a minister in the Laurier cabinet, and advocated his leader's policy consistently. Hon. gentlemen opposite were responsible for the building of the Transcontinental, and they told the Grand Trunk company and the people of this country that it would cost only some $13,000,000, but when they got through and were ready to hand it over to the Grand Trunk they found it had cost over $200,000,000, on which the Grand Trunk by the terms of the agreement had to pay interest in perpetuity after seven years. Was not that enough to make the Grand Trunk or any other railway company throw up its hands? The construction of the Grand Trunk Pacific was carried on simultaneously. The Grand Trunk guaranteed the bonds of the Grand Trunk Pacific believing that the late Sir Wilfrid Laurier and his government would carry out their policy. But when the Grand Trunk Pacific was completed and the Transcontinental was ready to be handed over, the Grand Trunk were faced with the liability, if they took over the road, of interest after seven years upon $200,000,000 to $217,000,000, instead of upon $13,000,000. It was impossible for the Grand Trunk to operate successfully with a liability of that amount. The Grand Trunk was faced with a liability of $8,000,000 or $10,000,000 per annum if they operated the Transcontinental railway, and it was absolutely impossible for them to succeed on those terms. They had also guaranteed the Grand Trunk Pacific securities to an enormous amount, and they had pledged that they would pay no dividends on the old Grand Trunk stock if the Grand Trunk Pacific did not earn the guarantees the Grand Trunk had given. They are therefore in the position to-day that they cannot pay their shareholders any dividends, if earned, until the Grand Trunk's guarantees in respect of the Grand Trunk Pacific are met, and the Grand Trunk is also liable for the deficits on the Grand Trunk Pacific. How under Heaven could the Grand Trunk live with liabilities of that amount? Yet to-day the leader of the Opposition, if I interpreted his remarks correctly, and those behind him, advocated that we keep the Grand Trunk Pacific, the Canadian Northern and the Intercolonial, and release the Grand Trunk from all of its liabilities and let it continue to operate or be taken over by the Canadian Pacific. That is such an absurd proposal that no government could accept it and remain in power.

Faced with this position, what could the Government do? It is not a question whether we want public ownership or not. We have the Canadian Northern, with its lines in Western Canada superior to the Canadian Pacific and the Grand Trunk Pacific put together. The Canadian Northern lines in that territory cannot help but pay. The Government of the late Sir Wilfrid Laurier allowed the Canadian Northern to extend its line from Port Arthur east, and this put the road practically in the same position as the old Grand Trunk, the western lines becoming liable for the amount guaranteed in respect of the extension to the east. Unless the Canadian Northern can get feeders in Eastern Canada it is in a hopeless position. The Grand Trunk Pacific from Winnipeg to Port Arthur is in a similar situation. It has no lines in Eastern Canada gathering up traffic to be taken West. Then in Eastern Canada we have the Grand Trunk system with no connections in the West, but with better facilities for gathering freight in Ontario and Quebec than the Canadian Pacific, or the Canadian Pacific and the Canadian Northern combined. Would it have been fair to the people of Canada, who have put so much money into the Canadian Northern

and the Grand Trunk Pacific initiated by the Government of the late Sir Wilfrid Laurier, for this Government to say: We will not force the Grand Trunk—I use the word "force"—to join up with the other roads and complete the national system? Whether the road is operated by the people of Canada or by a private corporation it will be in just the same position to compete for traffic with its rival, the Canadian Pacific. Yet the leader of the Opposition this afternoon tried, for a political purpose, if I may be pardoned for saying so, to make a certain portion of the public believe that we are taking over the road simply because we believe in public ownership. He knows that is not the case. He knows we have no alternative to taking over the Grand Trunk if we want to save that road, as well as the Grand Trunk Pacific and the Canadian Northern, and in years to come give the people of this country the cheapest freight and passenger rates it is possible for any railway to give.

The leader of the Opposition also stated that this was neither public ownership nor private ownership, but was simply transferring the road to the present management of the Canadian Northern system. Perhaps he did not say so in so many words, but I got the impression that he was trying to lead the public to believe that we were handing the road over to Mackenzie and Mann.

Some hon. MEMBERS: Hear, hear.

Mr. J. D. REID: My hon. friends say "hear, hear," which shows that I am interpreting the hon. gentlemen's remarks correctly. Now let me say to the leader of the Opposition, what I said this afternoon, that neither directly nor indirectly in any shape or form have Mackenzie and Mann been concerned in the management of the Canadian Northern or the Canadian Government railway system, and the hon. gentleman knows it. And when he or any other member of this House makes the statement in this Chamber or otherwise gives it publicity, that Mackenzie and Mann have either interfered in or discussed the operation of the Canadian Government railways with any member of this Government, from the Prime Minister down, he is making a statement that is absolutely false and unfounded. I want to emphasize that fact, because the allegation has been thrown across the floor of the House that Mackenzie and Mann were operating the road.

Mr. JACOBS: What about Mr. Lash?

[Mr. J. D. Reid.]

Mr. REID: Mr. Lash is a solicitor like the hon. member himself and is glad to earn any money he can in the shape of solicitor's fees.

Mr. JACOBS: I should like to know—

Some hon. MEMBERS: Order, order.

Mr. JACOBS: May I ask my hon. friend a question?

Mr. J. D. REID: Yes.

Some hon. MEMBERS: Order, order.

Mr. J. D. REID: The hon. gentleman may put his question.

Mr. JACOBS: I should like to know from the minister if Mr. Lash is advising the Government in this transaction?

Mr. J. D. REID: Mr. Lash is one of the best railway lawyers in Canada, and is as respectable and honourable a man as the hon. member himself. His word is as good and his honour as unsullied as the hon. gentleman's, and he is advising the Government on this question.

Mr. JACOBS: I asked the question merely to secure information, and not with any intention of reflection on that gentleman's honour.

Mr. J. D. REID: The hon. gentleman does not wish to reflect on the honour of Mr. Lash, but the very fact of his asking the question that he has put to me as to whether Mr. Lash is advising the Government in this matter is sufficient to create a suspicion in the minds of the people, and that I say is unfair to Mr. Lash. Now, Mr. Speaker, the hon. member was also very anxious that nothing should be done in this transaction that would enhance the stock and lend itself to stock speculation. That was his most anxious care. When, however, other transactions were being negotiated in the past in connection with the Transcontinental my hon. friends were not quite so anxious as they are at the present time. The hon. gentleman asked me the question to-day, and I must frankly say I was surprised that he had evidently not seen the statement of the Minister of the Interior in connection with the matter made on a previous occasion. It seems almost unbelievable that any leader of the Opposition would fail to read the speeches that are made in the House every day on such an important subject as this, but the Minister of the Interior at page 1074 of Hansard said:

There necessarily must be a date fixed as of which the value must be found. Should it be

a date later than about the date the hon. gentleman names I think there should be no appreciation owing to the taking over, or probable taking over, of the road by the Government. That can be provided for, and I think, I may say, will be provided for in the agreement. It may be that the date might be fixed as he suggests, about the end of August, in which event there would be no need for such a provision.

Let me add, in order to satisfy the leader of the Opposition—because I am just as anxious that he shall be perfectly satisfied as that everybody else in the country shall be satisfied—that the Government will take every precaution to see that in the fixing of that date no stock speculation that has taken place or can take place will be of any avail. We will safeguard that point to the best of our ability as a Government. I trust that this statement reassures the hon. gentleman. Now, the hon. member, if I understood him correctly, also stated that this was a "job" to foist all the liabilities of the Grand Trunk Pacific on the people. Well, the liabilities of the Grand Trunk Pacific are on the people to-day and have been for the last seven or eight years. The hon. gentleman knows that we have been voting seven and a half or eight million dollars per annum to pay the liabilities of the Grand Trunk Pacific. It is not true that those liabilities are being foisted on us; I repeat, we have had them for the last seven or eight years. The Grand Trunk Pacific is in the hands of the receiver —why? Because the Government believed that the time had come when we must stop handing over seven or eight million dollars a year to the Grand Trunk railway for them to own and operate the Grand Trunk Pacific and pay dividends to their own shareholders; and we said: "By our refusing to continue paying you that sum every year you cannot pay any more dividends to your shareholders and you must either assume those liabilities or come and settle with the people of this country." On July 11, 1918, we gave our final answer. They could not pay any more dividends after that, for if they did, the directors of the Grand Trunk would have gone behind the bars. That is why they had to come and settle with us in connection with the matter. That is our position with reference to the Grand Trunk Railway Company. We made them a proposition with which the hon. member finds fault.

The hon. member for Cape Breton (Mr. McKenzie) and the leader of the Opposition himself, I think, referred to the Drayton-Acworth report. Now, Mr. Speaker, I wish the House to bear in mind that that report was prepared by Sir Henry Drayton and Mr. Acworth, a gentleman from England. And, in passing, lest I forget, I want to say that one of these two gentlemen is to-day Minister of Finance; he sat in Council with this offer submitted to him, and both in Council and in this report he agreed that this proposition was the best and only one which the people and the members of the House should endorse. Further, let me remind hon. members that in this House the other day we heard the ex-Minister of Finance (Sir Thomas White), who occupied that position for eight years and who is as anxious as any other hon. gentleman to save every dollar that possibly can be saved to the public. He is not a member of the Government. Fully cognizant as he is of the problems that face the country, he told this House that this proposal was the only one which the Government could carry out in the interest of the country. We therefore have the advice of such well-informed men as the Minister and the ex-Minister of Finance. I shall read from the Drayton-Acworth report, but first let me say that before they made the recommendations contained therein these commissioners had gone into the whole affair of the Grand Trunk and Grand Trunk Pacific. They had painted it as black as they could, and after doing all that, here are some of the recommendations they made:

> We recommend that the control both of the Grand Trunk Pacific and of the Grand Trunk be assumed by the people of Canada on terms hereafter set out.

Now that is to be found on page 86. Here is another recommendation:

> We do not recommend that further public aid be given to the Canadian Northern as at present constituted.

We accepted that recommendation and took over the Canadian Northern. Here is another recommendation:

> We do not recommend that the Grand Trunk, Grand Trunk Pacific and Canadian Northern companies be allowed to go into the hands of a receiver.

They also recommend the following:

> We recommend that the control of these three companies be transferred to a new body.

And immediately following we have this:

> We have discussed and rejected the following suggestions:—Transfer of all three railways to the Canadian Pacific. Transfer of the Canadian Northern or a portion of it to the Canadian Pacific.

They also recommend:

> That the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be

surrendered to the trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by 40 or 50 per cent after the first seven years.

That is exactly what we are doing to-day. They go on to say:

We recommend that the precise figure be fixed by agreement and that it be left to the directors of the Grand Trunk Company (1) to apportion the annuity among the five classes of Grand Trunk shareholders, and (2) to procure such assents of their shareholders as are legally required to complete the transfer.

These are the recommendations that were made by the Drayton-Acworth Commission in connection with the railway situation.

Now it has been suggested by hon. gentlemen opposite that we enter into a working arrangement—that there should be a working arrangement between the Grand Trunk and the other three railways. In 1903 the Government of the day decided it would be well, instead of taking over the road, to have a working agreement with the Grand Trunk at that time. The matter was discussed in the House and the plea advanced then was: What a grand thing it would be for the lower provinces, what a grand thing it would be for Halifax and St. John; we will have a working agreement with the Grand Trunk and the Grand Trunk Pacific railways and we will carry everything to the ports of Halifax and St. John. Well the Government of that day made the agreement and I have the statute which contains that agreement before me. Let me say to hon. gentlemen: the Grand Trunk solicitors of that day were a little too shrewd for the Prime Minister and his Government, because they had a nigger in the woodpile. I will read what the nigger was:

The company accepts the aid on these conditions and agrees that all freight originating on the line of the railway or its branches—

Now listen to this:

—not specially routed otherwise by the shipper.

There is the nigger. The result was that the company started out all their agents, and had them going to the shippers and the shippers would mark on the bill of lading "via Portland," and so far as the Intercolonial Railway was concerned from 1903 up to the present time they never derived any advantage from the working agreement that was made by the Liberal Government, as I have explained.

Let me say in passing there was another nigger in the woodpile that the Government of that day allowed to creep into the arrangement which they made. Although they professed to be so anxious to do all they could for Halifax—the good old port of Halifax, the port I am proud of and whose traffic, together with that of St. John, I hope will not only be doubled but trebled by our taking over of this road—they made a traffic agreement with the Grand Trunk railway containing a clause providing for a preferential rate of one per cent per hundred pounds against that city. How could you expect a shipper to route freight via Halifax when he was told: "It is going to cost you one cent per hundred pounds more if you send this freight by Halifax than it will if you send it by Portland," and the traffic could not be sent via St. John because the haul was so much longer around by Moncton to that port. Such has been the result in the past of a working agreement of that nature. This Government believes in a working agreement between the Grand Trunk, the Grand Trunk Pacific, the Canadian Northern and the Intercolonial. But the great difference between our proposition and the arrangement made by the Liberal Government is that we want an agreement without any nigger in the woodpile—we want the ownership and control of these roads. Does any member of this House believe that this Government would do anything else than build up, develop and route Canadian traffic through our own Canadian ports? That is the position we take; and instead of Grand Trunk agents doing in the future as they have been doing in the past—going to Toronto, Ottawa, Brantford, and all these cities in Ontario, and saying: "Route this freight to Portland,"—in view of the fact that we have our own vessels, our agents will be in a position to say, "Give us this traffic; we have fifty ocean vessels. We have a fleet as big as that of the Canadian Pacific running from Halifax and St. John in the winter, and from Montreal and Quebec in the summer; give us that traffic and we will carry it for you on our own Canadian lines right from Brantford, Hamilton, or Toronto, as the case may be, and transport it in our own Canadian vessels to Liverpool." That is the position that this Government takes. The hon. member for Cape Breton (Mr. McKenzie) who up until to-day was leading the Opposition in this House, says he is in favour of private ownership and therefore he does not want this arrangement to go through. He takes that position and is trying to prevent this arrangement from passing in order that the freight and passenger traffic that is collected in the province of

Ontario by the good old Grand Trunk railway shall go to Portland instead of going to Halifax or St. John.

I also wish to say that the working agreement which is being made by this Dominion Government is one that will be controlled by the people. The members in the House, representing the people, will have a say as to any policy in connection with the matter of routing. The agreement we shall make will be of this nature: Instead of our traffic, gathered in the province of Ontario, going over the Grand Trunk to Chicago and then over the Milwaukee and St. Paul railway to Winnipeg and other western points, our agents will get that business for our Canadian routes, and any agent who does not act on that principle will not, while I am Minister of Railways, be on the job very long. Canada first and last, is my motto.

But, Mr. Speaker, what about Portland? We have lines on the other side and we have lines in the West. There is a great amount of traffic that comes from the West. A great deal of that business in the past has been routed over American roads; the Grand Trunk got the benefit of a great deal of that and hauled it to Portland. We will have the Central Vermont, of which Portland is the terminal, as one of our American lines.

Of course, there will be traffic by Portland for the American roads, and there may be some for Canada but we are in a position that we were never in before, the position of getting the greatest amount of traffic that it is possible to get not only in Canada but in the United States for our own Canadian ports, and in a position to get it without any discrimination against Halifax.

Now, Mr. Speaker, another suggestion that I understood the hon. member for Cape Breton to make the other night was this. He said: Let the Grand Trunk railway go into liquidation, why should we interfere? Well, Mr. Speaker, acting on the advice of experts such as those who constituted the Drayton-Acworth Commission, and on the advice of our own railway experts, we felt that it was in the interests of Canada that the Grand Trunk railway should not go into liquidation, for if it did it would really go into the hands of the Canadian Pacific railway. Another reason is this: From $400,000,000 to $600,000,000 of British money—money collected from over 180,000 people in the British Isles—was put into the construction of this railway when Canada had a population of only a few hundred thousand, and we have had the advantage of that investment in many ways, for it has helped to build up this country. The Grand Trunk railway did more to build up Canada than any other railroad. Therefore, would it be fair and right, with not a dollar of Canadian money in this road, to take the position of the hon. member for Cape Breton and say: We will let this road go into the hands of a receiver and will try to squeeze every dollar out of you and not give you a cent on the investment you have made in this good old Dominion of Canada. I say, Mr. Speaker, that the Drayton-Acworth Commission said, 'No; this Government said, No; and the people of this country would say, No, if they were appealed to.

Mr. D. D. McKENZIE: We did not manage their road; it was their own management.

Mr. J. D. REID: The old Grand Trunk Railway system has not been managed, probably, as well as it would have been if it had been under a Canadian directorate, but even with the management over in England the hon. member knows that the Grand Trunk railway was always able to pay the interest on the debenture stock, amounting to $7,000,000, the interest on the guaranteed stock, and $1,100,000 on the stock to be arbitrated. So even under what my hon. friend terms the bad management of the Grand Trunk it was able to earn those dividends. The only difference between my hon. friend and me, Mr. Speaker, is this. I say the Grand Trunk people were deceived when they were assured that it would only cost $13,000,000 to build the Grand Trunk Pacific; that is where the bad management came in, and not in the operation of the railroad. If we will just separate the Grand Trunk Pacific from the old Grand Trunk, the latter will not only pay the interest on all of these stocks that I have mentioned and which are the subject of the proposed arbitration, but it will earn a surplus in the future as in the past. In taking the Grand Trunk over, the liability that the hon. member for Cape Breton mentions of some $10,000,000 or $11,000,000 on the capital will be no liability, because that interest was earned in the past and will be earned in the future, and by transferring Grand Trunk traffic to our Canadian Government Railway system and our western traffic to the Grand Trunk we shall effect a saving in operating cost which, I believe, in the next five or six years, as was stated by some hon. member this af-

ternoon, will enable our Government railway system to make both ends meet.

I want to mention once more the Halifax and St. John situation. The hon. member for Cape Breton, more I believe for political reasons than by way of argument, tried to emphasize the fact that we have spent millions of dollars on Halifax and millions of dollars on St. John, and that all this vast expenditure will be worthless, for we are now going to build up Portland. That is the effect of the hon. gentleman's statements. Let me repeat again, Mr. Speaker, that so far as Halifax is concerned, it was put in the position by the Government of that day that it got no benefit in any way from that traffic agreement with the Grand Trunk railway. By taking the Grand Trunk over we are in a position to give more business than we ever did to Halifax, to operate a fast Atlantic service in connection with Halifax, and to take people to any part of Canada—to Quebec, Ontario or the West, on lines owned, operated and controlled by the people of this country. That is the position we are putting Halifax in. So far as St. John is concerned, the hon. member knows that we have within the last month or two —I cannot remember the exact date—made a connection with the Transcontinental from McGivney Junction into St. John, and we are in a position to carry traffic from Ontario or any other part of Canada right into the city on an equal basis with the Canadian Pacific Railway.

The hon. member and other hon. gentlemen on his side of the House have emphasized the fact that the old Intercolonial has not paid in the past. And by the way, when the hon. member from Cape Breton urged so strongly that we should keep to private ownership, I noticed he did not say to the Government, "Sell the Intercolonial. We are tired of public ownership." He would be the last man to say that, for if he ventured to voice such an opinion he would never be re-elected. But, Mr. Speaker, we have been handicapped in the past by having the Intercolonial railway carrying traffic from Montreal to Halifax on the same basis as from Montreal to Portland, the reason being that the Grand Trunk railway and the Canadian Pacific railway squeezed the Intercolonial into this position: They said, "We can carry freight from Montreal to Portland for so much per mile, and we will give you only the same amount for carrying it from Montreal to Halifax as we would earn to Portland." Now, if a carload of freight starts from Edmonton and goes to Halifax or St. John, the Intercolonial will get its due share of its earnings, in other words, pro rata rates, and it will show a profit probably instead of a deficit.

So far as the Intercolonial is concerned I want to take issue with the hon. member for Cape Breton. He insinuated that the Intercolonial was not run on a basis similar to that of a privately owned road. I want to say that, so far as I can see not only while I have been Minister of Railways, but under my predecessor's régime at least, and I believe still farther back, the Intercolonial has been operated by men who are as good railway men as any on the Canadian Pacific railway or any other railways in Canada, and I want to say that about the Intercolonial railway employees also.

I say that it is managed as economically and that it is as free from political interference as is the Canadian Pacific railway. There is no doubt about that in my mind.

Mr. McKENZIE: Why didn't you make any money, then?

Mr. J. D. REID: I have just explained the reason why; it is pretty hard to get the hon. member to understand anything. I am having the same trouble that the Minister of the Interior (Mr. Meighen) had the other day. He tried in every way to put the hon. member right, but he did not succeed; and when the Minister of the Interior failed in that respect I could hardly succeed.

The leader of the Opposition (Mr. King) came into this House and joined with other hon. members opposite in the complaint that we have brought this Bill in at the end of the session. A few days ago the member for North Cape Breton and Victoria (Mr. McKenzie) pointed out that at a certain stage in the session the Acting Prime Minister (Sir George Foster) had intimated that we hoped to prorogue at the end of that week or during the following week. Because the Acting Prime Minister said that the hon. member for North Cape Breton said: "Mr. Speaker, we want to go home; surely you are not going to ask us to sit here another week or two weeks to pass this Bill. We want to go home, no matter what happens; the country and the railways can go to the mischief; please let us go home and do not proceed with this Bill." And the leader of the Opposition himself, on the first day that he takes his seat in the House and in his first speech, says to the Government: "I have sat in the House only one day, but we want to go home. It will be

awful if I have to sit here any longer; please let me go home." That was the position of the leader of the Opposition. That hon. gentleman has been here in Ottawa; he knew what was going on, and as he did not have to concern his mind with legislation he had ample opportunity to evolve some policy which he could bring before the House and say: "There is the policy that I want the people of this country to adopt in connection with the operation of railways." But instead of that, Mr. Speaker, his only policy is this: "Please let us go home; we have been here too long."

There are several other matters that I would like to touch upon, but I have already spoken much longer than I had intended to speak. But may I point out this in closing: In his first speech to-day the leader of the Opposition made, so far as I can remember, only two points. First, he tried to convince hon. members and the people of the country that even though we got all the stock of the Grand Trunk; even though we got the control, management and operation of the road; even though we got complete possession of it and were in a position to sell it or dispose of any portion of it, take up rails or anything we liked, we were really not getting ownership of the road. Second, "Please let us go home." Having answered those two points, I do not feel that I need take up the time of the House in discussing any other points in connection with this proposal. It has been very hard to make the leader of the Opposition and the member for North Cape Breton and Victoria understand anything in connection with this railway other than my reply to the two points which I have mentioned; I think, therefore, that I will now resume my seat.

Mr. S. W. JACOBS (George Etienne Cartier): I wish to congratulate the Minister of Railways (Mr. J. D. Reid) upon the lung power which he has shown. After the little trouble that occurred on Monday night in his electoral division, I did not expect him to have such recuperative powers.

Mr. J. D. REID: We won in my county; that is the only county I was in, and we won.

Mr. JACOBS: I can now understand why it was that my hon. friend's candidate won; the hon. gentleman has a reputation for winning wherever he goes. In addition to demonstrating his lung power, the minister has shown a woeful want of accuracy in some of the statements which he has made this evening. Of course, these statements were made for a certain purpose and it seemed to delight the gentlemen on this side of the House, or at least a certain number of them; for I noticed that some of his remarks did not seem to meet with the approval of the erstwhile Liberals who now sit on his side at whose door he wishes to lay the responsibility for the railway complications which we have to deal with to-day. The applause seemed to come from the old-time Tories, who can understand the hon. gentleman's style of oratory and appreciate it, perhaps more than we can.

The minister made some most astonishing statements in regard to imported matters, which I think ought not to be allowed to go unchallenged. But before I go into that I should like to say a word or two with regard to the anger which he exhibited at the very mention of the name of Mr. Z. A. Lash. Mr. Lash is a gentleman for whom I have great admiration. He is a practising member of the Bar in very high standing; he is widely known as one of the most astute lawyers of this country. I asked the minister whether Mr. Z. A. Lash had been consulted with regard to this Bill and his answer was that Mr. Lash was a respectable attorney and that if he had been consulted, he, the minister, could not see that very much damage had been done. Well, perhaps the minister will permit me to read a word or two from a standard work "The Railway Builders of Canada" by Professor Skelton of Queen's university; and in doing so I am not going to make any reference which will impugn the character of Mr. Lash. This is what I wish the hon. gentleman to hear and inwardly digest. It is at page 184 of this work, speaking about Mackenzie & Mann:

> William Mackenzie had also carried through much work for this company. In 1886 the notable partnership of Mackenzie and Mann was formed. The firm built the Calgary and Edmonton, the Qu'Appelle, Long Lake and Saskatchewan, the Canadian Pacific short line through Maine, and many minor railways. They developed capacities which made each the complement of the other—Mackenzie, a master of finance, and Mann as successful in extracting a subsidy from a politician as in driving ahead the work of construction. Later Z. A. Lash, a shrewd and experienced corporation lawyer, joined them, and the three, with able lieutenants, carried through their ambitious plans without more than momentary pause, until within sight of the goal.

Mr. LALOR: What is wrong about that?

Mr. JACOBS: That is why I ask the hon. gentleman whether Mr. Zebulon A. Lash had been consulted in connection with that deal, and I gather from the reply that he had been consulted and that he

has been in consultation with the Government ever since.

Mr. KEEFER: Why should he not be consulted?

Mr. McKENZIE: He is a partner to Mackenzie & Mann.

Mr. JACOBS: There is no reason in the world why he should not be consulted. There is no reason in the wide world why Sir William Mackenzie and Sir Donald Mann should not be consulted.

Mr. J. D. REID: I simply want to say to the hon. member that Mr. Lash was consulted as a legal adviser because he was considered to be one of the best railway lawyers in Canada, and because he is consulting lawyer for the Canadian National railways.

Mr. JACOBS: Another startling statement was made by the minister. Of course, he was delivering a stump speech in the House, and we will overlook some of the remarks which he made in the heat of the moment when he was working up his friends to a state of enthusiasm at the wonderful speech he was making attacking our new leader (Mr. King). He made the extraordinary statement a few minutes ago that he would dismiss any agent who goes outside of his own territory to route freight over United States railways. This is what he said yesterday when a question was put to him by the hon. member for Guysborough:

Mr. J. H. Sinclair: The policy of the Grand Trunk, as I understand it, has always been to make Portland, Me., the Atlantic terminus for their traffic. What is the view of the Minister of Railways with regard to that? Does he intend to continue that policy?

Mr. J. D. Reid: So far as I am concerned, as I stated a few minutes ago, when we took over the Grand Trunk Railway system we would have one great national system of railways, and we must get the very best men available to manage this system and they must of course adopt whatever policy they think is best to ensure successful operation.

To-night he tells us that any man who adopts a policy of that kind, looking to the United States, will be forthwith dismissed from his employ. Last year when the question of the Canadian Northern was up, we were told that that railway was to be taken completely out of politics; that it was going to be placed in the hands of Mr. D. B. Hanna and a directorate, and that the Canadian National railway was taken out of politics and neither the minister nor any other person connected with the Government had the remotest intention of interfering with this company and the management of the line. Yet, now the minister stands up and bluntly and coolly tells us that he is going to dismiss any person who will route freight over United States lines, and his friends on his side cheer him to the echo.

Another extraordinary statement made here to-night by the Minister of Railways is this, that the poor old Grand Trunk railway was fooled by the former Liberal Government into believing that the cost of this railway would be $13,000,000, and it subsequently cost $200,000,000. Did you ever hear of such a thing as that—astute railway men, builders of a great line of railways across the continent, were fooled by Sir Wilfrid Laurier and his friends into believing that this railway would cost $13,000,000 when it subsequently cost $200,000,000, and that for that reason we ought to show consideration to the Grand Trunk railway! These are only a few choice morsels that I culled while the minister was going along at the rate of sixty miles an hour.

The minister told us that this agreement embodies the report of the Drayton-Acworth Commission, overlooking the fact that for the last three or four weeks every man in this House has been carefully studying that report. He knows as well as, if not better than, any one else in this House that the Drayton-Acworth report was in no way followed. The Minister of the Interior (Mr. Meighen) told us a few days ago, when introducing the Bill, that they wanted the Grand Trunk to come to terms on the basis of the Drayton-Acworth report, but they refused to do so, and consequently the Government were compelled to go very much further than they expected and the result was that this bargain was entered into which was in no way what that report suggests.

There is another astonishing thing in connection with the Government, and it is this: The former Minister of Public Works, Hon. Mr. Carvell, has been an antagonist of public ownership of railways for many years. In fact, during the whole of his political life, Mr. Carvell, in season and out of season, in this House and out of it, on every public occasion, in his public utterances has declared himself as being against public ownership of railways. He left this House and the Government a few days ago, and what has become of him? He has been made chairman of the Board of Railway Commissioners, the board which holds in the hollow of its hand the whole of the railway problem of this country.

And yet this Government tell us that they are in favour of public ownership when they appoint the greatest antagnoist of public ownership to the most important railway position in this country.

It will be interesting also to find out the views of the Minister of Marine and Fisheries and of the Naval Service (Mr. Ballantyne) with regard to this question of public ownership. He has not hesitated to declare on many public occasions what his views are. I do not know whether he has done that in the House, but his views are well known. Has he been consulted on this matter? No person knows. What has happened to the hon. member for St. Antoine (Sir Herbert Ames) who, instead of being at Geneva, should be in his seat to-day to protect the interest of the city of Montreal and of the Board of Trade of which he has been for many years the idol? Where is the Minister of Justice (Mr. Doherty) who represents St. Anne's division in the ctiy of Montreal and who is also one of the darlings of the Board of Trade of that city? Where are these people? An echo answers "where"? Therefore, it falls on us, the second line of defence, to take up the cudgels for the Montreal district, for the city of Montreal, which has within its confines over ten per cent of the entire population of this Dominion and which, perhaps, contributes in income tax 35 or 40 per cent of the entire amount received by the treasury of this country from that source. It is necessary for us to say a word or two for those organizations that have been passing resolutions but have received such scant courtesy at the hands of the Government.

I should like to say a word or two with regard to the bargain which has been entered into by the Government and the Grand Trunk Railway Company. The Bill before the House commits the country to a liability equal to one-quarter of the national debt. I wonder whether hon. gentlemen in this House really stop to think of the magnitude of the proposition which is before us. One-quarter of the national debt is involved in this proposition, and yet it is being rushed through, and why? I will tell you why, Mr. Speaker. The President of the Council (Mr. Rowell) told us the other day why it is being rushed through. I have not his exact words before me, but he stated that he was afraid of an organized opposition to defeat the Bill. We take the ground that a matter of this magnitude ought to be discussed throughout the length and breadth of the land, on the hustings and in every public place. The President of the Council takes the ground that it is not in the interest of Canada to allow the opposition to this measure to be organized, and that is one of the chief reasons, he says, why this Bill is being forced through the House to-day.

I wish briefly to pass over the contract which is about to be put through by the Government. This is what it proposes to do: The Government guarantees the $60,000,000 of what is called the "guaranteed" stock, which immediately upon the Government's imprimatur being placed on it becomes worth, as the hon. member for Shelburne and Queen's (Mr. Fielding) pointed out the other day, 80 or 90 cents on the dollar. In addition to that we take over the bonded indebtedness debentures amounting to about $153,000,000. Finally, we take over about $185,000,000 of common stock which is to be valued by a board of arbitrators appointed in the manner indicated in the Bill. Now what we have reason to fear is that the arbitration board may put upon this stock a value altogether beyond what it is worth, and we say that the Government should make some provision in the Bill providing for the manner in which the stock shall be valued. The arbitrators may be asked by this company to value the stock on the basis, for instance, of the cost of duplication of the road at present prices, that is, the cost of equipment, rolling stock, and so on, or they may be asked to take into consideration the potential possibilities of the road after the country is better developed than it is now. If the arbitrators are going to do that, we have very good reason to be apprehensive as to the amount we shall be called on to pay. We know what happened in connection with the Canadian Northern, when $60,000,000 of stock belonging to Mackenzie and Mann or their transferees was valued by the arbitration board at nearly $11,000,000 and that amount of the money of this country was paid over to these gentlemen. Now I put to the Government this question: If stock which never cost the owners one single penny, representing merely so much water, is valued by an arbitration board at $11,000,000, how much will the people of this country have to pay for stock which actually cost $185,000,000? That is a question which I put to the Government. We ought to see to it that safeguards are inserted in the agreement whereby the arbitrators will pass upon the value of the stock from the standpoint of the condition of the road to-day as a going concern, and not

taking into consideration the cost of duplication or the potentialities of the road when it becomes further developed. There is no such provision in the agreement, and the stock goes before the arbitrators to be valued in the same way as the Canadian Northern stock was dealt with.

I do not want to say very much on the question of public ownership, not that I am afraid to express my views, but it seems to me that the question does not enter into this discussion. We have this railway. It has been decided to take it over, but it ought not to be taken over on the terms which were made by the company and the Minister of the Interior (Mr. Meighen). We say first that the $60,000,000 of what is called "guaranteed" stock should have been submitted to arbitration for valuation in the same way as the first, second, and third preference and common stock. Why was this stock not submitted to arbitration in that way? As I understand it, the Drayton-Acworth commission recommended that this stock should also be valued, and there is no reason in the world why it should not be valued in the same way as the other stocks. We are in a position to deal with this company as we like. We are the creditor and they the insolvent debtor, and who ever heard of an insolvent debtor dictating to his creditors the terms on which he will surrender his property? The property belongs to the Dominion of Canada. The Grand Trunk have defaulted on their bonds in respect of the Grand Trunk Pacific, and consequently it is for us to take over the road and make our own terms with the company. But we find the Minister of Railways (Mr. Reid) in a charitable and indulgent mood when the pockets of the people are concerned, and not his own private pocket. He spoke of the old Grand Trunk, using the word "old" as a term of endearment and affection, I suppose. Dear old Grand Trunk! Good old Grand Trunk! The people put their money into this company in good faith, the minister says, and we should see they get everything they can out of it. If that be so, why not pay the Grand Trunk every dollar that was paid in by the various stockholders? Why not pay them this $700,000,000 or $800,000,000? Why stop at $250,000,000, if they are the dear old Grand Trunk, and it is necessary that the credit of this company should be kept up in England? The fact is the Grand Trunk went into this deal originally in the same way as other people do. They expected to do well out of it, but it turned out not so good as they expected. Is that any reason why the money of the taxpayers of this country, not the private money of my good friend the Minister of Railways —for he is too astute a gentleman to part with his money unless he gets value for it—but the money which belongs to every man, woman and child in this country, should be turned over to these foreign investors? None whatever, unless as a matter of charity. I say that charity begins at home, and we must be just to our taxpayers before we are generous to strangers, and the sooner the Government learns that the better it will be for them.

The reason which it seems to me impels the Government in embarking on this grand coup is to provide themselves with something to go to the country at the next election. Their platform is pretty well broken; it is somewhat wobbly, and needs new planks. The President of the Council rather let the cat out of the bag the other day when he assured us that west of Ottawa there was not even a fraction of the people who were against public ownership. He wants to give the people what they want. I think he wants to provide for my good friend the Minister of Immigration and Colonization (Mr. Calder) so that he may be able to go home. At present that hon. gentleman finds it somewhat difficult to land safely in the West, but if he comes home bringing the bacon—I ask pardon of my Christian friends—he will be perhaps more welcome than if he came empty-handed.

Now, Sir, this talk about government ownership which has been thrown across the floor of the House for the last week or ten days is something upon which I do not intend to dwell. I just put it to my good friends on the other side, if they think the Canadian Pacific railway would have been the success it is if it had been managed by the Minister of Railways, who would immediately dismiss an employee if he routed freight on a United States railway. How long do you think the Canadian Pacific railway would last under such conditions? I have in my mind's eye a picture of Lord Shaughnessy, as president of the Canadian Pacific railway, standing on the carpet in front of the desk of my good, amiable and unassuming friend the Minister of the Interior (Mr. Meighen). I also have visions of Mr. Beatty calling to see the present Minister of Railways and learning from the vast storehouse of knowledge which this minister possesses, something about the running of the railway. The thing has only to be mentioned for us to see the absurdity

of it. And yet these gentlemen will insist upon declaring that government ownership is the best thing for the country.

Mr. J. D. REID: Does my hon. friend take the position that in acquiring the railway it is really government ownership, or does he take the position of the leader of the Opposition that it is not government ownership?

Mr. JACOBS: I take exactly the position of the leader of the Opposition, and for this reason: If I buy a house for $25,000 and it has a mortgage of $50,000 on it, I do not own that house until I pay the $50,000, because when the mortgage comes due the creditor can foreclose. Now, Mr. Speaker, there seems to be a great deal of vacillation on the part of members of the Government with regard to this question of public ownership. I have not heard the Minister of Militia and Defence (Mr. Mewburn) in his seat loudly proclaiming the virtues of government ownership. I have not heard the Overseas Minister of Militia (Sir Edward Kemp) in his seat declaring himself in favour of government ownership. I should fancy that a man of his experience would be able to enlighten the House to a very material degree upon this question. But nothing of the kind has transpired. The people who are anxious for government ownership are those who want it as a means of being returned again to power at the next election, and who feel that they can carry the West on this question and nothing else. Some criticism was made in this House this evening by the hon. member for St. James (Mr. Lapointe) on the conduct of the Government in reference to the treatment of the Montreal Board of Trade. I think it was the Minister of Trade and Commerce (Sir George Foster), who is acting at present as Prime Minister, who received the Board of Trade delegation and told them that the Government had taken a stand and was not going to retreat from it. If hon. members will remember, I asked the acting leader of the Government whether he had received a letter from the Montreal Board of Trade protesting against the acquisition of the Grand Trunk. He replied that he had received a letter of that kind, and when I asked him what answer was made, he fell back on a famous line in "The Raven". He said that the letter had been acknowledged, "Only this and nothing more". Well, Mr. Speaker, I make bold to say that when the hon. gentleman's friends present themselves to the members of the Board of Trade seeking the sinews of war which are always necessary in times of great stress the reply of the members of the Board of Trade may be another passage from "The Raven": "Quoth the raven, never more".

May I as a parting word commend to my friends on the opposite side a remark or two made by the present Minister of Finance in the famous Drayton-Acworth report and give them that thought to take home with them and slumber on. I would refer to page xliv of the sessional papers Nos. 20C-20G, Vol. LII, No. 12, 1917, under the heading, "Government Operation Discussed and Rejected":

> We are instructed to consider the acquisition of the Canadian railways by the State, and the possibility of their operation in connection with the Intercolonial. We do not recommend this course. In our judgment it is not in the interests of Canada that the operation of its railways should be in the hands of the Government. We know no country in the world, where a democratic state own and operates its railways, in which politics have not injuriously affected the management of the railways and the railways have not had an injurious influence on politics.

Of course, I wish to say in parenthesis, other countries probably did not have at the head of their railway departments a gentleman of the astuteness and railway ability of our present Minister of Railways. No doubt that is why they failed. To continue:

> We do not think government ownership of the Canadian railways would tend to reduction of rates, but rather in the contrary direction.

My hon. friends from the West will note that.

> For the carriage of one ton of freight one mile the Canadian shipper pays at present on the average three-fourths of one cent. On the railways of New South Wales, the oldest and most important Australian state, where the railways have been in government hands from the outset, the shipper pays well over two cents. But we see no cause to enlarge here on such general considerations. There are several reasons peculiar to Canadian conditions why state ownership and operation should be avoided.

I am sorry the Minister of Finance did not tell us what were these reasons "peculiar to Canadian conditions." They might be interesting. On page xlix I read, under the heading "Possibility of Forming a Commercial Company Discussed":

> Assuming, then, that the Canadian Northern, Grand Trunk, and Grand Trunk Pacific must be united into one system, and that this system must remain entirely separate from the Canadian Pacific railway, we have considered the possibility of forming a new company on a commercial basis, to which the operation of

these three undertakings might be transferred. We have come to the conclusion that this course is not feasible under the circumstances, as they at present exist.

To-day, when we are discussing the question of public ownership of railways, we have invited the Minister of Finance to give us the benefit of his counsel. He is the father of this report, and he is being asked to give his support to a Bill which belies every consideration mentioned in it and to which he has appended his signature. And then we have taken the former Minister of Public Works and put him on the Railway Commission to deal with the railways as, in his judgment, he may deem best.

I do not know that there is anything further that I can add. The Minister of the Interior has said that one line without the other would be incomplete, cut in the middle and useless. That is precisely the position of the Government on this question of public ownership. Here we have some of them in favour of it and some opposed; some exiled to Europe and others gone to their reward on the Railway Commission, and we have nothing but voices. Moses heard on the occasion when he descended from Mount Sinai, voices that were neither of Victory nor of Defeat, but merely a combination of human sounds. It was a noise and nothing more, and it was only fit and proper, on this occasion, that the Minister of Railways should have concluded his remarks with the great finale with which he treated us to-night, when he said, "We are sick of it; we want to go home."

Mr. F. F. PARDEE (West Lambton): Mr. Speaker, I intend to detain the House for a very few moments, but there are some things which it seems to me ought to be brought to the attention of the country before this debate closes.

Let me say at the beginning that this is not the time to declare for public ownership or otherwise. As the Minister of Railways has very properly said, it is not a question of whether or not we want public ownership but whether we have got to have it in this particular case. The fact, Sir, is that as regards public ownership on this particular question the Government are at the end of their tether and they say they must take over the road willy-nilly. That is the trend of their argument. Therefore, the question is not whether we are in favour of public ownership as a concrete proposition or not, but whether this House deems that in its judgment this is a fit and proper

bargain to make in taking over the Grand Trunk railway. Before I go further there is one thing I would like to point out: The hon. member for Algoma (Mr. G. B. Nicholson), if I understood his remarks aright, and the Minister of Railways also, led the House to believe that the railway muddle is wholly due to the policy pursued by the Liberal party in 1903.

Some hon. MEMBERS: Hear, hear.

Mr. PARDEE: "Hear, hear," the hon. gentleman says. In 1903, declares the Minister of Railways, the Grand Trunk Railway Company wanted to get into the West and in order to meet that want the Liberal party presented railway legislation which they deemed to be in the best interests of the country, and the Grand Trunk Pacific adventure was entered into. Let me point this out: that if the Grand Trunk Pacific arrangement was bad—which I am not admitting in any way whatever—if the construction of the Grand Trunk Pacific was improperly undertaken, the Conservative party at that time under its leader, Sir Robert Borden, also advocated in the strongest possible terms the construction of another road, as an alternative to the Grand Trunk Pacific, to meet exactly the same end. So that, whatever may be said with respect to the Grand Trunk Pacific railway, there is this to be offered in extenuation of any fault there may have been in the arrangement entered into, that the Conservative party at that time also considered another transcontinental railway to be necessary.

So far as this bargain is concerned, I am not arguing against public ownership in any way whatever, I express no opposition to public ownership; but I say that to my mind there are three fatal objections to the proposed arrangement. In the first place the Minister of the Interior declared that it was the largest transaction that had ever been brought before the Dominion. That is so, without a shadow of a doubt, and therefore I maintain this is not the proper time to bring down such legislation as this. This session was called for a specific purpose. That specific purpose has been fulfilled; and to-day I assert, and I believe the people will back up the assertion, that the only reason for bringing down this Grand Trunk legislation now, was to afford some reasonable and fair excuse to extend the session beyond the period of thirty-one days. Sir, there is another fatal objection to the proposition and it is this: The other day when introducing the resolution upon which this legis-

lation is founded, the Minister of Railways was asked the question, "In what condition is the road?" to which he replied: "I am informed it is in very fair condition."

Mr. McKENZIE: "First-class condition," he said.

Mr. PARDEE: I want to ask hon. gentlemen, suppose they were buying even a horse or an automobile unsight unseen and the only recommendation they had was that it was in very fair condition, would they dare to buy either one without a valuation and without a thorough looking over? Where is the valuation in this case? The ex-Minister of Finance the other day told us that we must recollect that we are buying this road on a marginal liability. Well, if we are buying it on marginal liability have we not got the right to ask the fullest particulars be brought down to show the people what margin they are getting for the money they are putting out? Why, Sir, there is one item alone of $43,000,000 of bills receivable. Up to this day I have not seen in Hansard, nor have I heard, one single particular of what that $43,000,000 consists of. Is it a good or is it a bad item? If you are assuming a marginal liability have you not got the right to know the value of your assets? The $43,000,000 in question may not be worth a dollar. If such is the case that fact should be taken into consideration by the arbitrators in fixing the value of the stock that the people of Canada have got to pay for. We have absolutely no valuation, absolutely no particulars in, with respect to what we are buying. If ever the accredited representatives of the people entered into a bargain that they knew absolutely nothing of, they are doing so to-day in the purchase of the Grand Trunk railway. Moreover, Sir, I make this assertion, and I say it is positively correct. The Minister of the Interior declares, "We must be generous to the English shareholders." Well, we are to-day entering into an arrangement to pay the English shareholders the interest on stock that we are guaranteeing—stock that those shareholders are not getting a dollar on and that we are making good for them. In view of these facts I say that the bargain entered into is not a well-considered one and that it is utterly lacking in those particulars that are necessary in order to deal with it intelligently. Therefore, I say that the only right and proper thing to do, so far as this bargain is concerned—and without at this time going into the question of any further particulars—is to have the fullest valuation made of the assets, of the leases, of the bills receivable, of money owing, of all the liabilities of the Grand Trunk Railway Company. Information as to every one of these items should be submitted to the House, and until such time as that information is in our possession we have absolutely no right to commit this country to the huge amounts that we are committing it to in the purchase of this road. The Minister of Railways to-night, with his usual acumen, went into many facts and many figures that were far from germane to the subject under discussion. He beclouded the issue in every way that he possibly could. He brought a mass of what he supposed to be facts and figures bearing upon this matter; but kept very carefully away from the absolute meat in the nut, namely, what the people of Canada are getting for the moneys the Government propose to expend on this railway.

I repeat again, Sir, that until such time as these particulars have been brought down, until such time as hon. members and the people are fully informed as to the exact amount of liability they are assuming, and as to the exact amount of advantage that may accrue to them from the assumption of that liability, this House has no right to pass this measure, but it ought to be deferred for further consideration by the House and by the country.

Mr. G. W. ANDREWS (Winnipeg Centre): Mr. Speaker, before recording my vote on this important subject, I desire to say that unless the leader of the Government can in some way postpone this debate until after the report of the Special Committee on Soldiers' Civil Re-establishment is brought before this House, I shall have to vote in favour of the amendment. My reasons for this decision, Mr. Speaker, are not because I am opposed to public ownership. The Germans made an unqualified success of state operation of railroads, and what German men can do Canadian men can do better. But, rather, my reasons are to be found on page 943 of the proceedings of the Soldiers' Civil Re-establishment Committee, No. 15, of Friday, October 10, 1919. My hon. friend the Minister of Immigration (Mr. Calder) and Chairman of that Committee, in winding up the proceedings of taking evidence, made the following statement:

> I am sure that every member of the committee appreciates the spirit of Mr. Waistell's remarks to-night. We have recognized throughout the entire investigation that on the part of those associated with Mr. MacNeil there has been a desire at all times to co-operate with and assist the committee in every way possible. We have a very difficult problem to solve, one of the most

difficult, I dare say, that Parliament has had before it for many years.

These are the weighty words of the Chairman of that Committee, Mr. Speaker. Further down on the same page he said:

I can assure you that personally I have learned a great deal, and in saying that I am sure I speak for every member of the committee.

Mr. DEPUTY SPEAKER: Order. The hon. member is not in order. Until a committee makes its final report to the House, it is irregular to refer to its proceedings in the course of a debate.

Mr. ANDREWS: I submit to your ruling Mr. Speaker. I hope you will pardon my ignorance. The words I have quoted will be found in due course in the report when it is submitted, although this portion of the evidence came into my hands in the usual way and I thought every member had a copy. The words were uttered at a public meeting at which the press were present. However, Sir, I have gathered from my observations during this debate that no matter what happens the taking over of the Grand Trunk will cost this country a good deal of money. My hon. friend from Brantford (Mr. Cockshutt) who, in my humble opinion gave the clearest statement that I have heard on the entire subject, this afternoon stated that it would cost $18,500,000 a year. Now, the successful re-establishment of our soldiers will involve a considerable amount of money, Mr. Speaker, and $18,500,000 will re-establish quite a number. If you will advance that money to them in loans I think they will pay you 5 per cent for it, and be glad to. And I want to say this before taking my seat, that I sincerely hope this country will be able to successfully re-establish the Grand Trunk and the other railroad systems of this country, and I also hope that they will be able to re-establish the soldiers; but if it ever comes to a showdown between the Grand Trunk that failed and the soldiers that won, I am going to put my money on the men that won the fight.

Mr. W. D. EULER (North Waterloo): Before I enter upon the subject under discussion, Mr. Speaker, I would like very briefly to convey to the leader of the Opposition (Mr. King), who has taken his seat this afternoon, my most cordial congratulations. I say that with particular pleasure because, as may not be known, the hon. gentleman is a native of the city which I have the honour to represent in this House, and I view his promotion with all the greater pleasure on that account.

Now, Sir, I enter upon this discussion with a certain reluctance, largely because of the fact that I do not entirely agree with some of the views and conclusions that have been drawn by hon. members on this side of the House. It has been stated that the question of the nationalization of the Grand Trunk railway is not a matter of public ownership at all. I cannot view it in that light. And I would like to say at the outset, for myself at least, that I am entirely and absolutely a believer in the principle of public ownership—in the principle of public ownership in general and in the principle of nationalization of railways in particular. I come from a city where that principle is pretty much an article of faith with every one. In that city the ownership of public utilities has been a great success; there has been no failure whatever in connection with it. While it may be a far cry from the successful public operation of the smaller utilities in a city such as the one I come from to the operation of a national utility, it is, after all, some encouragement for me to believe that the same principle would be successful in the larger national field.

It has been argued that the matter of taking over the Grand Trunk is not in itself a matter of public ownership. Technically that may be correct. But I would like to point out this, and I think it has been lost sight of very largely in the discussion, that the object of public ownership is not the making of profits; it is the service that may be rendered to the public. Ownership in itself is not the consideration. It is important only because of the fact that it gives control of operation, and by that means the power to give service. I think under the Bill which has been presented there can be no real doubt that the Government will have absolute control of the operation of the Grand Trunk. I believe, Sir, that many hon. members have no conception of the growth of public feeling in favour of public ownership of the great public services and the great natural resources of this country. I believe that the people are tired of continually paying out millions to private corporations for the operation of public utilities and more especially of railways.

The people of Canada have, I believe, paid fully one billion dollars in one way or another to the railways of this country; they have paid enough money to the railways to build the roads, and yet we do not own them to-day.

I believe further that the people of this country will go a great deal further in the direction of public ownership than we have gone up to this time; I believe that they will go beyond the nationalization of the railways. I am not going to enlarge on that now, but I hope that will be the case.

It would be impossible to exaggerate the gravity of the financial condition in which this country now finds itself, but I would not like to admit that the acquisition of the Grand Trunk Railway system under proper conditions, on a fair basis and on fair terms would necessarily aggravate the seriousness of that position.

Now, we have two groups, as I take it, that are opposed to the nationalization of railways, or to the nationalization of the Grand Trunk, the matter which is before us to-night. One group consists of those on both sides of the House, who do not believe in the principle at all; they believe for various reasons that private ownership of railways is preferable to public ownership. The other group consists of those who do favour the principle, and perhaps this group may be subdivided into three classes. The first class embraces those who theoretically believe in public ownership but have not the courage of their convictions when it comes to applying the principle on the larger national scale. Then there are others who claim that the time is inopportune for the acquiring of the Grand Trunk; and I will deal with that very briefly in a moment. Then we have the third group, consisting of those who think that the present project is a very bad and a very poor bargain for the people. I should like for a moment to examine these objections.

Some who are opposed to the entire principle of nationalization and believe in private ownership are of that mind because their private interests are concerned—interests which are not consistent with those of the public. The larger number fear that in the case of the nationalization of the Grand Trunk there will be political manipulation; that the road will be used for political advantage and that there will be consequent inefficiency of management resulting in large financial loss.

I admit at once that unless the Government, if it takes over the Grand Trunk, creates an absolutely efficient board of management the project will be a sad financial failure. If it is decided to take over the road I would get the very best railway men in the world; I would not care where they came from, and I would pay the price. I do not see why men who understand the railway business, men who are the best in their own particular line, cannot give the same kind of service to the country that they can give to a private corporation, provided they are not interfered with by those who are higher in authority.

I admit that it takes a good deal of faith to believe that the policy of interference for political purposes will not continue. But if you obtain the right kind of men—men with backbone, men with a sense of responsibility and with a fair amount of patriotism—they will not allow themselves to be interfered with in the performance of what to them must be not only a work for remuneration, but a matter of public and patriotic duty.

During the last session, when the incorporation of the Canadian National Railway Company took place, I voted against that Bill because I felt at that time that the Government was not acting in the interests of the country when it retained in the management of that road the men who had already made a failure of the Canadian Northern. I believe that to-day. I have no particular criticism to make against the gentleman who was then very freely criticized, the president of the road. When a man does not make a success of one undertaking I think it is fair to assume that he will not make a success of another undertaking which is much larger. If I believed that when the Grand Trunk is incorporated into the Canadian National Railway system the National railways would remain under the control of the present management, that would be sufficient justification for opposing the acquisition of the Grand Trunk, because you would be starting out with practically no chance of success. I was very glad to read in Hansard, therefore, the following remark made by the Minister of Railways a few days ago:

> There is another matter that I wish to mention in connection with this great railway undertaking. When these two railway systems are operated as one system it will be absolutely necessary for the Government to select a management and a staff of the best men that can be found, no matter where they come from, to operate this whole new complete system, and those who are decided upon must assume this responsibility.

I gather from that—and I would like to be corrected by the Minister of Railways if I am wrong—that it is his intention to appoint a new board to manage the enlarged national system.

Mr. J. D. REID: The hon. member is absolutely right. I made that remark the

other day, and if I can use any other words to make the expression stronger, I wish to be understood as doing so. I repeat that so far as I am concerned this road will be operated by the best railway men that we can get, no matter where they come from. The intimation or insinuation of an hon. gentleman opposite—I think it was the member for North Cape Breton and Victoria (Mr. McKenzie)—that the management of these railways would be turned over to the present management was absolutely wrong. The whole board will be reorganized and a set of railway men will operate the system entirely independent of myself or any other man.

Mr. EULER: I understand, then, that it is the intention to reorganize the whole board?

Mr. J. D. REID: Certainly.

Mr. EULER: I am very glad to have that assurance from the minister. Just a word or two with regard to the danger of financial loss under government ownership. The real reason, I think, why some railways in Canada have been losing money is that there has been no co-ordination of our railway services. If the Grand Trunk is taken over we shall have the Canadian Northern and the Grand Trunk, each one weak where the other is strong. I know that that point has been mentioned in the Drayton-Acworth report, but I think it should be dwelt upon in view of the argument that public ownership of railways will necessarily result in a heavy financial loss. In the West the Canadian Northern is well supplied with branch lines, but it is weak in Eastern Canada and especially in Western Ontario, of which I have more intimate knowledge. On the other hand, the Grand Trunk has insufficient branch lines in the West but it has lines running into practically every town, village and hamlet in Ontario.

These two roads can be organized to form a complete system. I see no reason why they should not be at least fairly successful at the outset, and develop ultimately into a well-paying proposition. While I am on that point, I should like to mention another feature which is of much importance to the people of the province from which I come, the province of Ontario, and especially to its western portion. In that section of the country public ownership has made great progress. We have made a success of it on a smaller scale in most of the towns and cities. We are now entering upon the building of what is known as radial lines of railway, publicly-owned. In order to do that, unless the Grand Trunk is nationalized, it will be necessary to duplicate many lines which are already in existence. If the Grand Trunk is nationalized, the people of Ontario would like to see the branch lines which are already there, which are not operated as they should be (many of them with only one or two trains a day) placed under the control of those who would electrify these roads, save a great deal of duplication, and render a tremendous service to the people of Ontario.

Duplication, of which I have already spoken, is another cause of losses. There is only one remedy that I can see for that, and that is the placing of all these roads, including the Canadian Pacific, under one national control, and then relentlessly cutting out duplication wherever it may exist, saving the unnecessary overhead expenditure and maintenance of parallel lines and all the rest of it. Then I believe the national roads would have a fair chance of financial success.

During last session and again during this session I was disappointed and surprised to hear the ex-Minister of Finance (Sir Thomas White) make the remarkable statement that it was well to take over—I am perhaps not using his exact words, but this was his meaning—the Canadian Northern, which was a losing proposition, to take over the Grand Trunk now, which is perhaps, to some extent, in financial difficulties, but to leave the Canadian Pacific alone, because it is a paying institution and is a prosperous and well-managed road. The only conclusion to draw from that is this, that it is the business or the duty of this country to take over the lame ducks and to leave the prosperous and paying institution in the hands of private interests. I am personally sufficiently a believer in nationalization of railways to say that if it be at all possible, I would also include the Canadian Pacific railway in the national system.

Others say that the time is not opportune for taking over the Grand Trunk. That may be true. I for one cannot see that there is any immediate likelihood, perhaps not for a generation, of Canada's being in any very much better position to take over the road than it is at the present time. We are loaded down with a tremendous debt. There is no reason for believing that we can get rid of these obligations for a very long time to come. In the meantime, I presume, it will be with this road as it has been with others, namely, that if they lose, we pay; if they win, they keep

the profits to themselves. If we are obliged to pay anyway, we may as well own and control the road.

Another alternative that has been mentioned is to allow the Grand Trunk to go into liquidation, and then if we wish to nationalize it, to buy it in at bargain figures. Perhaps that argument is sound. When private interests fail to make a success of their business, the Government or the people of Canada cannot be expected to come to their assistance, and possibly the same rule should govern in the case of the Grand Trunk and the Grand Trunk Pacific. But I believe, after all, if a fair and just bargain can be made for the purchase of the Grand Trunk, it will be preferable to take it over in that way rather than to allow it to drift into bankruptcy, with all the inconveniences that come from interference with a great public service such as is provided by a great railway system.

I come to the last point and I shall be very brief. I wish to refer to the claim that we are making a very poor bargain on the basis which is proposed in the Bill before the House. I do not know whether this is going to be a good bargain or not, and I question whether any hon. member on the other side or on this side of this House is able to express a really reasoned opinion whether we are going to make a good bargain or not, because there is so much uncertainty connected with the terms presented to us now. I am entirely in favour of the acquisition of the Grand Trunk and the incorporation of it with the national railways if that can be done on the proper terms, and anything I may say is not to be considered as in any way a retreat from that position. I am in favour of nationalization of the Grand Trunk.

I will, however, say this, that after looking over the blue-books and the financial statements that have been placed before the House, it appears to me that there is a good deal of ground for the amendment that has been moved by the leader of the Opposition, that we have not had, and we cannot have sufficient time, merely, by debating the question in this House, to come to a really reasoned conclusion as to what we are actually doing in connection with the acquisition of the Grand Trunk railway. I know that the Minister of the Interior has said in this House in regard to that criticism that the Government is willing to stay here and debate this question as long as may be necessary; but I say in all seriousness that I do not believe that it is possible to arrive at a correct estimate of the situation merely by making speeches on one side and then on the other side of the House. A question of the magnitude of this kind involving hundreds of millions of dollars ought to be discussed not only by the newspapers, but the people ought to be given an opportunity to think it over, to talk to their representatives in Parliament, and thus permit us finally to arrive at some sort of reasoned conclusion with regard to the matter. For that reason, I am inclined to favour the amendment. We should thus have two or three months thoroughly to investigate and to digest the information. Then, next session, in January or February, we could deal with it intelligently.

I would, just for a few moments, refer to the terms themselves as I gather them from the Bill and from the balance sheet as submitted by the Grand Trunk railway. We are taking over the assets and the liabilities of the road. Those assets consist of property and equipment of a value of $434,990,999. There are other sundry items amounting to some $25,799,381, and outstanding accounts in one item amounting to $43,838,831 as to the details of which, as the hon. member for Lambton (Mr. Pardee) said, we have absolutely no knowledge whatever. That makes a total, if we take it at its face value, of $504,629,211. The liabilities consist of the funded debt of $216,207,138 upon which we guarantee to pay perpetually 4 per cent per annum, further bonds of some $18,184,738, an advance by the Canadian Government of $15,142,633, equipment notes and loan of $5,344,207, and notes payable of $35,548,235. Then there are current liabilities amounting to $22,801,474, reserves amounting to $3,455,344 and advances to controlled companies $7,286,995. We are, therefore, agreeing to assume a responsibility as regards liabilities of $323,970,767. I am taking that from the statement in the blue-book. Upon $290,426,958 of that, there are fixed charges that this Government undertakes to pay.

Deducting $323,000,000 of liabilities from $504,000,000 of assets there remains a nominal balance to be arbitrated upon of $180,000,000, covered by three preference stocks totalling $63,000,000, and common stock of $116,000,000. Where my misgivings come in, so far as the bargain is concerned, is in connection with the arbitration on this $180,000,000 of stock. I am not so particularly concerned over the ability of the Grand Trunk to take care of the fixed charges, so far as the present guaranteed and debenture stocks are concerned. From the past history of the Grand Trunk, ac-

cording to their statements, I am inclined to think they would be able to take care of those fixed charges. According to the rates of interest given, they would amount to something like $12,500,000 per annum. I understand the hon. member for Brantford (Mr. Cockshutt) has fixed it at something like $18,000,000. Of course, to the $12,500,000 must be added any possible amounts that the country may have to pay because of certain guarantees which the Grand Trunk has made in respect to other companies. I am quite willing to accept the figures of my hon. friend from Brantford, $18,000,000, although they are somewhat higher than I had thought. I repeat it is possible, and I believe that under proper management it is probable, that the Grand Trunk will be able to take care of those charges.

The great objection I have to the proposal as it stands is this: I am afraid to entrust to any three men, no matter how competent they may be, the determination of the value of the $180,000,000 of preferred and common stock which is to be referred to arbitration, and to bind this country without further reference to Parliament. I think the responsibility in the end must devolve on the Parliament of Canada to say what amount shall be paid. While I am going to vote for the amendment, which would give us more time to study and discuss the matter, I do not for one moment intend to vote for anything that would tend to sidetrack nationalization of the Grand Trunk on proper terms. I say that if the arbitration award did not become effective until after it had been approved by the Parliament of Canada, I should vote for the main motion. I do not suppose the Government will vary its Bill on account of anything a member of the Opposition may say, but I wish to reaffirm this: In a project of this magnitude, which involves the people of Canada in a possible expenditure of at least $180,000,000, for which I believe there is very little value to-day, and a total investment of half a billion dollars, I believe that Parliament should pass upon the award of these three arbitrators before it becomes effective.

There are two things that should be considered, and which may even affect the ability of the Grand Trunk, after it is acquired, to pay the fixed charges of which I have spoken, and they are these: We are affected by the Grand Trunk Pacific entanglements. I do not know exactly what that liability involves, but it is going to be very great, and it ought to be taken into consideration when the value of the $180,000,000 of stock is being considered. We have further the statement in the Drayton-Acworth report that some portion of the dividends which have been paid in past years, amounting to something like $21,000,000, should not have been paid, but should have been spent on the road, and thus have been a charge on the revenues.

I apologize for having spoken at this length, but I desired to make my position plain. I am for the nationalization of the Grand Trunk. I believe it would be in the interests of the people if we could give it the fullest possible thought and discussion. I have not yet heard any reason advanced why the interests of the country would suffer if discussion was allowed in the interval between now and the next session, when the whole matter could be debated in the light of the knowledge we may ourselves elicit and that may be obtained through discussion in the press and elsewhere. Finally, I urge that the award be not effective until the Parliament of Canada has passed upon it.

In conclusion, I do not intend, nor do I desire, to give any vote that will place me in the position of opposing nationalization of the Grand Trunk or any other railway on proper terms.

The House divided on the proposed amendment of Mr. McKenzie which was negatived on the following division:

YEAS.

Messrs

Andrews,	Jacobs,
Archambault,	Johnston,
Boivin,	Kay,
Bourassa,	King,
Boyer,	Lafortune,
Brouillard,	Lanctôt,
Bureau,	Lapointe (St. James),
Cahill,	McCoig,
Cannon,	McCrea,
Cardin,	McGibbon (Argenteuil),
Casgrain,	McKenzie,
Copp,	McLean (Royal),
d'Anjou,	Marcile (Bagot),
Déchêne,	Mayrand,
Delisle,	Michaud,
Demers,	Molloy,
Denis,	Murphy,
Desaulniers,	Papineau,
Deslauriers,	Pardee,
Duff,	Parent,
Ethier,	Pelletier,
Euler,	Prevost,
Fafard,	Proulx,
Fielding,	Ross,
Fontaine,	Savard,
Fortier,	Seguin,
Gauthier,	Tobin,
Gauvreau,	Truax,
Gervais,	Turgeon,
Gladu,	Vien.—61.
Hunt,	

NAYS.

Messrs

Allan,	Keefer,
Anderson,	Lalor,
Argue,	Lang,
Armstrong (Lambton),	Loggie,
Arthurs,	Long,
Ball,	Mackie (Edmonton),
Best,	MacNutt,
Blake,	McGibbon (Muskoka),
Bolton,	McIsaac,
Bowman,	McQuarrie,
Boyce,	Manion,
Boys,	Marshall,
Brien,	Martin,
Buchanan,	Merner,
Burnham,	Morphy,
Calder,	Munson,
Campbell,	Myers,
Casselman,	Nesbitt,
Charlton,	Nicholson
Charters,	(Queens, P.E.I.),
Clark (Bruce),	Nicholson (Algoma),
Clark (Red Deer),	Paul,
Clarke (Wellington),	Porter,
Clements,	Redman,
Cockshutt,	Reid (Grenville),
Cowan,	Reid (Mackenzie),
Crothers,	Richardson,
Crowe,	Rowell,
Cruise,	Sexsmith,
Currie,	Shaw,
Davis,	Sheard,
Edwards,	Sifton,
Finley,	Simpson,
Foster (York),	Smith,
Fraser,	Stevens,
Fripp,	Stewart (Hamilton),
Glass,	Stewart (Lanark),
Griesbach,	Sutherland,
Guthrie,	Thompson (Weyburn),
Halladay,	Thompson (Hastings),
Harold,	Thompson (Yukon),
Harrison,	Tweedie,
Hartt,	Wallace,
Hay,	Whidden,
Henders,	Wigmore,
Hughes (Sir Sam),	Wilson (Saskatoon).

—91—.

PAIRS.

(The list of pairs is furnished by the Chief Whips.)

Messieurs

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Wilson, G.,	Béland,
Stacey,	Baldwin,
McGregor,	Pacaud,
Spinney,	Sinclair (Queen's),
Cooper,	Leger,
Mewburn,	Fournier,
Scott,	Power,
Meighen,	Verville,
Maclean (Halifax),	Trahan,
Drayton,	Lavigueur,
Chabot,	Devlin,
Foster, Sir George,	Sinclair (Guysborough),
Thomson (Qu'Appelle),	DuTremblay,
Steele,	Lesage,
Burrell,	Kennedy,
Davidson,	Chisholm,
Middlebro,	Robb,
Crerar.	Leduc.

Mr. POWER: I was paired with the hon. member for South Waterloo (Mr. Scott). Had I voted I would have voted for the amendment.

Mr. J. H. SINCLAIR: I was paired with the hon Minister of Trade and Commerce (Sir George Foster). Had I voted I would have voted for the amendment.

Mr. A. McGREGOR: I was paired with the hon. member for Megantic (Mr. Turcotte). Had I voted I would have voted against the amendment.

Mr. FOURNIER: I was paired with the Minister of Militia (Major-General Mewburn). Had I voted I would have voted for the amendment.

Mr. MIDDLEBRO: I was paired with the hon. member for Chateauguay-Huntingdon (Mr. Robb). Had I voted I would have voted against the amendment.

Mr. GREEN: I was paired with the hon. member for Victoria, Alta., (Mr. White). Had I voted I would have voted against the amendment.

Main motion agreed to on the same division reversed, and Bill read the second time.

On motion of Hon. J. D. Reid the House went into committee on the Bill, Mr. Boivin in the Chair.

On section 1:

Mr. BUREAU: May I ask when the minister intends to resume the consideration of this Bill in committee after the adjournment to-night? To-morrow is Friday and there will not be very many members in the House. Could we not leave this matter until Monday evening?

Mr. J. D. REID: I discussed the matter with the chief whip of the Opposition and we thought there would be no objection if we dealt with the Bill until about six o'clock, when we could take up some other business, resuming the Bill on Monday.

Mr. BUREAU: The trains leave between four and five o'clock in the afternoon, and if you discuss this Bill until six o'clock any hon. members who desire to leave in the afternoon may be unable to do so if they are anxious to take part in the discussion of this matter.

Mr. J. D. REID: There will be a good many members here who will be desirous of speaking on the Bill.

Mr. BUREAU: We would like to be present also to take part in the discussion.

Mr. STEVENS: May I point out that practically all the members from west of the Great Lakes remain here continuously throughout the session and never get home to see their families or touch their business? Hon. gentlemen from Ontario and Quebec as well as from the extreme East should have some consideration in the matter.

Mr. BUREAU: There is other business that could be taken up. We have concluded this debate earlier than we might have done, and in so doing we have made a concession. We are not asking anything extraordinary in the request that further consideration of this Bill be postponed until Monday. Hon. members would not suffer, and in the meantime some other business might be proceeded with. The various bye-elections take place on Monday and many hon. members will no doubt be absent.

Mr. J. D. REID: I move, Mr. Chairman, that the Committee rise and report progress.

Mr. BUREAU: Will the minister kindly give an answer to my request?

Mr. J. D. REID: I can only repeat that I made an arrangement with the chief Opposition whip and I think we had better let the matter stand as agreed upon between us. To-morrow we shall see if there is any other business that we can do, and in the meantime we shall proceed with this Bill until six o'clock.

Progress reported.

On the motion of Hon. Mr. Doherty, the House adjourned at 12.20 p.m.

Friday, October 24, 1919.

The House met at Three o'clock.

ADULTERATION ACT—AMENDMENT.

(Bran and Shorts or Middlings).

Mr. R. C. HENDERS (Macdonald) presented the first report of the Select Committee on Agriculture and Colonization on Bill No. 7, an Act to amend the Adulteration Act (respecting Bran and Shorts or Middlings), as follows:

Your committee having had under consideration Bill No. 7, an Act to amend the Adulteration Act (respecting bran and shorts or middlings), beg leave to recommend the same to the House without any amendment.

PUBLIC PRINTING AND STATIONERY ACT—AMENDMENT.

Hon. HUGH GUTHRIE (Solicitor General) moved for leave to introduce Bill No. 36, to amend the Public Printing and Stationery Act.

[Mr. Bureau.]

Mr. D. D. McKENZIE: Explain.

Mr. GUTHRIE: Mr. Speaker, this amendment is introduced at the instance of the Board of Civil Service Commissioners. It refers to the Stationery Department of the Printing Bureau, and provides for a certain limited amount of reorganization, with the object of better co-ordinating the work of that department.

Motion agreed to and Bill read the first time.

DOMINION FINANCES.

On the Orders of the Day:

Mr. D. D. McKENZIE (Cape Breton North and Victoria): Mr. Speaker, on the 22nd of this month question No. 8, which stood on the Order Paper in my name, was answered. The question was:

1. What was the gross indebtedness of Canada on the first day of April, A. D., 1919?

To which the answer was given:

1. $2,676,635,724.77 (1919).

But in Hansard the question is in this form:

1. What was the gross indebtedness of Canada on the first day of April, A. D., 1911?

I wish to bring the error to your notice, Mr. Speaker, and to request that the necessary correction be made.

Mr. SPEAKER: If the error is in the transcription of the document by Hansard, I shall see that it is corrected; otherwise it must go as printed.

Mr. McKENZIE: As the question appeared on the Order Paper it is all right; but in Hansard it is all wrong.

Mr. SPEAKER: I will have inquiries made, and if the facts are as stated by the hon. member the necessary correction will be made.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House again in committee on Bill No. 33 respecting the acquisition by His Majesty of the Grand Trunk Railway system.—Mr. Boivin in the Chair.

The CHAIRMAN: Last night the committee adopted clause 1, namely, "Short title."

Mr. CAHILL: Mr. Chairman, clause 1 was not adopted last night.

Mr. McKENZIE: There was nothing adopted last night.

The CHAIRMAN: It was carried. However, we will take it up again.

Short title.

Mr. CAHILL: Before clause 1 carries, I think the Government should give to this committee a statement of the total liabilities that are to be assumed by this undertaking.

The CHAIRMAN: If the hon. member wishes the title of the Bill to be changed in any way, he would be in order in moving accordingly, but in committee the discussion must be strictly relevant to the clause immediately under consideration, and he is certainly not in order in referring to the total liabilities of the undertaking on clause 1, which is merely the Short Title of the Bill.

Section 1 agreed to.

On section 2—Government empowered to enter into agreement with Grand Trunk Railway Company for acquisition of entire capital stock of company except 4 per cent guaranteed stock.

Mr. CAHILL: I would ask the Government now to state what are the total liabilities to be assumed by the country.

Mr. J. D. REID: The total liabilities that the Government will assume when they take over this system will be as follows:

1. The debenture stock,—which really represents bonds against the road—in perpetuity amounting to a total of $155,373,806.20.

And also:—

2. Second mortgage equipment bonds 6 per cent $1,814,779.97.

3. Northern third mortgage 6 per cent bonds, $70,566.67.

4. Canada Atlantic 4 per cent bonds $16,000,091.77.

5. Wellington, Grey and Bruce bonds $295,893.34.

6. Matured bonds unpaid, $3,406.67, or a total of $18,184,738.42. Those two items together amount to $173,558,544.62, representing the funded debt against the property by way of bonds.

In addition to that we will assume the following liability: The interest at 4 per cent on the guaranteed stock of £12,500,000 in perpetuity, with this exception, that the Government will have the right at the end of thirty years to take over that stock instead of paying the 4 per cent interest that we guarantee on it so long as we leave it in its present position, in the meantime the stock being divested of its voting privileges.

Of course we also assume the interest on the items that I have mentioned comprising the total of $173,558,544.62.

In addition to that there are the following other stocks: 1st preference 5 per cent stock, $16,643,999.78; 2nd preference 5 per cent stock, $12,312,666.50; 3rd preference 4 per cent stock, $34,884,534.95, or a total amounting to $63,841,201.23.

Mr. H. A. MACKIE: Does that include the arrears of dividends upon the preferred stock?

Mr. J. D. REID: No, we pay no arrears on any of the stock. Whatever award is made as to what interest, if any, we shall pay will be effective from the date that the award is made. The arbitrators, then, will value this $63,841,201.23 of stock, and on that valuation we will pay four per cent interest in perpetuity, with this exception: we have the right to purchase it after thirty years.

Mr. McKENZIE: In reckoning the liabilities, why does the minister take out the $60,000,000 of guaranteed stock? Are we not assuming that liability?

Mr. J. D. REID: I have stated that upon the $173,558,544.62, which is the funded debt, we pay interest in perpetuity. The interest on the guaranteed stock of $60,000,000 we pay also in perpetuity, except that we have the right to take it over at the end of thirty years.

Mr. J. H. SINCLAIR: Have we not the right to take over the debentures? Are they not redeemable?

Mr. J. D. REID: If my memory serves me correctly, these bonds are in perpetuity, and we have not the right to take them up. The rate of interest is very low.

Mr. McKENZIE: Bonds are not usually in perpetuity.

Mr. J. D. REID: They are in this case.

Mr. J. H. SINCLAIR: Some of these debenture stocks are at five per cent and some at four.

Mr. J. D. REID: It is only the guaranteed stock, as I understand it and the stocks that the award is made on that we have the right to take up at the end of thirty years.

Mr. J. H. SINCLAIR: I do not understand the intimation of the minister that there will be no arbitration of the value of

the debenture stock, because we are assuming that liability. The Minister says that we have the option of wiping out the guaranteed stock after thirty years; I understand him to say also that in the case of the debenture stock we have not that right; we must continue to pay interest at five per cent, or whatever the rate is, in perpetuity.

Mr. J. D. REID: That is as I understand it at present. We are allowing the debenture stock, which is in perpetuity, to remain; we are not taking that right at the present time. In that I am subject to correction, and if I am wrong, I will correct my statement later.

Mr. J. H. SINCLAIR: I would like to be clear on that point. I understood the minister to say a minute ago that there was to be no arbitration on the $60,000,000; that we have assumed that and the arbitrators will have nothing to do with it. The minister now says—

Mr. J. D. REID: The hon. member is quite wrong in that. I said that upon the £12,500,000 of guaranteed stock, which amounts to $60,833,332.51, we pay four per cent in perpetuity unless we take it up after thirty years. Then the arbitrators will determine the value of the other three preference stocks, or the difference between $60,833,332.51 and $124,674,533.74, which amounts to $63,841,201.23, and upon the valuation at which they arrive we will pay interest at the rate of four per cent in perpetuity unless we decide to purchase at the amount of the award after thirty years.

Mr. BURNHAM: Is this transaction subject to the rate of exchange?

Mr. J. D. REID: Thirty years from now there may not be any question about the rate of exchange. In any case, the matter of exchange does not come into it at all.

Then we come to the common stock, $116,583,124.44, upon which no dividend has ever been paid. That also will be valued by the arbitrators, and upon the valuation arrived at, if any, we shall pay interest at four per cent in perpetuity unless we decide after thirty years to purchase it outright.

Mr. McKENZIE: In calculating the possible cost to the country of this white elephant which we shall have upon our hands, has the Government made any general estimate of what valuation will be placed upon these stocks by the Board of Arbitration?

Mr. J. D. REID: It would be difficult for me to make any statement of that kind.

[Mr. Sinclair.]

The Drayton-Acworth report stated that these companies had paid $3,600,000 per annum by way of interest on these several stocks that I have just mentioned, the Government felt justified in recommending the annual payment of $2,500,000 as a minimum, this to be added to from time to time so that at the end of seven years they would pay the $3,600,000. The Government decided that these stocks were of such a value that they were justified in paying $1,100,000 per annum in perpetuity in respect to them. That, of course, is in addition to the $2,500,000 interest on the guaranteed stock. In other words, the Drayton-Acworth report recommended, and the Government considered that they were justified in offering the payment of an annual amount, whether you call it rental or dividend, on the guaranteed stock and all other capital stocks—that is, the preference and common stocks—equal to $3,600,000 per annum. The amount of $1,100,000, therefore, could be applied on the three preference stocks and the common stock. The Grand Trunk railway claimed that that was not a sufficient amount, having regard to the value of the road.

We must remember that the Drayton-Acworth report made that recommendation of $3,600,000 after the Government relieved the Grand Trunk of liabilities and responsibilities that it might be subject to on account of its guaranteeing the Grand Trunk Pacific, and also after taking into consideration the fact that the Grand Trunk railway was used to operate the Transcontinental built by the Government between Winnipeg and Moncton, and the Grand Trunk thought that they should have an amount first, I think, of $5,600,000 per annum, which was later reduced to, I think, about $5,100,000. I have not the exact figures in my mind at the moment. Therefore, the Grand Trunk, rather than accept the amount offered of $3,600,000, decided to accept the offer of arbitration. That is the only way in which I could place any value on the stock in reply to the question asked by the hon. member.

Mr. J. H. SINCLAIR: That offer was not $3,600,000; the offer was to assume the liabilities and to pay $3,600,000 in addition. The offer is contained on page 8. This is the Government proposition:

1. The Government to take over the Grand Trunk Pacific railway and branch lines and the Grand Trunk Railway Company; to acquire all assets, and to assume all obligations of both companies.

Mr. J. D. REID: That is right.

Mr. J. H. SINCLAIR: That includes the debenture stock, and as I understand it, it includes the guaranteed stock.

Mr. J. D. REID: Let me correct the hon. member there. That offer was on this basis: The Government to pay $3,600,000 per annum, and in addition to that the Government would, of course, pay the interest on the funded debt, that interest amounting to about $7,000,000. Therefore, according to that offer, we would have to pay $7,000,000 interest on the funded debt, plus $3,600,000 interest on the other stocks.

Mr. J. H. SINCLAIR: The minister, if I understood him aright did not tell us when he made his explanation, that we were to assume the fixed charges in the first place, and then we were to pay the $3,600,000 on the common stock and the three preference stocks.

Mr. J. D. REID: And the guaranteed.

Mr. J. H. SINCLAIR: This goes on further to show that the stock may be redeemed on paying twenty-five years' rental at once, which would amount to $90,000,000. The letter capitalizes the total at $90,000,000. That is to say, the Government offers to assume all the fixed charges of the Grand Trunk Railway system and the Grand Trunk Pacific, and to pay in cash $90,000,000. Am I right there?

Mr. J. D. REID: No.

Mr. J. H. SINCLAIR: The Government agreed to pay $3,600,000 a year, and the letter goes on to say:

> The Government to have the option of purchase on the basis of and during the term of the final rental at the end of any year and on one year's notice at twenty-five times the annual final rental.

If you multiply $3,600,000 by twenty-five, you get $90,000,000.

Mr. J. D. REID: That is right.

Mr. J. H. SINCLAIR: That is how I arrive at the $90,000,000. The Government then agreed to pay $90,000,000 for the preference stock and the common stock.

Mr. J. D. REID: No, I will tell the hon. member where he is wrong, and perhaps I can put him right. The Government agreed to pay $90,000,000, if the hon. member wishes the matter put in that way, at the end of thirty years. What for? For what the $3,600,000 interest represents, and I will tell the hon. member what it represents, and he will see at once, because this has been explained so many times. It was to pay first $2,500,000 for the guaranteed stock. You have to add the $60,000,000 of guaranteed stock.

Mr. J. H. SINCLAIR: That is common stock.

Mr. J. D. REID: No. It is to pay $90,000,000 for $241,257,658.27, or in other words, the $3,600,000 was the annual interest for ten years on the four per cent guaranteed stock amounting to $60,833,332.51, and the first, second and third preference stocks, the four of them added together amounting to $124,674,533.74. In addition to that the common stock amounts to $116,583,124.44 on which no interest has ever been paid. The Government therefore said, no interest having ever been paid on the common stock, we will not take that into consideration at all; we will allow you $3,600,000, the annual amount you have been receiving on your guaranteed and first, second and third preference stocks. If you will accept that and hand us over the common stock as well, on which $30,000,000 has been paid, we are wiling to pay you that $3,600,000 in perpetuity, or $90,000,000 at the end of thirty years. The matter would sum up in this way. Take the amount as $90,000,000 if you wish to look at it in that way; deduct the $60,833,332.51, and you are left with a valuation of $30,000,000 to apply to the $64,841,301.23, that the first, second and third preference stocks added together, plus the $116,583,124.44 common stock, or in round numbers, $190,000,000 which that $30,000,000 would represent.

Mr. J. H. SINCLAIR: In what part of the Drayton-Acworth report does the minister find justification for offering that $90,000,000?

Mr. J. D. REID: On page 88, section 41 says:

> We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary stock—

That would be $241,257,658.27.

> —be surrendered to the trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividends in the last ten years; and that this annuity should increase by forty or fifty per cent after the first seven years.

That is where we get that recommendation, and as this Bill provides, we are taking over the guaranteed, the preference and the ordinary stocks in the way that I have just stated, subject, of course, to the award that may be given by the Board of Arbitrators.

Mr. CAHILL: The minister has wandered far from my question. We are undertak-

ing the purchase of the Grand Trunk Railway system including several railways, as well as the ownership of the stock of the Grand Trunk railway itself. What is the total amount of the liabilities we are assuming by the purchase of the Grand Trunk Railway system? I am not speaking merely of the Grand Trunk railway or any one portion of the system, but of the system as a whole.

Mr. J. D. REID: I was giving the items when I was interrupted. I explained that we were assuming the total funded debt. I cannot say what the liability will be in connection with the first, second, and third preference and common stocks until the arbitrators make their award. All that hon. members can do in the meantime is to place their own valuation upon it. The interest of $1,109,000 would represent a valuation of about $25,000,000 or $30,000,000.

Mr. MICHAUD: The minister must have an idea of the total amount of the liabilities.

Mr. J. D. REID: They are given in detail on page 39 of this blue-book. I quite understand what hon. members desire, but I would not for one minute undertake to say that we are assuming a liability of $116,583,124.44 in connection with the common stock, for instance, as was stated by the leader of the Opposition the other evening. There may be no valuation placed on this stock at all by the arbitrators. We did not consider it as of any value when we made the offer. We cannot say what the stock is worth until the award is made. I can only say that we assume liability for the total funded debt amounting to $173,558,544.62, and the guaranteed stock amounting to $60,833,322.51, and for the valuation placed on the preference and common stocks by the arbitrators. Then we have in our books a loan of $15,142,633.13 which was advanced to the Grand Trunk many years ago. While the Grand Trunk are liable for that amount, the Government has never regarded it as a liability. The understanding, I believe, was that the company would never be asked to pay back that sum or the interest on it until they had paid interest on their common stock. That $15,000,000 was all the Grand Trunk got by way of subsidies or assistance in any shape or form from the Dominion Government during the sixty-five years it has been in operation.

Mr. EULER: Was there an agreement that that $15,000,000 should never be repaid?

Mr. J. D. REID: I have not the data here, but the Grand Trunk have never been asked to pay even interest on that amount, and I think we will have to take it for granted that the Government would not insist that it really was a liability which we could deduct from the assets in this transaction.

Mr. McKENZIE: Was the amount not always carried forward in our books as an asset of the Dominion of Canada, and is it not there to-day?

Mr. J. D. REID: It certainly is there, or it would not appear in this list of liabilities.

Mr. McKENZIE: Then what right have you to say that the amount is going to be wiped out?

Mr. J. D. REID: I am not saying that. It is an asset of the Dominion. What I say is that the Government have never taken any action to collect either principal or interest.

Mr. McKENZIE: In determining the net debt of Canada, the minister would deduct that amount of $15,000,000, and as long as he does that, he has no right to say that this amount is going to be wiped off.

Mr. J. D. REID: I say that the arbitrators must take that amount into consideration when making their award, as well as every other liability against the road. I am not saying it would have a very serious effect on their decision.

Mr. FIELDING: Does the minister expect the arbitrators to treat that amount as a liability after he has stated he wants the amount wiped off?

Mr. J. D. REID: I am only stating the facts. My hon. friend was Minister of Finance for very many years, and if that amount was considered a liability it was his duty to collect the interest, and not let the loan stand in the position it did stand in for so many years. The hon. member knows the situation better than I do. I am sure he knows exactly on what terms and conditions that $15,000,000 was given to the Grand Trunk, and if I have not given the facts correctly, now is the time for him to give the information.

Mr. FIELDING: I think $15,000,000 is a good deal of money even in these days, and when there is an item of that amount concerned in this matter I think my hon. friend should bring forward more information than he has given so far as to the precise position with respect to that sum. If we did not collect it from the Grand Trunk and it should have been col-

lected, all governments from Confederation down are responsible. To-day we are only concerned in knowing precisely how the matter stands. I am not anxious to press things against the Grand Trunk, but I think we should have full information in connection with all these matters. One of my objections to proceeding with the legislation this session was that we had not time to get full information. Here is an item of $15 000,000, and my hon. friend has not thought it necessary to bring forward a precise statement of the terms under which that liability was created. I am not arguing whether or not it should be collected, but the minister should give us more information than he has, instead of simply saying he did not think it was ever intended that we should get back this money. We should know the precise terms and conditions under which that loan was made.

Mr. J. D. REID: The board of arbitrators will consider all the liabilities against the Grand Trunk on their merits. They are not going to base their award upon what I or any other member of the House may say; otherwise they should not be appointed. They will take every item into consideration on its merits. I cannot imagine that any of the arbitrators are going to read Hansard and base their award on statements made by hon. members of this House. If they do, they will have a nice time making the award. The arbitrators who will be appointed will be men of honour and will take every item into consideration on its merits, regardless of any statements I may make in the House or anywhere else.

Mr. CAHILL: The Canada Year Book, 1918, in the statement of the Dominion Bureau of Statistics, Ottawa, says:

> The actual increase was greater by $15,142,633, but this sum, representing a Government loan to the Grand Trunk railway, which had for years been returned as part of the company's capitalization, was eliminated in 1917.

That would be done with the knowledge of the Government.

Mr. J. D. REID: What book is that?

Mr. CAHILL: It is the Canada Year Book.

Mr. J. D. REID: I do not know that I can give any further explanation than the statement I have already made. The sum of $15,000,000 has been advanced to the Grand Trunk, and—

Mr. CAHILL: How was it eliminated?

Mr. J. D. REID: I did not say it was eliminated. If it was eliminated it would not be in this book.

Mr. CAHILL: This authority says so.

Mr. J. D. REID: The Canada Year Book surely is not more reliable than the official records of the department.

Mr. CAHILL: Who is responsible for the publication of these statistics? Is it not the Department of Railways?

Mr. J. D. REID: I am taking the statements as obtained from the official records in the department.

Mr. CAHILL: We must have the official records.

Mr. J. D. REID: I am giving them to you here.

Sir GEORGE FOSTER: It is well sometimes to have two authorities.

Mr. McKENZIE: Will the minister say what there is to arbitrate in this $15,000,000? The Canadian dollar is worth a dollar, and they are not going to arbitrate the value of our money. We have loaned this company $15,000,000, and the minister tells us now that we shall appoint arbitrators to ascertain the value of that sum. Why, it is $15,000,000.

Mr. J. D. REID: Let me tell my hon. friend what they will arbitrate, although it is hardly necessary that I should do so, for he must, by the nature of his profession, be better acquainted with these things than I am. The arbitrators are going to ascertain the value of the Grand Trunk Railway system and how much we should pay for it, taking into consideration all of the liabilities. First of all, the assets will all be added together and the liabilities will be deducted from them, what is left being the value of the stock.

Mr. McKENZIE: The Minister of the Interior told us the other night—and incidentally he poked a good deal of fun at myself in connection with the matter—that the sixty million dollars that we paid to the Canadian Northern had nothing to do with what we should pay for the stock. Was that sound logic? It was thrown across the floor, and a battalion of ministers applaudingly supported him in his contention that the moneys we lent to the company had nothing to do with the amount at which the stock should be valued. If that was sound financial logic, then the $15,000,000 lent to this company has nothing to do with the value of the stock.

Mr. ROWELL: My hon. friend, inadvertently no doubt, has stated quite inaccurately what the Minister of the Interior said.

Mr. McKENZIE: What did he say? Hansard is available.

Mr. ROWELL: As the Minister of Railways has pointed out, in ascertaining the value of the stock the arbitrators will no doubt take into consideration both the assets and the liabilities as well as the earnings, because upon those two considerations mainly must the value of the stock depend. The point that was under discussion the other night, as I recall it, was this: At a certain period the maximum of $30,000,000 was fixed in a resolution moved in this House as the amount that might be paid for the stock of the Canadian Northern railway, and my hon. friend in commenting on that made the statement that subsequently the company borrowed a sum of money—$15,000,000, I think;— and my hon. friend contended, as I recollect, that the fact of the borrowing changed the value of the stock.

Mr. McKENZIE: I did not say that. I said that it certainly should reduce the amount we would pay for the stock.

Mr. ROWELL: Then my hon. friend (Mr. Meighen) challenged that statement for the reason that if the money borrowed went into the road the road would be increased in value to that extent. The value of the stock would not be diminished by that amount if the money went into the road. You simply have a borrowing on one side of $15,000,000, and on the other side you have an investment in the road and an increase in your assets of $15,000,000. That transaction does not change the value of the stock; it might improve its value under certain possible conditions. If the company were on the verge of liquidation or were in financial difficulties the $15,000,000 would tide it over and enable it to discharge urgent obligations or make improvements essential to its operation. If it were relieved of its immediate distress or were enabled to make improvements absolutely indispensable to its operation, the company would be in a better position than before. Only in that sense might it be improved, but in the other sense it would not change the value of the stock if the money went into the road or was used to pay off liabilities.

Mr. McKENZIE: Suppose we said to the Canadian Northern, "We are willing to give you $30,000,000 provided you pass over to us every earthly thing you own," and they said they would not do that. Then we lent them, say, $45,000,000 or $50,000,000 and in the meantime they decided to throw up the sponge and give us the road. Does the minister mean to say that we would not take into consideration and balance up against the Canadian Northern that $50,000,000 we gave them? Would we not say: "It is true that four years ago we were willing to give you $30,000,000, but since then you have borrowed $50,000,000. You are indebted to us and are entitled to nothing. We have paid for the property already more than it was worth. Your physical property is what we are looking for. We have more than paid for it and don't care about your stock because it is worth nothing."

Mr. ROWELL: If that $40,000,000 or $50,000,000 did not go into the road or into the discharging of liabilities, then there would be some point in my hon. friend's contention. If, on the other hand, it went into the road or discharged liabilities, it improved the position of the company by the amount of the obligation that was incurred. To illustrate: Suppose the company had $40,000,000 or $50,000,000 of urgent obligations to meet. They come to the Government and say: "We are not able to finance ourselves. Will you loan us $40,000,000 or $50,000,000?" The Government agrees to do this, and the company with that sum discharges urgent liabilities to that extent. The company is no worse off. It has only changed its creditors. Its stock is worth just as much as before, the only difference being that the creditor is the Government instead of the former holder of the liabilities. In that sense I would say that it was not a question that would effect the value of the stock one way or the other. That is with respect to another road, however, and does not touch the immediate matter under consideration.

Sir SAM HUGHES: Would not the road have increased in value in the meantime?

Mr. ROWELL: It might have increased in value.

Sir SAM HUGHES: It did increase.

Mr. EULER: It seems to me that we are entitled to a definite answer from the minister as to whether this $15,000,000 is or is not an asset of the Dominion of Canada. I cannot see that there is any force in the contention that the amount itself is subject to arbitration. The $15,000,000 is money

that the people of Canada gave to the Grand Trunk Railway Company as a loan. If that is the case they owe it to the Dominion of Canada. If it is true we do not expect to receive that money back we ought to know it. I do not see how the amount itself can be subject to arbitration. It is either $15,000,000 or it is nothing, and it seems to me that this liability of the Grand Trunk to the Government is just as much a liability as any other item they may owe to anybody else. I would like to know whether, in the opinion of the Government, or whether, as a matter of fact, this is a real asset of the Dominion of Canada owed by the Grand Trunk Railway Company.

Mr. ROWELL: I do not think much can be added to what my hon. friend the Minister of Railways has already said about it. The facts are that it was an advance made fifty or sixty years ago, perhaps more, which was not intended to be repaid at the time.

Mr. FIELDING: My hon. friend says that it was not intended to be repaid. There ought to be a record of that. I do not contend against the hon. gentleman's argument, but I say that we ought to have the record of it. We ought to have what the bargain actually was from the document itself and not what somebody thinks it was.

Mr. ROWELL: Quite so, and the Minister of Railways will bring down whatever record there may be.

Mr. FIELDING: It was before Confederation.

Mr. ROWELL: Quite so. Whatever the record is it will be placed before the House. As I understand no interest was to be paid upon the loan until the company had really paid a dividend on the common stock. No dividend has ever been paid on the common stock, and therefore no interest has ever been charged on this $15,000,000. But it has been carried in the books of the Government as an obligation of the Grand Trunk Railway Company to the Government. The Government has never written it off its books, but it has never demanded payment. In preparing the statement for the information of the House, the officials of the department brought this item into the account showing it in that way. The actual document relating to it, whatever it may be, my hon. friend will bring down.

Mr. J. D. REID: Yes, I will bring it down.

Mr. EULER: Will the minister say whether, in his opinion, the amount is arbitrable?

Mr. ROWELL: I have not seen the document, and I therefore would not care to express an opinion offhand. It is arbitrable in this sense, that the arbitrators, in endeavouring to arrive at the

4 p.m. amount of the assets and liabilities, must consider all these items. If the arbitrators consider that this is a real liability of the company then this stock is more worthless than if it were not a liability of the company.

Mr. EULER: By whom was this item of $15,000,000 brought into this statement? Is it a recognition by the Grand Trunk of a liability?

Mr. ROWELL: No, it is brought in by the Government. I am not aware that there is any dispute between the Grand Trunk and the Government as to the conditions under which that loan was originally made, or as to the conditions upon which interest is payable upon it.

Mr. FIELDING: Might I call the attention of the minister to another point bearing on the question of the arbitration? Considerable interest has been expressed—not entirely on this side of the House—regarding the possibility of the outcome of this arbitration, especially in regard to the enhanced advancement of values in the London market. I am not sure whether it was the Minister of Railways or the Minister of the Interior, but I think one of them assented to the view that this arbitration should be in that respect limited, that there should be a date fixed and that in so far as—just how far it would be proper to go is another point—market values may have any proper bearing on the result of the arbitration, these market values should be taken as of a date substantially before the introduction of this measure. I understood that the Minister of Railways, or the Minister of the Interior—I will not say "promised"—but gave us to understand that such a provision would be made. I would like to call the minister's attention to it because if there is to be such a limitation it ought to go into this Bill.

Mr. J. D. REID: My hon. friend the Minister of the Interior, in his remarks a day or two ago, made reference to this very matter, and stated that a date would be fixed on which the value of these stocks would be based. I think some hon. member suggested as the date August 31, which would preclude the possibility of any speculative value being given to the stock. The Minister of the Interior assured the House that

that would be protected in some way and I also gave an assurance last night.

Mr. FIELDING: Does my hon. friend propose to deal with it in the Bill?

Mr. J. D. REID: No, I had not any intention of dealing with it in the Bill but I will give the assurance that it will be protected in some way.

Mr. McKENZIE: On this subject of the date, when the letters in connection with the negotiations were introduced here the other night, I brought the matter up with the Minister of the Interior and not knowing that the negotiations had gone away back for over a year, and believing that these were new negotiations, I stated that perhaps the last day of August, 1919, would be a suitable date. I said that believing that we were on new negotiations altogether but since then, from speeches and information gathered from the other side, it turns out that these were continuous negotiations from the 24th January, 1918. The negotiations were first opened by the Prime Minister's cablegram on the 24th January, 1918. I went back on my date of the 31st August when it was disclosed that the negotiations had been going on since January. My contention is that the date to be fixed with regard to the value of the stock should be the 23rd January, 1918, the day before the Prime Minister's cable was sent to the old country.

Mr. J. D. REID: I would not like to agree to any particular date at the present time, and I think that my hon. friend, when I mention the facts to him, will agree with me. Due to the fact that the Government were entering into negotiations with the company I believe that the stock was much higher in January, 1918, than it was in August, because the hon. member, reading in the press, would see that there was quite an issue taken in London as to the amount the Government were offering. The stocks, in August, in my opinion, were about as low as they ever were and therefore I think it is well to let the question of the date remain until we come to take up the agreement and decide the thing. I have said that we will protect the situation if there is a possible chance of the stock being inflated on account of the decision of the Government to take over the road.

Mr. H. A. MACKIE: Will the agreement be before the House?

Mr. J. D. REID: No, the agreement will not be before the House. After the Bill goes through it will take some time to prepare the agreement. There will be a great many details which will have to be placed in the agreement, which will have to be gone into and which could not be embodied in the Bill before the House.

Mr. H. A. MACKIE: I agree with my hon. friend from Cape Breton North and Victoria (Mr. McKenzie) that a date ought to be fixed or some assurance given to the House that a date will be fixed so as to enable the House to be satisfied that more shall not be paid for the stock than should be paid.

Mr. RICHARDSON: I regarded that point as of such essential importance that I took the earliest opportunity on my return from Winnipeg a few days ago to ascertain from governmental sources whether this alleged inflation would affect the arbitration, and I was assured from sources that were satisfactory to me that it was the Government's intention to see that this inflation would have no bearing whatever on the amount that the arbitrators might award. Hon. gentlemen will remember that when I addressed the House on Wednesday I mentioned that matter. I did not like to give the source of my information, because I did not want to betray any confidence. But inasmuch as it has been stated on behalf of the Government that it is the intention to take that precaution, it is my judgment that it would be well, if possible, to have the date fixed in the Bill, and I therefore agree with the suggestion of the hon. member for Edmonton East (Mr. Mackie). The people are exceedingly suspicious and anxious about this matter.

Mr. McKENZIE: They have a right to be.

Mr. RICHARDSON: I do not agree with my hon. friend that they have any right to be. But there is such a feeling of doubt about everything—even about my hon. friend—that I think it would be well to fix the date now. While I am on my feet, I would like to ask with regard to the $90,000,000 obligation of the Grand Trunk to the Government under the Grand Trunk Pacific contract. I was also given an assurance that that would be taken care of in the arbitration. Consequently, feeling that these two important points were to be provided for in the interests of the public, I had no difficulty in endorsing the proposal to purchase the Grand Trunk.

Sir SAM HUGHES: It is a very simple matter to discover the market quotations of this stock. Why not get them for the last three or four years, and see if there

has been any great inflation or not? If there has been, then let us take the lower figure.

Mr. H. A. MACKIE: When the arbitrators are establishing the value of the stock, neither my hon. friend (Sir Sam Hughes) nor I will be present to discuss the manner in which they are to proceed; but if we now fix a date on which the value of the stock ought to be considered, we are convincing the public that we are protecting them.

Sir SAM HUGHES: That would be my idea too. I think the lowest market quotation should be selected in arriving at the value of the stock.

Mr. FIELDING: It must be understood that the stocks we are talking about are the three preference stocks and the common stock, which are the subject of arbitration. To my mind the more serious question is in regard to the guaranteed stock, and as to that I am afraid we have no protection.

Mr. RICHARDSON: I would like to make a suggestion to my hon. friend (Mr. Fielding) that, inasmuch as he raised the issue on the debate, he state what in his opinion should be the date to be adopted in arriving at the value of this stock.

Mr. FIELDING: I would not like to answer that question definitely. I am prepared to accept the assurances of the ministers that they will select a date; but I would like to see them select the date and put it in the Bill. I am inclined to study the Stock Exchange reports before I attempt to answer my hon. friend's question, and I am not anxious to be over-critical. On the question of the guaranteed stock, it is well to remember that what we are talking about does not touch that stock, which has advanced to 45 and, I believe, will reach 90 before the business is concluded. But that is another story, and perhaps it is not in order to debate it at this stage.

Mr. ROWELL: The hon. member (Mr. Fielding) has stated the situation correctly. The Government will see, as it properly should, that in this agreement the holders of the stock which is being arbitrated do not receive any higher value because of any appreciation of their stock due to the arrangement made between the Government and the company to take it over. It would be most improper that they should receive any enhancement in value under the circumstances, and whatever is the best form to guard against that will be provided for in the agrement, as the Minister of the Interior (Mr. Meighen) stated when this point was first brought up.

Mr. FIELDING: But my hon. friend will admit that that will not apply to the guaranteed stock.

Mr. ROWELL: I quite agree that it applies only to the stocks that are being arbitrated. I do not know if this is the proper time to discuss the guaranteed stock.

Mr. KING: If it is the Government's intention to do as the minister advises us, what is the objection to stating that intention in the Bill in a form which will help establish confidence throughout the country in the Government's intention.

Mr. ROWELL: I should not think anything would be necessary to establish confidence in the Government's intention with reference to the matter. But there is this feature to be considered: First, without an examination of the stock exchange returns, it is not at all clear what would be the best date to take; secondly, if we are negotiating an agreement, it is a proper matter for conference with the other matters to the agreement. However, the Government has given assurance that a date will be fixed which will safeguard this particular matter.

Mr. STEVENS: I would like to interject a suggestion here. I think we are on rather dangerous ground if in this Bill we fix a stated date at which this stock shall be valued, such a date being based apparently from the discussion upon a study of the market price of the stock. If we do that we are indicating to the arbitrators that this Parliament recognizes the market value of that stock at a given date. My opinion is, viewing this balance sheet somewhat carefully, that we would be exceedingly unwise to guarantee to pay to the Grand Trunk shareholders the value of their stock as represented on the market. What we want to do is to so arrange this arbitration that the arbitrators will ascertain the intrinsic, not the market, value of the stock, as represented by the surplus of assets over liabilities. Therefore, Mr Chairman, I do suggest very earnestly to the House that we should not fix a date which has any bearing whatsoever upon the market value of that stock, for we are by that very act recognizing the market value as against the intrinsic value.

Mr. CAMPBELL: My hon. friend's suggestion would involve ascertaining the physical value of the property, would it not?

Mr. STEVENS: My hon. friend is quite right, and we have two methods of doing that. Probably I have no right to speak with any authority, and I am now merely giving my own opinion. We have the Drayton-Acworth report, and that commission engaged the most expert engineers available to examine and report on the railways of this country. If that report is not satisfactory, it is open to the arbitrators, or to either party to the arbitration, to demand a new physical valuation. But the point I am making is that we would certainly be treading on very dangerous ground to introduce into this Bill the element of market value as a basis rather than the element of intrinsic value.

Mr. FIELDING: I think there is some force in the point raised by the hon. member for Vancouver (Mr. Stevens). I certainly did not contemplate that we should recognize the market value as a vital element in the matter. The words which I used were, "that if the arbitrators admit the market value as an element for consideration, such market value should be as of an earlier date." There is considerable force in what my hon. friend says. I know that in the case of the Canadian Northern arbitration, in my individual judgment the putting a limit on the value was a mistake, because it was an invitation to the arbitrators to go to that amount. But I think in this case we might provide that if in the judgment of the arbitrators market value enters into the question at all, it must be such market value as at an earlier date.

Mr. McKENZIE: We cannot examine the market quotations from year to year, or from month to month, and select some date when the stocks of this company are very low. That would be illogical and improper, and would not be sustained for one moment. But we can very well say to any person holding this stock: You have no right to profit by any inflation or advancement of the stock which took place because of the fact the Government decided to buy. I think it would be quite fair to draw the line at the day when it first became officially known that the Government of Canada contemplated the purchase of this property and of the material that was giving value to this stock. If January 24, 1918, was the day when that official announcement was made, then the holders of this stock should be entitled only to the value of the stock as it stood not later than January 23, 1918. Of course, if there were earlier negotiations which might have influenced the value of the stock, the Government are aware of them. But if there was no earlier public announcement, I would fix the day as I have suggested, and I would say: "You cannot come this side of that line, because it is quite probable that any inflation of this stock is the result of our decision to purchase."

Mr. ROWELL: I think my hon. friend will see, if he reflects a moment, that the date which he suggests would not be a wise one to select and that it would be much wiser to leave the matter open so that the Government can take care of the situation in the agreement. I intimated the other evening that in my view the market value of the stock, viz: what it happened to be selling for at any particular day on the exchange, should not influence the arbitrators in fixing value. I gave my reasons then for that view, and I shall not repeat them. But since January, 1918, some very important events have taken place in the history of the Grand Trunk and the Grand Trunk Pacific which would, I think, have a much greater effect upon the stock than the initiation of negotiations on the part of the Government. One of these events was the confession of the Grand Trunk of its inability to continue the operation of the Grand Trunk Pacific. Then there was the further fact that when it confessed its inability to operate the Grand Trunk Pacific the Government had to appoint a receiver. There is also the fact that the Grand Trunk has since found itself unable to continue operation without receiving certain other assistance. All these matters have quite an important bearing upon the value of the stock, and we would not be wise to fix a date as far back as my hon. friend has mentioned, because the stock is really of less value because of these events than it was on January 24, 1918. I agree with my hon. friend—and the Minister of the Interior made it clear the other evening that this would be provided for in the agreement—that if the question of the quoted market value of the stock is a factor in the situation, then there should be no enhancement of the amount of the award by reason of any enhancement of the value of the stock due to the fact that the Government had entered into this agreement.

Mr. J. D. REID: I want to interject a little statement here; some one has started a story in connection with this matter which I want to dispose of now. The story has

been circulated throughout the country that on account of this road being taken over by the Government no taxes will be paid by it to municipalities throughout the Dominion. I want to correct that statement. There is nothing in this Bill which permits the Government to depart from the position which the Grand Trunk has always been in with regard to this matter. Whatever taxes they paid in the past, or were liable to pay to any municipality or otherwise, they will be subjected to when this Bill passes. As I am getting telegrams from many parts of the country with regard to this story, I think it is well that I should make this correction now.

Mr. FIELDING: If it is Government property, will it be liable to taxation? I am not arguing whether or not it should be; I am simply putting the question.

Mr. J. D. REID: The position I take is this: It is still a private company, but the Government owns the stock. It is not the same as if the title of the property was in the Government. But it is not the intention of this Bill to make the Grand Trunk free from taxation as was the case with the Intercolonial. In the case of the Intercolonial, a deed in fee simple is passed to the Crown for every part of the right of way. In this case we have the stock and the road is to be operated as a private company; so that the conditions will be the same so far as any requirements of the municipalities are concerned.

Mr. FIELDING: Is not the Intercolonial, by reason of our recent legislation, to-day the property of the Canadian National Railway Company?

Mr. J. D. REID: Only so far as operation is concerned.

Mr. FIELDING: They are not the owners?

Mr. J. D. REID: No, they are not the owners. In the case of the Canadian Northern, of course, there is power to issue debentures, and the position might be different, but so far as the Intercolonial is concerned the management was simply transferred to the Canadian National Railway Company and there is no right on the part of that company to issue bonds or mortgages in respect of that part of the Government railway system—not, at all events, without the consent of Parliament. Of course, that is true of the other end of it; the Board of Management would not on any account issue bonds without the consent of the Governor in Council.

Mr. KING: Does not what the minister has just said bear out exactly the contention I made yesterday, namely, that when the Government talks about this proposal involving the government ownership of railways they are misleading the House and the country? The minister has just stated that it is not government ownership; therefore these properties will remain liable to taxation.

Mr. J. D. REID: So far as the Grand Trunk or the Canadian Northern are concerned, when we buy the stock we are the owners of the road.

Mr. KING: Then if it is Government property and therefore exempt from taxation, why do you allow the municipalities to impose taxes upon it?

Mr. J. D. REID: As I understand it, Government property in fee simple, owned and registered in the name of the Crown, is, under the British North America Act, free from taxation. In this case the title to the property is registered in the name of the Grand Trunk Railway Company of Canada, a private corporation of which we own the stock.

Mr. MACKENZIE: KING: A private corporation.

Mr. J. D. REID: And owning the stock, we own the company. We own the property of the company, and, therefore, we must be the sole owners of the company.

Mr. McCOIG: If it is the case as the hon. minister explains it, what would be wrong in having a clause inserted in the Bill so that there would be no possible question about this road being subject to taxation? Some other minister in some future year might interpret the Act in an entirely different manner. If it is set out now and clearly established by a clause in the Bill that the road is subject to taxation, the municipalities would be satisfied that what the minister says is absolutely true.

Mr. J. D. REID: I do not like to load the Bill up with anything that is unnecessary, and if any other minister comes into this House at any future time, or if the Government of the day at any future time should change its mind and decide that it is going to collect taxes from every municipality in the Dominion of Canada, because these roads run through almost every municipality, and to depart from a system that has been in existence since the Grand Trunk was built and that has been continued by the Government—

Mr. FIELDING: The minister is reversing the matter. It is not because the Grand Trunk collects taxes.

Mr. J. D. REID: —then I say the minister of that day must assume the responsibility and have the support of the members of this House to justify him in departing from the system and allowing the railway companies to stop paying taxes.

Mr. EULER: Surely it is not a contention of the minister that the Government is going to tax the municipalities for the privilege of having the railways pass through them. I think he has reversed the argument.

Mr. J. D. REID: What I meant to say was to allow the municipalities to collect taxes.

Mr. MACKENZIE KING: Are the positions identical in regard to the Intercolonial and this railway as it will exist after this measure has gone through? In the case of the Intercolonial at the present time, does the Government pay any dividends on stock to any stockholders?

Mr. J. D. REID: There was no stock issued.

Mr. MACKENZIE KING: I know. The Government owned the railway from the outset. That is the difference. That is government ownership. This is not government ownership; this is private ownership, with the Government taking over certain of the stock, giving other stock in return and paying dividends on the latter.

Mr. J. D. REID: There is no use in myself and the hon. member arguing this. I would suggest to him that when he has time he should get the other members on his side into some room and endeavour to convince them that they are wrong. Every other hon. member opposite is arguing that this is complete government ownership, and I am not endeavouring to change their opinion; but the leader of the Opposition is arguing directly against every other hon. member on that side of the House.

Mr. McKENZIE: That is not the point.

Mr. MACKENZIE KING: I think there is a distinction which perhaps has not been kept clearly enough in mind by the minister in his remarks, that is the distinction between government ownership and government operation. I am prepared to say that the measure which the Government is putting through at the present time is a measure in the nature of effecting government operation of railways. It is a transfer of the management of the Grand Trunk Railway Company from the Grand Trunk to a commission composed of the Government's own appointees to manage the road. That is the nature of the transaction. I will admit that it is a transfer from private operation to public operation, and as such I think the ultimate value of it is very doubtful. There are certain merits that private management has when there are stockholders who have an opportunity of watching the efficiency of management and who avail themselves of their opportunity in order that the dividends may increase through efficient management. All that advantage is going to be taken away by this arrangement, because the Government in taking away the voting power from the shareholders gives them a guaranteed rate of interest which they will get from year to year irrespective of how inefficient the management may be.

Government ownership and Government operation are two distinct things. The minister speaks of this measure as one of Government ownership and operation. I will admit that it is a measure of Government operation, but I decline to admit that it is Government ownership. The Intercolonial is Government-owned, but this is not.

Mr. ROWELL: My hon. friend fails to distinguish between things that differ. A man may own property in two ways; he may own a property by having it stand in his name, as a man owns a house, or a factory, or a farm, or any other property, but he may own it in a different way. He may have the title to that vested in a corporate entity, and he may own the stock of the corporation. He owns it in all the elements of ownership just as much in the one case as in the other. It is a different method of holding. The corporate entity, it is true, is entirely distinct from himself; but he owns the stock, and he has the ownership in all its plentitude and in all its power, except that he must carry on the work of the corporation in the manner in which the law requires a corporation to carry on its work. The two methods of ownership are illustrated in the Intercolonial and in the Canadian Northern. In the Intercolonial the title to the road is actually vested in the Government. The Government owns it in the first way I have mentioned. In the case of the Canadian Northern, the Government owns the road by owning the stock of the Canadian Northern Railway Company. It owns the one just

as much as it owns the other, but it owns it in a different way. My hon. friend is quite mistaken when he says that the Government does not own the Canadian Northern railway. The Government owns and operates in both cases, but in one case it owns and operates directly, that is, it did before the operation was turned over to the Canadian National railways. In the other case, the Government owns and operates through a corporate entity. This is a matter of convenience, because it is believed to be wiser to do so.

Mr. MACKENZIE KING: I should like to point out this distinction which I see in the difference to which the hon. minister has just drawn our attention. Let us assume that the Government wishes to dispose of the Intercolonial railway at any time. It is free to do so of its own initiative; it has not to go to some shareholders and buy up their shares at the end of a period of thirty years; it has complete ownership at the present time. There is nothing more to be paid out; the Government has full possession of the title. That is not the case in regard to the Grand Trunk proposition. The Government cannot dispose of the Grand Trunk railway until it acquires the outstanding stock, which outstanding stock it can purchase at the end of thirty years. Until that stock is purchased and held in the name of the Government, the road is not government-owned. In the case of the Canadian Northern, which has been referred to, the Government owns the stock. In the case of the Intercolonial, it owns the railway. In the case of the Grand Trunk, it owns neither the property nor the stock, to a very considerable percentage of it at least.

Mr. ROWELL: My hon. friend there is under a misapprehension again.

Mr. MACKENZIE KING: No misapprehension.

Mr. ROWELL: Take the three roads. In the case of the Intercolonial, the Government owns it without any obligations outstanding against it; it paid for it at the time. In the case of the Canadian Northern, it owns the stock subject to obligations outstanding against the road, debenture stock and bond issues, just the same as a man owns a house subject to a mortgage. As I think I mentioned the other night, I have always believed that I owned a house. I have lived in it for many years; I have never had anybody question my ownership, but I have never held it free from a mortgage.

That does not change my ownership of the property. I still own it, subject to the mortgage. Now, that is the position of the Government in relation to the Canadian Northern Railway. It owns the stock, but there are obligations outstanding against the road. It will own the Grand Trunk in just the same way, with this difference, that instead of the securities outstanding being called bonds they are called debenture stock. They are a mortgage charge upon the property, as I am informed. Next to that comes the guaranteed stock. That is not an express charge upon the property of the company, but it is a prior charge to the preference and common stocks in this sense, that it is entitled to a dividend out of the earnings in priority to the other stocks, and in case of liquidation is entitled to be paid in full before the other stocks get a dollar. As to the preference and common stocks, the Government might buy that stock and pay cash or give securities in return. At the present time we are getting the stock on a basis which is much more in the interest of the country than to pay cash for it. Instead of paying cash, we give what is called a stock, which has no voting rights, no control whatever. It is a kind of government security, perpetual in its character, bearing interest at 4 per cent, but which we can redeem at the end of thirty years. That is done because it is a good thing in the interest of the country to do it. If we did not do that we would have to pay cash and we could not raise the money at less than 5½ per cent. We are selling our Victory Loan bonds at 5½ per cent to-day. Now, what would be the wisdom of endeavouring to get the people of this country to buy government securities at 5½ per cent to pay an obligation which we can discharge by a so-called government stock bearing interest at 4 per cent? The method we have adopted is in the interest of the Government and the country, and means a saving, if the award is a substantial sum, of many hundreds of thousands of dollars per annum to the people of Canada.

Mr. McKENZIE: Provided always you are getting value.

Mr. ROWELL: Assuming that the arbitrators fix a fair value, of course. I am only dealing with the method of paying the award.

Mr. EULER: In various parts of the Bill it is mentioned that the preference and the common stocks shall be submitted to arbitration and that to the holders of these stocks a new guaranteed stock shall be issued to the amount of the award, the old

stock being transferred to the Government. What is the status of that stock which will come into the hands of the Government? Is it upon the ownership of that stock that the Government rests its claim to ownership of the road itself?

Mr. ROWELL: It is.

Mr. EULER: Is that stock still in force?

Mr. ROWELL: Yes, it is the stock which controls the road. The Government owns it absolutely.

Mr. EULER: It will be watered stock, because you will have already given its value, as determined by the arbitrators, to the Grand Trunk stockholders.

Mr. ROWELL: It is not watered stock. It is stock got and paid for by issuing what is called a new 4 per cent guaranteed stock. That is the government security which we issue in payment, rather than paying cash. The stock which we take in and deposit in the treasury is the stock which controls the road, and it will retain the standing it has to-day.

Mr. EULER: But it would have no actual and inherent value, because new stock to the actual inherent value of the system, as determined by the arbitrators is to be issued to the present holders.

Mr. ROWELL: It has whatever value we pay for it, presuming, of course, that the arbitrators fix a fair value. We pay for that stock by issuing a new security. Let me carry it a step further. This security bears interest at 4 per cent, and we have the right to redeem it at the end of thirty years. Whether we would redeem it or not at the end of that period will depend on the value of money in the market. If thirty years hence Canada is in a position to go into the money market to borrow at 3½ per cent, as she was many years ago, when money was cheaper, then undoubtedly we would go into the money markets of the world, and issue our bonds, raising the necessary money at 3½ per cent to pay off this security bearing interest at 4 per cent.

Mr. EULER: That is not my point. There is something like $180,000,000 of preferred and common stock. The arbitrators may fix the value of that stock at $50,000,000, $60,000,000 or $100,000,000, although I hope they will say it is worth nothing. Let us suppose the award is $50,000,000. You then issue $50,000,000 of guaranteed stock. You would then have $230,000,000 of stock where you had only $180,000,000 before, and you have not increased the assets of the company by one dollar. Therefore, I say that stock is water.

Mr. ROWELL: I thought my hon. friend, in speaking of watered stock, was referring to the stock we get.

Mr. EULER: Exactly.

Mr. ROWELL: The stock we get is not watered. You may say the stock we issue is watered, if you like. The Bill declares it shall be considered paid-up stock bearing interest at four per cent. In the hands of the holder it carries interest at four per cent guaranteed by the Government of Canada, but it has no voting power whatever.

Mr. EULER: It is watered stock because you have more stock than you had before and no greater assets. Is not the whole object of the Government in acquiring that stock to get control and ownership?

Mr. ROWELL: The object in taking over the stock is to give us the control and ownership.

Mr. EULER: That is all.

Mr. ROWELL: Still, that is everything.

Mr. KING: Assuming that the stock which we may call the exchangeable stock to distinguish it from the other stock, which we may call the retained stock, because it is retained in the possession of the stockholders, is worth $50,000,000, the Government takes that $50,000,000 of stock and regards that as its possession. Is that right?

Mr. ROWELL: No. The Government takes the $180,000,000 of stock. It gets in every dollar of stock that is outstanding and gives in exchange, if you wish to put it that way, $50,000,000, if that is the award of the arbitrators, of this new stock bearing interest at four per cent, and guaranteed by the Government, but without any voting power.

Mr. KING: What the Government takes is what the arbitrators express to be the value of the exchangeable stock.

Mr. ROWELL: They take the whole of it.

Mr. KING: But what they get in value is the value the arbitrators put upon the stock. Is it not the case that the Government gives in exchange an equal amount of guaranteed four per cent stock to the holders of this exchangeable stock?

Mr. ROWELL: No, we give stock to the amount of the award.

Mr. KING: That is what I say: $50,000,000, if that was the amount of the award.

Mr. ROWELL: For the sake of illustration, let us suppose the amount is $60,000,000, which is just one third of $180,000,000.

Mr. CAHILL: Make it ten millions.

Mr. ROWELL: Well, let us split the difference and say twenty, with the advantage on our side.

An hon. MEMBER: Always.

Mr. ROWELL: Say twenty millions, that is, one-ninth of the stock outstanding. Let us assume that it is all of equal value, although as a matter of fact it is not. It would mean that a man for nine shares of stock surrendered of the par value of nine hundred dollars would receive one share of one hundred dollars of non-votable stock, on which the Government guarantees to pay four per cent interest half-yearly. That is the situation.

Mr. KING: The Government gets nothing that he does not get the equivalent of.

Mr. ROWELL: The Government only gives him in return what the arbitrators find to be the value of the stock, and the one share should represent the value of the nine.

Mr. KING: Exactly.

Mr. ROWELL: The value of the one should be equal to the value of the nine, with this difference, which is an important one: At the present time, if we paid in actual value, having regard to what money is worth, we would have to pay more than on the basis of four per cent. On the present value of money we would have to give him a security bearing, say, five and a half per cent. But we do not discharge it in that way. We discharge it by a four per cent security, so that he does not really get the value. It is a very great saving to the country. It is one of the important features of the agreement that we are able to discharge our obligation by a four per cent security instead of five and a half per cent at the present rate.

Mr. FIELDING: If that point is disposed of I should like to bring another to the attention of the committee. Some one owns this railroad. Apparently it is not the Government but the Grand Trunk Railway Company, which is to continue to own it. Am I right?

An hon. MEMBER: No.

Mr. FIELDING: Don't answer too hastily. The Government do not own it.

Mr. J. D. REID: The shareholders own it, and the shareholders will be the Government of Canada. They will own it the same as they do the Canadian Northern.

Mr. FIELDING: Will not the Grand Trunk Railway Company of Canada remain an entity?

Mr. J. D. REID: Certainly, but it cannot exist without shareholders, and all the stock being transferred to the Canadian Government, the Government are therefore the owners of the railway.

Mr. FIELDING: I am not discussing that point; I am endeavouring to ascertain how this matter will work out. There are one or two things which we know very well. For instance, we know that we shall have the elephant, and secondly we know that we shall have to feed him; but I am not sure that we all know how he is to be handled. If the Grand Trunk Railway Company remains a corporate entity, of course it will have shareholders. There is going to be $180,000,000 of these several classes of preferred and common stock which are to be arbitrated on and called in. Are they to be cancelled, or do they still remain stock of the Grand Trunk Railway Company? There is going to be $60,000,000 of guaranteed stock which will remain outstanding. There is no question about that; and there will be ten, twenty, thirty or fifty millions of new guaranteed stock issued. Do all the stocks called in remain in the Treasury of Canada? Are we to have the Grand Trunk Railway Company? Is my hon. friend the Minister of Railways to be president of the Grand Trunk Railway Company, and are we to have an annual meeting for the proper conduct of the business? The Government do not own the road, but some one must own it. The Government do not own it except as stockholders, and they can only be stockholders in a corporate body. I am not complaining; I am only trying, in the calm serenity of this sunny afternoon, to learn something. It seems to me that we are perpetuating the Grand Trunk Railway Company. Is my hon. friend (Mr. J. D. Reid) to be president, and the President of the Privy Council (Mr. Rowell) to be vice-president of the company, with all the paraphernalia of the Grand Trunk Railway Company kept in existence?

Mr. ROWELL: That is exactly the point I made in answer to my hon. friend the

leader of the Opposition. There are two methods of ownership, one by holding stock in the company, and the other by owning the property. In this case we own it by stock in the company. The $180,000,000 is not to be cancelled. Whatever may be decided in the future, at the present time it is the intention to preserve the corporate entity of the Grand Trunk, which carries all the franchises and privileges and agreements with it. But the management, as my hon. friend has pointed out, will be in the reorganized Board of the Canadian National railways which will operate all the Government railways as one system. Probably in time it may be wise to bring about actual consolidation; it may be wise to bring about a practical merging. That is a question of policy that will have to be settled according to the developments of the situation from time to time.

Mr. FIELDING: I am not trying to argue against my hon. friend, or to determine what is right. We are all anxious to ascertain where we are at, to use the popular slang expression. It is perfectly clear that the Grand Trunk Railway Company is to be perpetuated; it is to own this property. We are the shareholders in the Grand Trunk Company; I admit the force of that statement. But it is well that the public should understand that the Grand Trunk Railway Company is not to be wiped out. It is to exist; all its franchise, powers and authorities are to remain, and they are to be exercised by my hon. friend the Minister of Railways and others. If the Government do not own the road it is clear enough that the Grand Trunk Railway Company, no matter who owns the shares, are still to be the owners, and we are to be shareholders in it. Let us clearly understand that this is a Bill to perpetuate the Grand Trunk Railway Company, and that we are to be its shareholders.

Mr. J. D. REID: My hon. friend knows that the Canada Atlantic Railway was taken over years ago.

Mr. FIELDING: Before the minister proceeds further, am I right or wrong?

Mr. J. D. REID: The hon. member is right in that the Grand Trunk Railway Company is to be continued in existence.

Sir SAM HUGHES: If the Grand Trunk is to be continued as a corporation, where is it to get its revenue?

Mr. J. D. REID: I will answer the hon. member in a moment. I was going to say that the Canada Atlantic Company was taken over by the Grand Trunk Railway and although you do not hear of the Canada Atlantic Company now it is still in existence as part of the Grand Trunk system. We are taking over the Grand Trunk Railway system and as shareholders we will own it. It is necessary to keep it in existence, but we transfer the operation of it, the same as the Canadian Northern and the Intercolonial, to the Canadian National Railway system, and they will all be operated as one system. All the revenues from the whole railway system will go into one fund to pay for their operation.

Mr. CAHILL: All of them?

Mr. J. D. REID: Under the Bill we passed last year. The stock, having been transferred to the Canadian National Railway system, it is owned by the Government, and the whole system will be owned and operated by the Government.

Mr. CAHILL: I am not quite clear in regard to the answer given to the hon. member for North Waterloo as to new issue of stock. The President of the Privy Council is corporation lawyer enough to know that you cannot issue new stock without getting value for it, at least according to Canadian law. You are increasing the stock to some extent by an issue of new stock.

Mr. ROWELL: I am lawyer enough to know that this Parliament, which creates a corporation, can authorize it to issue stock in any form that Parliament sees fit. This Bill expressly provides that we may issue this stock and it defines the position of the stock.

Mr. CAHILL: In exchange for the other, but what about the increase?

Mr. J. D. REID: The common and the first, second and third preference stock is all transferred to the Government, and it is held by the Government. The Government will issue stock to the value of the award; it may be $10,000,000, $20,000,000, $30,000,000, or whatever it is. We are issuing our stock, note or bond—we call it the Grand Trunk 4 per cent guaranteed stock—to the value of the award. It is not adding another liability against the Grand Trunk. It is what we call issuing stock for the amount of the award for the shareholders to hold as security for the $180,000,000 of stock scrip which they surrender.

Mr. FIELDING: I suppose the new stock will be stock of the Grand Trunk Railway Company of Canada?

The CHAIRMAN: Questions relating to the distribution of the new stock would be

relevant to clause 6 but not to the clause under discussion. If the discussion is limited to clause 2 questions will be in order.

Mr. RICHARDSON: I would like to say a word with regard to an expression that fell from the Minister of Railways. He assured the committee that this company, when it became the property of the Government, would not become exempt from taxation, but that the properties of the company would pay taxes just in the same way as they had done when they were under the control of the Grand Trunk Railway Company. I want to point out the gravity of that situation. When the Grand Trunk is incorporated with the Canadian National railway system, it will be a system as extensive, and probably possessing as valuable assets, as the Canadian Pacific. The Canadian Pacific is exempt from taxation. Every farthing's worth of property the Canadian Pacific owns is exempt from taxation for ever. The land grant was exempt for twenty years and when that term expired the exemption was extended for another twenty years. It is probable that by the time the second twenty-year term expires the land grant will be disposed of. Hon. gentlemen must see the enormous handicap against the Government system of railways that this taxation question will be in in competition with the taxation exempt C.P.R.. I gave the figures the other night showing that if you take the amount of taxation that the Canadian Pacific would have paid in the last thirty years it would reach a total of $500,000,000. I think those figures, contained in Poors Manual would indicate—

Mr. KEEFER: What taxation is the Canadian Pacific exempt from—not municipal?

Mr. RICHARDSON: Roadbed, rolling stock, station houses, and all appurtenances are exempt from taxation.

Mr. KEEFER: They pay taxes in Ontario. I know that when I was city solicitor they were taxed time and again. It may be different in the west; I do not know.

Mr. RICHARDSON: Have you ever read that clause in the charter where it distinctly says that the roadbed, rolling stock, station houses and all appurtenances are exempt from taxation?

Mr. BOYS: That is certainly not so in Ontario.

Mr. RICHARDSON: The clause in their charter reads that all the land grants shall be exempt for twenty years; they constitute a grant direct from the Crown. I recall the actual words because I have used them in Parliament, in the press and on the platform for twenty or twenty-five years. However, I will look it up again.

Mr. H. A. MACKIE: That is only in so far as the West is concerned.

Mr. KEEFER: It is not so in Ontario.

Mr. RICHARDSON: I am told that I am all right in so far as the West is concerned, and before the Bill goes through we may find out that I am all right all round. Even in so far as the West is concerned, hon. gentlemen will understand what an enormous handicap it must be to the nationally owned system if it has to pay taxes and the Canadian Pacific is relieved from the payment of taxes. I submit the question for the consideration of hon. gentlemen, but I shall look up the Canadian Pacific charter again and endeavour to ascertain the facts.

Mr. EULER: The hon. member (Mr. Richardson) is most certainly incorrect in his statement if he applies it to Ontario. But surely it is right that the railway company should pay taxes to the municipalities just the same as any other institution. Even if it were a handicap to the National railway to pay taxes in competition with the Canadian Pacific, which does not pay taxes, it surely would not be right to saddle that loss on the municipalities rather than upon the country. The municipalities are entitled to these taxes to-day, and I would like to revert again to the request of the municipalities that their rights be preserved so that there can be no question about it. There seems to be a considerable difference of opinion as to whether the Grand Trunk is going to be owned by the Dominion of Canada or by a private corporation. There seems to be a doubt now, and while the ministers have now no doubt it may happen, and I think will happen, that these hon. gentlemen may not always occupy the seats of authority and they may be followed by others who may view the question in a different light.

5 p.m.

Mr. M. CLARK: Will the hon. gentleman forecast that they will all view it in the same light?

Mr. EULER: I speak only for myself. I would like to support what the hon. member for Kent (Mr. McCoig) said, that in order to make it certain beyond any doubt

that the municipalities will be protected a clause should be inserted to the effect that notwithstanding any interpretation which may be placed upon the question as to the ownership of the road, if you like to put it in that way, the municipalities should always be entitled to collect their taxes from the railways upon the properties of the railways within their bounds whether they be the properties of the company or the Government. I do not think any harm can come from that, it does not burden the Bill and it will make assurance doubly sure.

Mr. McKENZIE: The minister himself introduced the subject of taxation and we must deal with it. Gentlemen who are so fond of public ownership cannot have their cake and eat it. They must take the responsibilities of their love for public ownership. Public ownership means property in the Crown. That property shall become the property of the Crown representing the public. It is public owned property, meaning that it belongs to the Crown. There is no such thing as the Crown owning, and not owning property. It either owns the property or it does not. There is no use of camouflaging about it? It would not be a fair defence for the Government to say: "We own the property but we have put it in our wives' names" so that our creditors cannot touch it. Is that a fair position for the Government to be in? The Government say that they own the property but to get out of some responsibility or liability they say that they are holding the property in somebody else's name. The courts of the country do not recognize camouflage of that kind. They go direct to the point and say "Who owns this property?" And whoever owns it has the rights and responsibilities incidental to it. If the contention of the Government is right this property belongs to the Crown when we take it over. I do not agree with what they say about stock or shares or bonds or anything else. If they take the bonds they are taking the property with it, and they own the whole thing, if we are to believe them, so that it is the property of the Crown. There is no escaping from that conclusion. Now, section 125 of the British North America Act says:

> No lands or property belonging to Canada or any province shall be liable to taxation.

We cannot change that, and we cannot put anything in this Bill—we can, but it would be mere child's play, because the courts would not recognize it—we cannot put anything in this Bill which will conflict with the constitution. Now, this property that we are taking over—and the farmers might as well know it—must necessarily be public property, the property of the Crown, and therefore exempt from taxation under the British North America Act. How can it be otherwise? If it is not exempt from taxation it is not the property of the Crown, it is not public ownership. The Government must take one position or the other. The President of the Council (Mr. Rowell) shakes his head, but I do not know of any Mahommet's coffin position he can take between Heaven and earth about this property: It is either owned privately or it is owned publicly. If it is owned publicly it cannot be taxed; if it is owned privately it can be taxed. The Government state that the municipalities in Ontario along the line of the Grand Trunk can collect taxes on the railway property. Does the President of the Council think that the good people of Quebec, New Brunswick and Nova Scotia are going to tolerate that discrimination against themselves? He will at once have to start paying taxes on the Intercolonial railway, because here is a government road running through the western provinces and the middle of Canada paying local taxes at every stage, but although we in the eastern provinces are supplying our share of the funds to run those railways, where the Intercolonial railway is operated not a cent of local taxes are paid in respect of its property. Is that a system of municipal management that the hon. gentleman thinks will stand for one moment? He is introducing a doctrine that, when applied throughout the country, is going to give him a lot of difficulty. I want to know at this stage: Is he ready to admit that the Government must pay municipal taxes in relation to the Intercolonial and its branches or in relation to any other road that is being operated in conjunction with the Intercolonial railway? If he says, No, then the people of the Maritime Provinces will say: We are furnishing our share of the money to run the Grand Trunk, the Grand Trunk Pacific, the Transcontinental and the Canadian Northern, and if those roads are paying taxes in the West they must pay us taxes in the East. I want to know from the Government if it is their intention to adopt this as a universal rule, that Government owned roads will pay taxes.

Mr. ROWELL: I am not quite sure that I clearly understand my hon. friend's viewpoint in reference to this tax question. If

I rightly understand him, however, his argument is that the Intercolonial should be placed in all respects on the same basis as the Canadian Northern is at present and as the Grand Trunk will be under this arrangement. If my hon. friend takes that position, and if the freight and passenger rates on the Intercolonial are raised so as to bring them up to the full standard charged on the other roads, I think possibly the Intercolonial could afford to pay taxes.

Mr. McKENZIE: The one has nothing whatever to do with the other.

Mr. ROWELL: My hon. friend must see that he cannot eat his cake and have it too. My hon. friend is trying to place himself in that position.

Mr. McKENZIE: Not at all.

Mr. ROWELL: My friend must be content to say that the Intercolonial was built to serve a particular national purpose, and by reason of that fact the Maritime Provinces are entitled to rates below the normal standard charged on other roads, and therefore the railway property is not taxed; or he must be prepared to take the position that it shall in all respects stand on exactly the same basis as all the other roads. In the latter case I think the Intercolonial could probably afford to pay taxes to the municipalities. However, that question is not now before us.

Mr. McKENZIE: Certainly not.

Mr. ROWELL: But my hon. friend introduced it.

Mr. McKENZIE: Not freight rates, not by any possibility.

Mr. ROWELL: My hon. friend wants the assets without the liabilities—he wants to eat his cake and have it, too. Coming back to the other point, my hon. friend says that either the Government owns the road or it does not; the property is subject to taxation or it is not. Does not he realize that the stock of the company is property in the hands of the shareholders; the physical assets of the company are property in the hands of the company? Both are subject to taxation, or the income from them would be so subject. If the holder of stock in the Grand Trunk lived in the province of Ontario and received dividends from his stock, he would be liable to taxation on those dividends while the Grand Trunk would be liable to taxation on its physical assets. Now, what we are buying under this Bill is the stock. That stock is vested in the Government, and would not be liable to taxation, for being government property it is covered by the British North America Act. But when we come to the question of the physical assets, which are still vested in the corporate entity, that corporate entity being distinct from the shareholders—they would still continue liable to taxation by the municipalities. The situation here does not differ in any respect from the Canadian Northern situation. The Government took over the stock of the Canadian Northern, and that stock is government property; it is not liable to taxation under the British North America Act. But the physical assets of the railway, which are still vested in the railway corporation, are at the present time taxed in the different municipalities throughout the Dominion. The Grand Trunk will be put in exactly the same position. The argument advanced by my hon. friend is that if the Government owns all the stock, therefore the intervention of the corporation between the stockholders and the Government does not change the real ownership, and the municipality therefore could not collect taxes. That is my hon. friend's suggestion. Well, we have had this practical experience with the Canadian Northern, that the municipalities have taxed the railway, and the taxes have been paid, on the ground I have mentioned, and the same ground will apply to the Grand Trunk.

Coming to the point of my hon. friend from North Waterloo—

Mr. McKENZIE: My hon. friend has not answered my question. I asked him this straight question: Will he pay taxes on the Intercolonial railway if he pays them on the Grand Trunk railway?

Mr. ROWELL: That question is not now before us. I asked my hon. friend if he would accept the same freight rates—

Mr. McKENZIE: As I understand it, under the last Railway Act we placed the whole business of freight rates in the hands of the Railway Board, so it is not a question for discussion here.

Mr. ROWELL: Coming to the question of my hon. friend from North Waterloo (Mr. Euler), he appears to think that another Government might get in power which would take a different view and not be so friendly disposed towards the municipalities as is this Government. I can sympathize with my hon. friend's feeling of apprehension on this question of public ownership in the event of a change of Government.

However, the physical assets of this railway could not be transferred to the Govern-

ment without the necessary legislation. If any government, therefore, decided to wipe out the corporate entity of the Grand Trunk and vest all its property in the Government, it would have to come down for legislation to do so, and on that occasion a provision might properly be inserted in the Bill to the effect that notwithstanding the change, local municipalities would still be entitled to levy taxes as if the property were owned by a corporate entity, the Grand Trunk But that is not necessary at this time.

Mr. RICHARDSON: The clause in the Canadian Pacific Railway Company charter of 1880-81 to which I have reference is as follows:

> The Canadian Pacific railway, and all stations and station grounds, work shops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the company, shall be forever free from taxation by the Dominion, or by any province hereafter to be established, or by any municipal corporation therein; and the lands of the company, in the North West Territories, until they are either sold or occupied, shall also be free from such taxation for 20 years after the grant thereof from the Crown.

Hon. members will see that I was partly right and partly wrong. But in view of the fact that I am partly right, I contend that if the Canadian Pacific is to go scot-free until the crack of doom so far as taxes are concerned, the minister should not take the view that this new system should pay taxes. It is not right that the Canadian Pacific should be free from taxes in the West—and the West is a very important part of Canada—while the Government railway system is taxed; the two should be in a position of absolute equality.

Mr. EULER: Does the hon. member believe that municipalities should have the right to tax railway properties?

Mr. RICHARDSON: It is my view that municipalities should have the right to tax railways, as well as farmers or anybody else.

Mr. EULER: Does the hon. member think, then, that municipalities should be required to yield up rights which belong strictly to them in order to increase the profits of the National railways?

Mr. RICHARDSON: They would not be yielding up any rights, because under the constitution of the railway company these properties would be non-taxable.

Mr. EULER: Why should they shoulder a loss which properly belongs to the National railways?

[Mr. Rowell.]

Mr. KEEFER: When were these lands granted to the Canadian Pacific Railway Company? I observe that the exemption is for twenty years after the land was granted by the Crown, and the land was surely granted more than twenty years ago.

Mr. RICHARDSON: A lot of things have happened in this country that my hon. friend does not know anything about, in spite of his wide knowledge. The clause reads:

> The lands of the company . . . . shall also be free from taxation for twenty years after the grant thereof from the Crown.

But the wily Canadian Pacific Railway Company allowed the twenty years to expire without taking out their patents, and then they claimed that " the grant thereof " meant the issue of patents. Of course, all the lands that had been sold in the meantime became taxable and the burden of the tax fell upon the settler and the purchaser. Well, the Canadian Pacific Railway Company got a judicial decision, which I and other members resisted very strongly, giving them exemption for another twenty years, and by that time all the lands will be sold.

Mr. COCKSHUTT: This question of taxation is a very important one. As the Minister of Railways has said, there has been a good deal of apprehension among the municipalities that the physical assets of the Grand Trunk Railway Company will be exempted from municipal taxation. It has been established by the President of the Council that as long as the modus vivendi provided in the Bill continues, local taxation will continue. But there seems to be an element of doubt whether this will go on forever; it is suggested that at some future time the Government may decide to vest the titles to the real estate in the Crown, and these lands would, under the British North America Act, then be exempt from taxation. We should have a definite statement from the Government that if they do vest in the Crown the real estate, lands, buildings and so on, now vested in the Grand Trunk Railway Company, they will see that no injustice is done to the municipalities. There will be a good deal of dissatisfaction on the part of the municipalities if they get the idea that with the Grand Trunk property vested in the Crown it will be free from taxation for all time to come. I believe that under this Bill the property will be vested in the Crown; I can see absolute reason for saying that it is public property; it remains

public property under a corporation. One of the main reasons why it should be run under a corporation is because it operates in the United States as well as in Canada, and as a railway entity in the United States it might be able to do in the United States what the Canadian Government would find it very difficult to do. But I hope that the President of the Council will give the assurance, if it cannot be incorporated in the Bill, that if the question of municipal taxation does arise in connection with any future transfer to the Crown of the right of way, real estate and buildings pertaining to this system, the rights of the municipalities will be respected.

Mr. ROWELL: My hon. friend evidently overlooked an observation I made. There can be no transfer to the Crown of the property and assets of this railway without new legislation. This legislation does not authorize it, and so long as the company continues its corporate entity it cannot dispose of its property and assets except under the terms of the Railway Act. If in the future the property was being transferred to the Crown that would be a proper occasion upon which to provide, in the legislation then enacted, that the road should be free from taxation. All we are doing in this case is exactly what is now being done with respect to the Canadian Northern. The Government owns the stock; the Canadian Northern railway continues to pay taxes in the local municipalities through which the railway runs.

Mr. McKENZIE: Who pays the taxes that are now paid in the name of the Canadian Northern?

Mr. ROWELL: The Canadian Northern pays them out of the moneys which it receives through its operations.

Mr. McKENZIE: We have to finance the road.

Mr. ROWELL: Yes.

Mr. McKENZIE: Is it not our money that they are paying out in taxes?

Mr. ROWELL: I agree that if the Canadian Northern did not have to pay taxes its earnings would be that much more and Canada would receive the benefit.

Mr. McKENZIE: Then Canada is paying the taxes.

Mr. ROWELL: Indirectly Canada is paying the taxes; there is no doubt about that.

Mr. McKENZIE: Why should Canada pay taxes upon public property?

Mr. H. H. McLEAN: I quite understand the principle; that is, the Government, as I understand it, will continue to pay taxes which the Grand Trunk and the Canadian Northern have been paying to different municipalities. In the case of the Intercolonial, very valuable property rights were taken over by that railway in the city of St. John, and the municipalities, towns and cities of New Brunswick and Nova Scotia cannot tax the Intercolonial railway property. It seems to me only fair if municipalities, towns and cities in Ontario and the West are going to continue to tax these properties and to obtain that revenue, that the same right should be given to New Brunswick and Nova Scotia.

Mr. MACKENZIE KING: I see that by clause 2 the Government is given power in the name of His Majesty to—

> Enter into an agreement with the Grand Trunk Railway Company of Canada for the acquisition by the Government of the entire capital stock of the Grand Trunk, except the four per cent (4%) guaranteed stock of the Grand Trunk, amounting to £12,500,000 the latter being hereinafter called the "present guaranteed stock."

Why is that exception made? Why should the Government not be given power to enter into an agreement to acquire that stock?

Mr. ROWELL: Because the agreement which the Government is proposing to the House does not provide for the immediate acquisition of that stock. The agreement which the Government is proposing is one under which it guarantees the dividend on this stock rather than take it over.

Mr. MACKENZIE KING: I understand that the agreement provides that, but why does the agreement make that exception?

Mr. ROWELL: Simply because we could not buy it on any other terms.

Mr. MACKENZIE KING: Does the minister mean to say that the Government of Canada can buy only on the terms that the Grand Trunk proposes?

Mr. ROWELL: No, the Government of Canada can buy only on the basis of a negotiated agreement. We cannot go into the United States and expropriate their property; we have to negotiate. We have negotiated an agreement which we believe to be eminently in the country's interest, but this is one of the provisions which the Grand Trunk required and to which we agreed.

Mr. MACKENZIE KING: Is it the Grand Trunk which wishes to sell, or is it the Government which wishes to buy?

Mr. ROWELL: The Grand Trunk is in such a position that it cannot continue to carry on unless the Government relieves it from its obligations. The Government is not willing to relieve it from its obligations, and therefore the Grand Trunk is prepared to negotiate a sale.

Mr. MACKENZIE KING: Will the minister say that the Grand Trunk is anxious to sell and that the Government is not able to make terms except on the Grand Trunk's own basis?

Mr. ROWELL: Certainly not. We have been negotiating for two years. We have refused the Grand Trunk's terms. If my hon. friend would only read the correspondence he would see that the Grand Trunk people have protested again and again and again against what it claims our unfair terms; it claims that we are not treating them fairly; that we are confiscating their stock. My hon. friend will note the agitation in the English press about the matter. In order to reach an understanding, because the situation had to be cleared up in some way, we offered in our letter of the 11th July, 1918, to treat this guaranteed stock in the same way as the debenture stock by our undertaking to pay interest upon it We undertook, in case of an arbitration, to do that, and after negotiating from July, 1918, until October, 1919, the Grand Trunk people finally have accepted that proposal, although during all that time they have been refusing to agree to it, because they thought it was putting them in an unfair position.

Mr. MACKENZIE KING: What becomes of the argument, then, that this is a government-owned railway? The minister has told us that the Government cannot purchase this part of the railway because the Grand Trunk will not sell.

Mr. ROWELL: I do not think we shall make any headway by further discussing the point. My hon. friend's difficulty is this: He is not a lawyer; he does not draw—

Mr. JACOBS: Yes, he is a lawyer.

Mr. ROWELL: He is not, I believe, accustomed to dealing with stocks and bonds in relation to corporation and finance, or he would clearly understand that the position he is taking is wholly untenable, and does not touch the question of public ownership at all. But I do not think we shall get any further ahead by any effort on my part to convince him that he is wrong, and my hon. friend will certainly not make any headway in endeavouring to convince me that he is right.

Mr. MACKENZIE KING: I should not like to stand in the position of a legal expert for a moment, but I would be prepared to stand in the position of a man of average intelligence who is going to be held responsible for this agreement, when it is carried out, in the way of meeting its obligations, and it is to get an explanation that the average citizen will comprehend that I am putting these questions. Apart from legal phraseology and technicalities of one kind or another, I would ask the minister if what he has just told us does not amount to this, namely, that the Government of the day is negotiating with the Grand Trunk Railway Company, and that it cannot make certain terms because the Grand Trunk is not prepared to accept those terms. Is that not true?

Mr. ROWELL: Certainly it is true. Supposing we offer the Grand Trunk a million dollars for all its property, and they will not accept that. Does my hon. friend want to take the position of saying to the Grand Trunk: Unless you take whatever we say regardless whether it is fair or not, we will force you into liquidation. The Government of Canada, exercising its power and control over this situation, with the Grand Trunk in the position in which it is, could force the Grand Trunk into liquidation. Does my hon. friend think it should do that?

Mr. MACKENZIE KING: Did the Government not do that in regard to the Grand Trunk Pacific? Did it not set a precedent in that regard?

Mr. ROWELL: The Government had to take over the Grand Trunk Pacific because the Grand Trunk at a critical period, notified the Government that it could no longer continue the operation of the railway. Could the Government stand by and see hundreds of miles of railway ceasing operation with all the loss and inconvenience to thousands of people throughout Canada, the dislocation of business, the prevention of supplies coming into cities, towns and villages? No Government worthy of the name of a Government could face such an alternative; they had to take over the management and to appoint a receiver in order that the transportation of the country might be continued.

Mr. DENIS: There is a point which has been repeatedly raised and which, I think, should be settled once and for all so far as we can settle it in committee, as this will be the last opportunity we shall have to settle this question. I refer to the guaranteeing by the Government of the £12,500,000 worth of guaranteed stock. If we refer to the Drayton-Acworth report, page lxxxvii, we find this:

> We recommend that the whole of the Dominion railways be operated by the trustees as one united system.

Following on that on the next page I read in paragraph 41:

> We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be surrendered to the trustees in exchange—

They say:

> We recommend that the entire share capital of the Grand Trunk—

That includes the five stocks, namely: Common stock, first, second and third preference stocks, and the four per cent guaranteed stock. The Drayton-Acworth report recommends that the five stocks

> —be surrendered to the trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by 40 or 50 per cent after the first seven years.
>
> 42. We recommend that the precise figure be fixed by agreement and that it be left to the directors of the Grand Trunk Company (1) to apportion the annuity among the five classes of Grand Trunk shareholders, and (2) to procure such assents of their shareholders as are legally required to complete the transfer.
>
> 43. We give reasons for considering that this recommendation is generous to the Grand Trunk shareholders, and why the shareholders in their own interest will do well to accept it.

Those are the recommendations of the Drayton-Acworth Commission. They recommend that the five stocks be taken over by the board of trustees. Now the Government is not appointing this board of trustees, but a special board which will take charge of all the railways belonging to the Dominion. Now when this report recommends that the five stocks be taken over by the Government, and that the interest on these five stocks should not represent more than a moderate but substantial proportion of $3,600,000, how is it that the Government does not follow the recommendations, but enters into a transaction under which it will have to pay a much higher amount to the Grand Trunk shareholders than, to quote the exact words, a "substantial proportion of $3,600,000." What would be a substantial portion of $3,600,000? The report does not say, but I would think fifty per cent would be a substantial proportion. That would not be even $2,000,000. Consequently, according to the report, all the interest that the holders of the five stocks are entitled to is not more than $2,000,000 a year. But we are going to pay four per cent interest on $60,000,000 of guaranteed stock, which means an annual expenditure of $2,500,000. We are binding ourselves in perpetuity to pay that amount on that stock alone, although the report says that the interest on the whole five stocks for the first seven years should not be more than $2,000,000 a year. In addition to that, we bind ourselves to pay four per cent on the amount of the award. Supposing the arbitrators allow $50,000,000 as the value of the four stocks, which have a nominal value of $180,000,000. The interest on that would make $2,000,000 more. Consequently under the Government's proposals we will have to pay the very first year $2,500,000 plus $2,000,000, that is, $4,500,000. That is what we are going to pay in interest on the five stocks in perpetuity, or until we buy the stocks thirty years from now. Why should we pay $4,500,000 in interest on these five stocks when the Drayton-Acworth report says that all they are worth in interest is a substantial proportion of $3,600,000 for the first seven years, increasing at the termination of that period by something like 40 or 50 per cent? Even then it would not amount to $3,600,000.

The Government has given no good reason why the five stocks should not be arbitrated upon, although the question has been raised repeatedly in this debate. It was raised a few moments ago by the leader of the Opposition, it was raised in committee on the resolution, and although I have followed this discussion very closely and attentively I have not yet heard a satisfactory answer given by the Government. Their answer is that these are the best terms they could get from the Grand Trunk. I am not satisfied with that answer. When a company like the Grand Trunk is bankrupt, when it cannot fulfil its obligations towards the Grand Trunk Pacific and has to borrow money from this Government year after year, when the Government have in turn to impose a heavy taxation upon the people of this country, I say we have no presents to make to the Grand Trunk, and it is up to them to say "We accept the terms you impose." The Government might very well say to the Grand Trunk "We have the Drayton-Acworth report, which is the very

highest authority in this matter. It was not prepared with the object of buying the Grand Trunk or giving direction to anybody with regard to the present transaction, but was prepared by the best railway experts available and signed by a man who is now Minister of Finance and therefore enjoys the confidence of the Government. We are going to stand by the recommendations in the Drayton-Acworth report, and will give you what they propose, but nothing more. These are our terms and we will submit to no other. If you are not satisfied, go to work and carry out your obligations." I would consider that a reasonable business-like proposition to make to the Grand Trunk, and I cannot conceive of a man of the ability of the President of the Privy Council or any other member of the Government coming to Parliament and saying: "These are the best terms we can get from the Grand Trunk." That is not a reasonable answer to our question; it is not convincing; it is not even plausible, and I trust a more satisfactory answer will be forthcoming.

Mr. KING: Referring to the statement of the capital stock, there are four stocks that are to be referred to arbitration for the purpose of valuation. Why is it that the same process has not been adopted in regard to the 4 per cent guaranteed stock? Is it because the Grand Trunk was unwilling to have that done, or is there any other reason?

Mr. ROWELL: If my hon. friend would permit me to refer for a moment to the question of my hon. friend (Mr. Denis), because the one has a direct relation to the other, what my hon. friend asks is not that we should act on the Drayton-Acworth report but on his interpretation of that report. We are acting on the Drayton-Acworth report, but not on his interpretation of it.

Mr. JACOBS: What about the $60,000,000 of guaranteed stock?

Mr. ROWELL: If my hon. friend will have patience I will deal with that, too. The criticism of my hon. friend (Mr. Denis) is perfectly legitimate and therefore I wish to answer it. The Drayton-Acworth report said a moderate but substantial percentage of $3,600,000 increasing by forty or fifty per cent after seven years. The Government's interpretation of that—an interpretation which is shared by the man who wrote the report—is that a substantial percentage is $2,500,000.

[Mr. Denis.]

Mr. McKENZIE: That is extraordinary. How can he be the judge of what the world would call "substantial"? Do not introduce the man who wrote the report; that is childish.

Mr. ROWELL: My hon. friend says that it is childish that the man who wrote the report should say what the report meant.

Mr. McKENZIE: It is childish to say that he is to judge what is substantial.

Mr. ROWELL: He knows what he meant when he recommended that.

Mr. McKENZIE: He cannot be a judge of that at all.

Mr. ROWELL: Then, all I have to say is that we share his view. We are agreed on that point.

Mr. McKENZIE: Take the full responsibility yourself; don't switch it on to him.

Mr. ROWELL: We unhesitatingly take the full responsibility.

Mr. McKENZIE: Very well.

Mr. ROWELL: We say that a substantial percentage of $3,600,000 is $2,500,000.

Mr. McKENZIE: Very substantial.

The CHAIRMAN: Order.

Mr. ROWELL: If you increase it by forty per cent you get $3,500,000, and by fifty per cent, $3,750,000; or, if you split the difference, and strike a medium between the two, you get $3,600,000. We have therefore taken what we consider to be a substantial percentage, namely, $2,500,000 for the past three years, and have increased this by between forty and fifty per cent, bringing it to $3,600,000, and offered to pay that amount as an annual rental after seven years. We say that in doing that we were carrying out the Drayton-Acworth report, and we believe that that was a fair proposal to make having regard to all the facts and conditions disclosed in the report.

Mr. McKENZIE: I understand that the Drayton-Acworth report says that after seven years we add this forty or fifty per cent, but do we not begin right away with this large payment?

Mr. ROWELL: No. You have to bear in mind the distinction between the cash offer and the offer for arbitration. The cash offer was $2,500,000 for the first three years, $3,000,000 for the succeeding five years, and $3,600,000 annually thereafter. Then we offered an alternative. We said that if they would not accept that cash offer we would arbitrate. My hon. friend will bear

in mind that that was an offer in addition to the obligations on the debenture stock. We said that we would arbitrate and in that arbitration we offered, in order to secure a basis for agreement, to treat the guaranteed stock practically as debenture stock and pay interest on it. That was our proposal made in July, 1918.

Mr. McKENZIE: I am afraid my hon. friend is mixing two things. I understood he was interpreting for the committee the meaning of the proposition contained in the Drayton-Acworth report. Now he is mixing with that the terms the Government is offering.

Mr. ROWELL: I have already interpreted the Drayton-Acworth report and I am proceeding to apply it to the present situation, to meet the question of my hon. friend from Prince (Mr. King) as to why the guaranteed stock is treated differently from the first, second, and third preference. We offered to treat the guaranteed stock the same as bonded obligations, namely, to pay interest on it. That offer made in July, 1918, was not accepted, and you will see the protest against it in the correspondence. I desire to direct attention to one fact in connection with that offer. In a statement issued by the Grand Trunk in which they were protesting against the offer made by the Government they set out their understanding of our proposal. At this point I may say that this cash offer was made earlier in the year but was repealed in the letter of the 18th July. They say that this $2,500,000 would mean the payment in full on guaranteed stock immediately. At the end of three years, the payment on first preference five per cent stock at the rate of 3.38 per cent. At the end of eight years the full payment of first preference stock and the payment of 2½ per cent second preference stock. I mention this for the reason that the Grand Trunk recognized that the $2,500,000 would have to be applied first in paying the interest on this guaranteed stock, and they so state in the publication in reference to it. They accepted the offer of arbitration with the provision that we should treat this guaranteed stock in the same way as debenture stock; that is to say, that we should pay interest amounting to $2,500,000. That we agreed to do. If they had accepted the cash offer, that would have given them the same amount, to pay interest on the guaranteed stock. The leader of the Opposition has suggested that we are undertaking to pay a larger sum. That is not the case. It is for the arbitrators to say how much we shall pay for the other three stocks and the common stock. The Government will contend as forcibly as possible that the obligations of the company render practically nil the value of the stock. On the other hand, the Grand Trunk will argue that it is of value, and it is for the arbitrators to determine how much. My hon. friend assumes that they will find $50,000,000, but he has no basis for that assumption.

Mr. JACOBS: If they take up the potential value of the property.

Mr. ROWELL: My hon. friend has no basis for assuming that they will find $50,000,000. On that assumption he says that we are going to pay more than the Drayton-Acworth report recommends. We shall not pay more than the Drayton-Acworth report recommends unless the arbitrators find that the property is worth more, and we shall pay less than the report recommends if they find it is worth less. That is the point for the arbitrators to determine.

Some hon. MEMBERS: Carried.

Mr. McKENZIE: Oh, no, it is far from being carried.

Mr. KING: In order that we may the better understand this agreement I should like to ask the minister again if the Grand Trunk Railway Company are asking the Government to make this purchase? Are they pressing the Government to make this purchase?

Mr. ROWELL: I believe at the present time the Grand Trunk railway would be glad for this agreement to go through.

Mr. JACOBS: Hear, hear.

Mr. ROWELL: My hon. friend says "hear, hear." They are in such a situation that they have to make some arrangement with us or someone else.

Mr. JACOBS: They are insolvent.

Mr. ROWELL: They have to make arrangements with us or somebody else. They might be able to make an arrangement with somebody else. They might even be able to make it with the Canadian Pacific.

Mr. FIELDING: Not without legislation.

Mr. ROWELL: Quite so, but the hon. member for Shelburne and Queen's would be the last man to say that this House should use its legislative power to deny the Grand Trunk the opportunity to sell if we were not prepared to buy.

Mr. FIELDING: I will consider that when the question is properly raised.

Mr. ROWELL: My hon. friend cannot put it that way. We must buy the property and pay a fair price or we must be prepared to allow them to get out of their difficulties by dealing with other people. That is the situation.

Mr. JACOBS: The rights of the people cannot be affected.

Mr. ROWELL: The rights of the people are being abundantly protected under the agreement having regard to the value of the assets.

Mr. FIELDING: My hon. friend did not answer the question of the hon. member for Prince. Does the Grand Trunk seek to get the Government to take it over or is the Government pressing the Grand Trunk? It is not a sufficient answer to say that the Grand Trunk want this thing carried out. Of course they do, but did the Grand Trunk approach the Government with a desire to sell out? I see no evidence that they ever did.

The Committee rose.

At six o'clock the House resumed and then took recess.

After Recess.

The House resumed at eight o'clock.

PRIVATE BILLS.

CONSIDERED IN COMMITTEE—THIRD READING.

Bill No. 29 (from the Senate), for the relief of Millie Wettlaufer.—Mr. Sheard.

Bill No. 32 (from the Senate), for the relief of Arthur Leroy Eastcott.—Mr. Green.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House again in Committee on Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system.

The CHAIRMAN: When the Committee rose at six o'clock section 2 was still under discussion. Shall the section carry?

Mr. MURPHY: Mr. Chairman, there was an agreement reached yesterday afternoon in regard to this Bill.

Mr. ROWELL: I was just going to mention that. I recall that the Minister of Railways (Mr. Reid) did intimate that the House would sit on the Bill until six o'clock.

Mr. MURPHY: That is right.

Mr. ROWELL: Under those circumstances it is my intention to move that the Committee rise and report progress. But before doing so I desire to answer the question put to me by the hon. member for Shelburne and Queen's (Mr. Fielding) just before the Committee rose at six o'clock. As I recall my hon. friend's question, it was this: Were the Grand Trunk Railway Company pressing to sell the system to the Government? That is my recollection of the question.

Mr. FIELDING: It is my question in substance, but it is not the whole question.

Mr. ROWELL: My answer to that is: No, the Grand Trunk Railway Company did not wish to sell; in fact, that was the last thing it wished to do. I might state in a few words the position taken by the company. What it wished was additional assistance from the Government for the Grand Trunk Pacific, such as it had been receiving in recent years, the Government advancing to the Grand Trunk Pacific a sum sufficient to enable it to practically pay its deficits and continue operation. The Grand Trunk Company pressed the Government to continue that assistance. The Government took the position that it would not be justified in continuing year after year to advance millions of dollars to assist this road, and that the people of Canada would not approve of its being done. The refusal to continue assistance to the Grand Trunk for the benefit of the Grand Trunk Pacific forced the situation which led to the receivership. The company said it did not have the money to continue operation of the Grand Trunk Pacific and therefore would be obliged to discontinue. It justified the claim for assistance on the ground, that when it undertook in 1903 and 1904 to build the Grand Trunk Pacific, it was to open up and develop a certain territory; that subsequent to that date the Government had given assistance, by way of guarantees, to the Canadian Northern railway to parallel the Grand Trunk Pacific line; that the result of the new construction thus started had greatly increased the cost of construction of the Grand Trunk Pacific, and at the same time had deprived it of traffic which otherwise would naturally have flowed to it; and that it never would have undertaken to build the railway had it had any knowledge of the course that the Government subsequently pursued. Even on that ground the Government did not feel justified in making further advances. The Grand Trunk not only did not want to sell, but still declined the cash offer the Government made of $2,-$500,000 rental for the first three years,

$3,000,000 for the next four years, and $3,600,000 thereafter, insisting that that was wholly inadequate, and that it would be virtually confiscation to force it to accept that offer. Therefore the company finally accepted the alternative of arbitration.

Mr. FIELDING: The question to which my hon. friend refers was partially as he states it. Let me put it in another form, however. It has been stated freely in this debate as the justification—that is the word my hon. friend would use; as the excuse, I would say—for the pressing forward of this matter at this time that it is one of great urgency. Now, my question, if I may repeat it, is this: Was that urgency on the part of the Grand Trunk Railway or on the part of the Government? My hon. friend talks of some negotiations that took place in connection with the receivership of the Grand Trunk Pacific, but that event happened many months ago and cannot have been the basis of the present proceeding. If the Grand Trunk Railway Company of Canada were coming to the Government and urging them to take over this road, surely we should have some evidence of it in the papers which the hon. gentleman brought down. The beginning of this whole transaction is the effort made by the Government to get possession of the Grand Trunk. There is nothing in this correspondence to show that there was any urgency on the part of the Grand Trunk, for the condition my hon. friend describes was a condition that existed many months ago. Suppose that the arrangement—I am putting the question I put at an earlier stage of the debate—between my hon. friend and his colleagues and Sir Alfred Smithers had not been come to for a week later, until the understanding—I won't say engagement—that the Government had given the House as to prorogation had taken effect; suppose the House had been prorogued, and then the understanding had been come to between the Government and Sir Alfred Smithers, what would have happened? What distressing situation would have arisen if that had been the position instead of the one we have to-day?

Mr. ROWELL: My hon. friend is quite correct in saying that there is nothing in the correspondence indicating urgency from the standpoint of the Grand Trunk. The fact, however, is that the Grand Trunk was in need of additional assistance, and within the past six weeks the Government has had to render assistance to the Grand Trunk to prevent it getting into more serious default—not assistance to the extent of millions, but a few hundred thousand dollars. Therefore the situation to be faced is, whether the Government is to continue giving that assistance? If not, it must deal with the purchase at this time. Now, what my hon. friend says is correct. If an understanding had not been arrived at until after the House had risen, naturally the matter would have had to stand until the next session of Parliament.

Mr. FIELDING: And what interest would have suffered?

Mr. ROWELL: This interest would have suffered: The Government could not have closed the agreement, because the Government did not feel justified in closing an agreement on so important a matter without the approval of Parliament. The Government, therefore, would have had to let the whole matter stand over. The position of the Government is—and we must deal fairly throughout—that the Government does not believe it to be in the national interest that the Grand Trunk should dispose of its road to the Canadian Pacific Railway Company or to any other corporation allied with it. My hon. friend (Mr. Mackenzie King) smiles, but it is not a matter of theory; it is a matter of fact. If we are not prepared to permit the Grand Trunk to deal with others, then when we come to an understanding with it, I cannot possibly see what excuse there is for delay in consummating it. What reason is there for delay? It has been before the country for nearly two years. Why should we not deal with it? That is one thing, I cannot understand.

Mr. RICHARDSON: I suggest the additional reason: That in operating the white elephant that was unloaded on the country under the policy of our friends opposite, the Grand Trunk Pacific and the Transcontinental, the country is losing enormous sums of money.

Mr. FIELDING: My hon. friend must not ask the President of the Council (Mr. Rowell) to concur in that, because the President of the Council has said, as I have said, that that arrangement was an excellent thing for the people of Canada. He must not try to put the President of the Council in the position of attacking that arrangement. To do that is unfair to the President of the Council and I want to come to his defence.

Mr. RICHARDSON: Does my hon. friend suggest that the President of the Council

has declared that the construction of the Transcontinental and the Grand Trunk Pacific was an excellent thing for Canada?

Mr. FIELDING: Certainly.

Mr. RICHARDSON: I must differ from my hon. friend.

Mr. FIELDING: The President of the Council was a member of the Liberal party in good standing at that time, loyally supporting Sir Wilfrid Laurier and the whole of us; and although we differ in some respects to-day I know him too well to imagine that he will repudiate the stand that he took on that occasion. However, that is only by the way.

It has been stated here day after day that this is a matter of urgency. I think a fair question to put is this: Is the urgency on the part of the Grand Trunk Railway Company, or is it on the part of the Government? Now, if the Grand Trunk Railway Company has been coming to the Government and pressing its demands on it, why in Heaven's name have we not the evidence of that in the correspondence? Why do we have to have my hon. friend saying to us, "Oh, well, the Grand Trunk was hard up; the Grand Trunk would have to do this and would have to do that and would have to do the other thing." The Grand Trunk is a big, well-organized corporation, and if it made any urgent demand upon the Government surely the Government, as business men, were in a position to ask that this request be put in writing so that it would be in the record. But there is no evidence of urgency here; the plea of urgency put forward in this debate is absolutely unfounded so far as any evidence of it in the correspondence is concerned. The only urgency is with the Government of Canada. The Government—they will say, for good reasons; I am not assailing that—made up their mind that they wanted to grab the Grand Trunk Railway system, and they have been pushing the matter; now they come and say that it was an urgent case. The urgency was on their part, not on the part of the Grand Trunk.

Mr. ROWELL: I do not think that there is much to be gained by prolonging this discussion. I was a supporter of Sir Wilfrid Laurier and I believed that the building of the Grand Trunk Pacific was a good thing, but I always had some doubt as to the wisdom of the extension of the road to the East at such a cost to the Country. But let that go. What I did not approve of, what I do not now approve of and what I think was a colossal blunder, was permitting the Canadian Northern to duplicate these lines as a transcontinental railway. I think that it was a mistaken policy to permit the extension of the Canadian Northern from Western to Eastern Canada, to guarantee its bonds and to commit the credit of Canada to two transcontinental railways. It duplicated lines unnecessarily; it depreciated the value of the Grand Trunk Pacific railway, and it made it more difficult for that company to meet its obligations, and, on the other hand, it imposed immense obligations on the Canadian Northern. But we will gain nothing, as the member for Leeds (Sir Thomas White) said in his address on this Bill, by mutual recrimination with regard to the responsibility for the difficulties which exist in respect of the transportation systems of Canada. We cannot gain anything by doing that; the difficulties are here and we have to meet them.

Now, the Government of Canada believes that it is in the national interest to acquire the Grand Trunk Railway system. We do not offer any excuses for that; we say that the national interest demands it. Nobody on this side has said that there is urgency in the sense that we must proceed without due deliberation. My hon. friend has been told that he can have all the time he wishes to consider it; the Minister of the Interior has repeatedly said: "Stay as long as you like to consider it." But we can see no reason why the proposal which has been before the people for a year and a half and which is in a position to be consummated should not now be carried out with full legislative authority. I do not hesitate to say that one reason why we should not delay is found in the fact that powerful interests in this country are opposed to the Government's acquiring this road and are seeking to organize opposition to our acquiring it.

Mr. RICHARDSON: They are organizing it.

Mr. ROWELL: Yes, and we should only be putting a further opportunity into their hand of defeating something that we believe to be vital in the public interest. The Government, with knowledge of the hostility that is being organized against that which is in the public interest, would have failed to do its duty had it not proceeded with all due expedition, at the same time giving full opportunity for discussion and consideration of this important matter.

Mr. FIELDING: Translated into the language of the man in the street, that means that the hon. gentleman is afraid of public opinion; he is afraid that if the Gov-

ernment do not rush this thing through this session there will be an organized effort to defeat him. If public opinion is so strongly in support of this measure, why does the President of the Council fear an organized effort to defeat it? The hon. gentleman's plea is a confession that he is afraid of public opinion and he is rushing this thing through Parliament avowedly with the purpose of preventing public opinion from being heard.

I agree with my hon. friend that there is nothing to be gained by recrimination over the history of the railway question. If my hon. friend will get possession of the Minister of the Railways when he comes in and pound that thought into him he will be doing a good service. Did not the Minister of Railways last night spend half the evening in denouncing the late Sir Wilfrid Laurier's Government and stating all the awful things that happened to the Grand Trunk Pacific contract? My hon. friend says that a mistake was made in subsidizing the Canadian Northern alongside of the Grand Trunk Pacific. There is some force in that argument, and I am always prepared to admit an argument made by an opponent when it has some weight. But he should point out also that while the Liberal Government subsidized and assisted that road, the Conservative Government carried it on right through to the coast. When the member for Leeds (Sir Thomas White) said—and I give him credit for it—that the credit or discredit, as the case may be, of this great railway enterprise, any mistakes made in connection with this great railway enterprise should not be ascribed to one party or the other; they should be distributed over the two parties. In our zeal, having great faith in the future, we were, perhaps, too zealous to build ahead of the times. I have faith enough in the country to believe that within the lives of the young men of this House, and of some who are no longer young, there will be a justification for these roads, and that in the building up of the country we shall have business enough for them all.

Coming back to the question of urgency, again and again the statement is made that if we do not do this thing now some awful thing will happen. Is that an exaggeration? That is the substance of half the statements that have come from the other side. Mr. Chairman, I have been trying to find out what this awful thing is. My hon. friend says that the Canadian Pacific Railway Company will get possession of this system. Now, he knows that the Canadian Pacific cannot get possession—I doubt whether they want to get possession of it, but that is their business—without coming to this Parliament. Then why should this bugaboo about the Canadian Pacific Railway be dragged into this transaction again and again?

Then, he says, if we do not allow the Canadian Pacific Railway to take it, we must take it ourselves. These are large questions for the future. Before this transaction goes through, all these accounts, the complicated accounts of the Grand Trunk Railway system should be examined—it would take a chartered accountant months to understand them. Subsidiary companies, connected interests in Canada and the United States, hotels, steamships, railways—there never was such a complicated transaction submitted to this House. Yet the hon. gentleman is rushing it through on the plea of urgency, and while the correspondence shows that the only people who are under the necessity of urgency are the Government, he is trying to grab this road and to put this thing through Parliament because he is afraid that public opinion will be against him.

Mr. ROWELL: My hon. friend is wholly mistaken. I am not afraid of legitimate public opinion of this country. My hon. friend knows the influence of corporations in the past in carrying on organized propaganda opposing or supporting legislation. Members of this House and the people of the country know what has happened in that regard in past years. We have the facts in connection with the Grand Trunk situation before us, and if we are wise men, we will act upon the facts we now have. We know the situation and we can make up our minds. My hon. friend knows to-night that he is opposed to this transaction, and I am not questioning for a moment his right to hold that opinion. My hon. friend has the same right to be opposed to this transaction as I have to be in favour of it. But he will not be any less opposed to it in February next than he is now, and my hon. friends opposite will not be any less opposed to it in February next than they are now. The members on this side are in favour of this transaction—

Mr. FIELDING: Some of them.

Mr. ROWELL:—and they will not be any less or more in favour of it in February next than they are now. The views of both sides regarding this transaction are known. Then let us register our opinion and thus enable the Government to proceed

with the re-organization of the transportation systems of this country for which the Government is responsible.

Progress reported.

THE PEACE TREATY WITH AUSTRIA.

On motion of Hon. Mr. Doherty the House reverted to the Government Notices of Motion.

Hon. C. J. DOHERTY (Minister of Justice) moved:

That it is expedient that Parliament do approve of the Treaty of Peace between the Allied and Associated Powers and Austria, signed at St. Germain on the tenth day of September, one thousand nine hundred and nineteen, a copy of which has been laid before Parliament, and which was signed on behalf of His Majesty, acting for Canada by the plenipotentiaries therein named, and that this House do approve of the same.

He said: Mr. Speaker, it will be remembered that on the 22nd September, in answer to a question put as to the action contemplated by the Government with regard to the Treaty with Austria, it was stated that if a copy of the Treaty which had been signed arrived while this House was still in session, the Treaty would be submitted to this House as was the Treaty with Germany. As the House is aware, the Treaty has been received and copies have been distributed and have been now for some days in the hands of members. This motion is intended to implement the promise so made. It is also within the recollection of the members of the House that, upon an amendment to the Bill coming before the House, giving powers to the Governor in Council to do those things which would be necessary for the carrying out of the Treaty with Germany and the giving effect to its provisions, which amendment was made in the Senate and which extended the provisions of the Bill so as to include powers for the carrying out of the Treaty with Austria and the fulfilment of its provisions, this House accepted the amendment made, and included in that Bill, which, as I said, conferred the powers that I mentioned, the Treaty with Austria. For reasons which were then given, this House did not assent to the inclusion in that Bill of the conferring of powers in regard to treaties not signed and the giving effect to the provisions of such treaties. We have now before us, as I have said, the Treaty with Austria. As I pointed out when the amendment to which I referred was before the House, the Treaty with Austria, in all essential points, I think I might say in all points save where it deals with matters which are necessarily different in the two treaties, such as, for instance, the boundaries that require to be settled with regard to Germany in the one instance and with regard to Austria in the other, is identical in all respects upon lines absolutely similar, and practically with regard to all important measures, with the German Treaty. It was because of that fact that the Government felt justified in making the statement it did, that if the Treaty did not arrive while this House was in session, and if, in consequence of the House not being in session, it would be impossible to submit it to the approval of the House except by calling a special session, the Government would be warranted, in view of the approval of the House given unanimously to the German Treaty, in advising the ratification of the Austrian Treaty without calling the House together again for that purpose. The Government arrived at that conclusion and made that declaration because, under those conditions, the approval of the German Treaty was naturally tantamount to an approval of the Austrian Treaty, and to have held up the latter Treaty under those circumstances merely until there would be an opportunity to submit that absolutely similar Treaty to the House, would have been holding up the Treaty for the purpose simply of fulfilling a formality, the substance of approval having already in effect been given. I think I pointed that out at the time I had occasion to say what the Government desired to say with regard to the amendment made by the Senate. The adoption of that amendment, while in a sense it might be taken as implying approval of the Treaty, nevertheless had no further or greater effect than to confer upon the Government power to carry it out and to take such steps as might be necessary to give effect to its provisions. Before that power could come to be exercised at all, the Treaty would have to become binding upon Canada, and it would only have become so binding by reason of the ratification of His Majesty on the advice of the Government of Canada. The only circumstances in which the Government would have felt justified in ratifying the Treaty without special submission to Parliament would have consisted purely and simply in the fact that in the case of the German Treaty, which in all important respects is identically the same as this Treaty, the Government had acted only after the express approval of this House with the text of the Treaty before them.

However, the Austrian Treaty has arrived and we have been in a position to lay it before the House, and there is now no occasion for the Government basing its action upon that which I have described as the substantial approval, the equivalent of the express approval, by this House of that particular Treaty. The Treaty is now before the House which by this motion is asked to express the same approval of it that the House unanimously expressed with regard to the Treaty with Germany. It is not necessary, I fancy, that I should this evening go into any explanation or exposition of the provisions of this Treaty. The House has had it in its possession for some days now, and I have no doubt that hon. gentlemen who have read it carefully have found that its text fully justifies what I pointed out in connection with the amendment to which I have already referred, namely, that the Treaty is in all important respects identical with, and in all matters substanstially the same as, the German Treaty. Certainly it is on the same lines. So, without detaining the House further at the present moment, I ask the House to adopt the motion.

Mr. D. D. McKENZIE (North Cape Breton and Victoria): I have very little to say upon the motion of the Minister of Justice (Mr. Doherty), because I think his motion and this whole proceeding puts this House in a very extraordinary and unusual position, to say the least. It is about a week or ten days ago since the minister came to this House with an amended Bill. An amendment had been made in the Senate in which the minister asked us to concur, the effect of such concurrence being to ratify this Treaty. Bill No. 3, which we passed this session dealing with the German Treaty, although it is word for word on exactly the same lines as the British Act ratifying the Treaty, did not express our approval or ratification of the Treaty. It was to implement the Treaty by furnishing the money that was necessary to carry out its terms, and to give the Government power to appoint the officials necessary to be appointed under the Treaty. The minister told us then, and quite properly so, that the passing of that Bill necessarily implied our approval of the Treaty.

Mr. DOHERTY: I do not think I said that.

Mr. McKENZIE: The minister said the same thing to-night.

Mr. DOHERTY: I did not say "necessarily" implied. I said it might be taken in a sense to imply.

Mr. McKENZIE: That is sailing very close to the wind. If it implies it in a sense, it implies it.

Mr. FIELDING: Unless there is no sense in the transaction.

Mr. DOHERTY: The hon. gentleman should repeat my exact words.

Mr. McKENZIE: The British Bill when it passed the House of Commons in England implied, although it did not mention, approval of the Treaty, because it was for the purpose of furnishing the money for carrying out the terms of the Treaty, and of course if Parliament did not approve of the Treaty it would not furnish the means for carrying it out. We, about ten days ago, did everything to approve of the Treaty that is before this House to-night that the British House of Commons did for its approval. They passed an Act furnishing the money and empowering the Government to appoint the necessary officials. We have done that already on the word of the minister that the document we were approving was precisely the same as the German Treaty. Why, therefore, does the minister come here to-night and ask the House to go through the empty ceremony of re-approving something that has already been approved? I do not admit that there is any necessity for it at all. When we were discussing this matter ten days ago I read Lord Milner's despatch in this House, which, of course, had reached the minister long before we saw it. Lord Milner on the advice of the law officers of the Crown in Great Britain advised the British Government that the approval of the British Parliament was not necessary, nor the approval of this Parliament. On the strength of that I argued that it was not necessary for us to do anything at all except what the British North America requires of us in order to furnish the wherewithal to carry out the Treaty so far as it imposed duties upon us. For that reason, although I am not going to offer any strenuous opposition, I think it would be more dignified for the House to stand by its action. We have already approved this Treaty, because we have passed an Act implementing it. I think it would be more consistent with the dignity of the House—although I suppose it does not in any way detract from our dignity to confirm our action, having done a thing once and believing we have done it right, and in fact

knowing it was right so far as its constitutionality and legality are concerned—to stand by our action of a week or so ago. I do not think we are adding any strength to our position by doing the thing over again in this way.

Mr. FIELDING: When the Minister of Justice (Mr. Doherty) spoke of the careful consideration and reading which he was sure the members of the House had given to this document, I thought I observed a merry twinkle in his eye. Now I am going to make probably the risky statement that I doubt whether a single man in this House has read this interesting document of one hundred and fifty pages. It might be very wicked to suggest that the distinguished Canadian who signed it had not read it, but even that is a possibility. However, I believe the House is going to pay the Minister of Justice the high complement of approving this Treaty, not because they have ever read it, but simply upon his assurance that the Treaty is in all substantial things the same as the German Treaty. I confess I have not read it myself, but I am going to support the motion simply on the faith that my hon. friend has spoken correctly in that respect.

It is a technical point, and I do not think of very much importance, but I observe that the resolution speaks of the Treaty being signed by the plenipotentiaries acting for Canada, whereas my hon. friend will see by looking at the Treaty that it is signed by only one plenipotentiary.

Mr. DOHERTY: I shall be glad to amend the motion by substituting the word "plenipotentiary" for "plenipotentiaries."

Mr. KING: Before the motion passes I think it is only fair to the members on this side of the House, as the minister has spoken of the distribution of this Treaty, to say that it appears to have been distributed only to-day, so I think very few members of the House could possibly have had an opportunity of reading it.

Mr. FIELDING: They would not read it to-morrow either.

Mr. KING: I did not receive a copy until this morning, and I think other members are in the same position.

Mr. J. H. SINCLAIR (Antigonish and Guysborough): There is one point in connection with the Treaty in regard to which I should like to have an explanation from the Minister of Justice. Article 4 of the Covenant of the League of Nations, which is part of the Treaty, contains the following provision:

> The Council shall consist of representatives of the principal Allied and Associated Powers, together with representatives of four other members of the League. The four members of the League shall be selected by the Assembly from time to time in its discretion. Until the appointment of the representatives of the four members of the League first selected by the Assembly, representatives of Belgium, Brazil, Spain and Greece shall be members of the Council.

On page 11 of the Covenant there are given the thirty-two original members of the League of Nations, who are signatories of the Treaty of Peace, and there is also a list of states invited to accede to the Covenant. In this list of nations that are not now members of the League, but who are to be invited to become members, we find Spain. Belgium is one of the original members of the League, and so is Greece; but Spain is not yet a member. How is it that Spain has representation on the Council when she is not a member of the League of Nations?

Hon. Mr. DOHERTY: Nobody will have representation on the Council until the League of Nations is formed by the acceptance and ratification of the Treaty, so far as the signatory nations are concerned. Spain will have representation on the League only after this has come about, and, of course, when she has accepted the invitation extended to her, and which—whether it was formally announced or not—the Conference, in accepting this Treaty, and the Commission in drafting it, were amply satisfied that Spain would accept. Nobody is a member of the League yet, because the League will come into existence only when the Treaty becomes effective. And it was in anticipation that, as soon as that should happen, Spain, availing herself of the invitation, would become a member of the League, that all the nations signing this Treaty agreed that among the first four other members to be selected by the Assembly Spain should have representation upon the Council.

Mr. J. H. SINCLAIR: There are twenty-six nations who are already members of the League. Why select a nation not yet a member of the League and one that may never become a member?

Mr. DOHERTY: I pointed out a moment ago that no nation will be a member of the League until the Treaty is ratified.

Mr. J. H. SINCLAIR: They are described as signatories.

Mr. DOHERTY: They are signatories of the Treaty and as such they become entitled to be members of the League. But the League is created by the Treaty. The Covenant of the League is part of the Treaty and that part of the Treaty produces no more effect than any other part until the whole Treaty comes into force. When the whole Treaty becomes effective, that is to say, when it shall have been ratified by at least three of the great powers, then the provision which says that the signatories of the Treaty are members of the League will become effective with all the other provisions. As I pointed out, it was in anticipation of Spain's acceding to this particular part of the Treaty that the thirty-two signatories decided that it was proper to allow this representation to her. And, while I cannot say what were the motives of all those thirty-two nations, I believe it was considered desirable that at the initiation of the League the representation on its council should not be confined absolutely to the allied and associated powers. It was conceded as a courtesy, if you will, but at all events it was thought desirable, to include a nation which was not one of the allied or associated powers. I can only suggest that as being among the motives that may have impelled the thirty-two nations to that decision. Twenty-seven of those thirty-two nations being the nations who, when the League would come into operation, would be entitled to elect the four other members, thought proper to include among the four one nation who would become a member by acceding to the Covenant. All of the nations are yet to become members, some merely by ratification of the Treaty, and others by acceptance of the invitation to come in, and it was in anticipation of their becoming members in one way or the other that the composition of the first council was decided upon.

Mr. KING: The Labour Convention, which forms a part of the Treaty, provides for a general conference of representatives of the members to be held once a year. I understand that the conference has been called to take place at Washington next week. But there is a report to the effect that as the United States is not yet a member of the League of Nations this conference may not be held. As the Government is sending delegates to the conference, may I ask the minister if it has any information as to the exact situation?

Mr. SPEAKER: I must remind the House that under the rules hon. members are limited to one speech on this motion. The Minister of Justice has already made two, and I think it might perhaps be well, in order to adhere closely to the rules, that information in regard to points raised by hon. members be reserved by the minister until he exercises his right to close the debate.

Mr. ROWELL: I rise, Mr. Speaker, simply to answer the question of my hon. friend in reference to the position of the International Labour Conference. That conference is officially called to meet on the 29th of this month—that is to say, on Wednesday next—at noon, in Washington, and it will meet pursuant to that call. But whether it will be able to proceed with the consideration of the matters mentioned in the agenda for the conference is a question which will not be known until the conference meets. So far as I am aware, the Treaty with Germany has not yet been ratified by the three powers necessary to bring it into operation. The Treaty is not yet in effect. It may go into effect before the conference meets or on the following day. I have no knowledge in that respect other than the intimation, which appeared in the press recently, that the Treaty was likely to be ratified and go into effect about that date. Notice has been issued by the Secretary of Labour of the United States intimating that it might be necessary to adjourn the conference in view of the fact that the United States had not yet ratified the Treaty, and therefore was not in a position to take part in the conference.

Many of the delegates have arrived in the United States from foreign countries. I believe the British, the Spanish, and Japanese delegates, as well as the delegates from a number of other nations have already arrived in Washington for the work of the conference. It is a matter worthy of consideration that Canada takes part in the conference as one of the original members thereof and with the same status as all the other members of the conference. The Government in this case, pursuant to the provisions of the convention, has asked the Canadian Manufacturers' Association, as being the largest group of employers of labour in Canada, to name a delegate representing the employers, and has asked the Trades and Labour Congress of Canada, as being the largest organization representing organized labour, to name the labour representative to the conference. These bodies have named their representatives, and the advisers have also been named as

provided for under the terms of the convention.

Hon. Mr. MURPHY: When the Minister of Justice (Mr. Doherty) ten days ago asked the House to concur in certain amendments to Bill No. 3 made by the Senate, he explained that he did so because it would make unnecessary the submission of the Austrian Treaty separately to the House. As I understood him at the time, and my understanding is confirmed by reference to Hansard, which under the rules of the House I believe I am not allowed to quote, that was the ground on which the House, at the hon. gentleman's request, concurred in these amendments. That being the case, I desire to know whether the proceeding which the hon. gentleman has submitted to the House by his motion is necessary.

Mr. DOHERTY: Perhaps I might state now if it is in order——

Mr. H. A. MACKIE: Mr. Speaker, I did not anticipate that we should be asked this day to consider a matter the importance of which is as great as that of some of the measures which have been discussed within the last ten days in this House. Had I expected that this question would be brought up this evening I should have prepared for the occasion. I find myself obliged to speak extemporaneously on a subject of international importance. We were called together at this time of the year to approve of the Peace Treaty and the League of Nations, on both of which I have already spoken. Only to-day did I receive the blue-book on the subject of the Austrian Treaty, and by no means did I expect at this sitting of the House, when the representatives of the two adjacent provinces should be at home spending the week end, that this Treaty would be brought up for confirmation.

It is true that I am not a politician and I do not know all the devious ways by which the members of this Government may work to their ends, but that this Government should ratify, or confirm, or approve of the Austrian Treaty with the Allied Powers on the basis of what has already been said in the House with reference to the Treaty between the Allied Powers and Germany is difficult to understand. It is going absolutely too far because the conditions which obtain in one case are not the conditions that obtain in the other.

It is true that it is said by the Government in answer to a question by the Opposition, that what obtained in one case obtained in the other except as to territorial limitation. I am not satisfied that that is correct because I have not had the opportunity to read the blue-book which was sent to me through the mail to-day, and which I only received at three o'clock. But at any rate you have the question of Poland to consider in the Austrian Treaty, you have the question of Galicia to consider in the Treaty between Austria and the Allied Powers, you have many and varied questions. Is this Government so devoid of a sense of responsibility that it must, on a Friday evening, when there is not sufficient representation on the Opposition side or on the Government side, undertake to deal with a matter of international importance in this manner?

For instance, we have had questions put in this House by hon. members on this side of the House as to whether or not Poland guaranteed the liberty of the Ukranians in Galicia both as to their religion and as to their civil rights. We received the assurance from the members of the Government that these had been guaranteed. But it is only within the last few days that I had a message from certain Ukranians in the western provinces which I transferred to the hon. Minister of Justice (Mr. Doherty). I understand from the Minister of Justice that a cablegram has been sent overseas dealing with this question but no answer has been received yet as far as I know. There is also the question as to whether or not the Ukranians in Galicia will be given a plebiscite in order to determine whether they shall remain Poles or whether they shall remain Ukranians and form part of the great republic which has been already declared in the southern portion of Russia. We are now asked to ratify, confirm or approve of the Treaty between the Allied Powers and Austria. My hon. friend from George-Etienne Cartier (Mr. Jacobs) has repeatedly brought the question up in the House as to the foreign population in Canada—and let me tell you, Mr. Speaker, that I have absolutely no sympathy with the foreign population in Canada where they have shown no proper desire to serve their adopted country.

9 p.m.

I am quite in sympathy with the policy which has been enunciated by this Government, that that part of our foreign population which has not shown a desire to become assimilated should be deported. But there is also another policy which I believe in—the policy to conserve and improve that which we have acquired. This Government and its predecessors have spent thousands,

if not millions, of dollars to bring immigrants to our shores, and it is therefore the business of the Government of the day to see that these newcomers acquire our own ideas and become good Canadian citizens, rather than to talk of deporting them to their native land, where conditions are worse than we have even thought of. Instead of presenting a Bill of this importance to a depleted House, I submit the Government should have deferred its consideration until the members absent over the week-end returned, in order that it might be thoroughly discussed.

Furthermore, in relation to Poland and Galicia, I wish to ask the Minister of Justice (Mr. Doherty) if it is not true that during the war the Polish Council in Ontario had the ear and the confidence of this Government as to who should and who should not go overseas with our Expeditionary Force; if it is not true that this Government did receive the assistance of this Polish Council in that very regard; and if it is not true that this Government, while accepting the recommendations of this Polish Council, permitted it to take an affidavit from each and every individual who volunteered for service overseas that he owed fealty to Poland rather than to this country? What right has Poland to interfere in the business of Canada until the terms of the Treaty of Peace have been settled? What right had this Government to permit the Polish Council in Ontario to take affidavits of that character? There is no question about that—it is true. I have seen the affidavits. I have also been requested to ask the Government whether or not this Polish Council was allowed to deal with Austrian cases, and I have submitted the whole matter to the Government. Why, for instance, should 80,000 Galician Jews now in this country be requested to swear that they are Poles, and threatened that if they do not do so they will be deported or prosecuted? Why should Poland be given the right to dominate Galicia by simply declaring that the predominant element in the population is Polish?

Now, Mr. Speaker, I am quite willing to agree that Canada is not a nation. We have had a great deal of discussion on this point, which I do not intend to repeat, but no matter what may be the sophistical arguments advanced in favour of the contention that Canada is a nation, I assert that Canada is not a nation. In connection with any conference which may be convened in the near future with regard to preserving the peace of the world, I would ask any hon. member this question: Does Canada represent any such principle of general interest as may compel the great powers of Europe —and the great power of America for that matter—to consider that we have a right to demand any particular remedy? If we are a nation then we must present a status of equality before the eyes of the world. This is denied us by the American nation; it is denied us by Britain; it is denied us by France—in a word, it is denied us by all the associated powers who had anything to say in the Peace Conference, or who may have anything to say in the League of Nations. Why should we this evening, with so few members present, be called upon to approve a Treaty of Peace between Austria and the Allied Powers without taking into full consideration with those powers all the circumstances and all the facts of this Treaty? We talk about acquiring the Grand Trunk Pacific, we talk about prohibition and the transfer of Federal rights to the provinces —these are as nothing compared with what the Canadian nation is going to do as one of the great world powers which are going to keep the peace upon earth. And yet I find myself suddenly confronted by a resolution of the Government brought forward at 9.15 on a Friday evening, when most of the Opposition members have gone to Quebec and Ontario over the week-end.

An hon. MEMBER: There is not much over there.

Mr. H. A. MACKIE: It is true that there is not much over there, I agree, both in the metaphorical and the literal sense; but there is less on this side—in both senses. I wish the co-operation of the House this evening in my request that this matter shall stand over until we have had an opportunity to study this Blue Book.

I have been flattered by the extent to which our chevelure has been ruffled with pride in the very thought that Canada shall take its place among the nations. It has been difficult for me at times to comb my hair down in the mornings, with all the lotions that I like to apply, as I think of the tremendous position that Canada is to take among the nations of the world in preserving the peace of the world. But when we come down to actual facts—and I am making no academic speech this evening; I am speaking extemporaneously—we find difficulties for which we have not been prepared and it becomes necessary for us to protest, and I do so with all respect. I am a supporter of the Government—and may I always be permitted to support it rather

than support the weak Opposition which we have across the floor of the House. But when I am called upon to support this Government I find these difficulties, and I make this protest with all respect to the ministers of the Crown and with all due deference to their opinions, because I quite realize that the Minister of Justice sat on this Peace Conference; that he on one day represented the British Isles and on the other day represented the Canadian Government; that he on one day was imperialistic and on the other was—may I say?—colonial, with apologies to you gentlemen on the other side, because you do not believe that we are colonials yet. Why should I on this occasion take exception to the opinions of these gentlemen who were sent overseas for the purpose of representing us and who understand these questions a great deal better than we do? It seems rather presumptuous, and I feel somewhat inclined to offer my apology for the protest which I raise this evening. But I would not be doing my duty as a member of this Parliament or as a citizen of this Dominion, having regard to the interest which I have in the whole of Canada as well as in my particular constituency, did I not register my protest when we are asked in these particular hours, on a Friday evening, to ratify and confirm and approve a treaty which deals with manifold nations such as the Czecho-Slovaks and the other Slovaks that we have heard so much about in this House.

Mr. Speaker, I do apologize for giving this much pleasure to the Opposition—because I know that I am giving them much satisfaction this evening. It is one of the rare occasions on which I afford them the pleasure which they now experience. But I must also be fair to them and say that if it does give them pleasure this evening that I should express my views on this subject as I do, nevertheless I believe that I am right and correct, and whenever the Opposition are right and correct I shall be pleased to support them.

I would like to ask the Minister of Justice, before this resolution goes further, whether it is the intention of the Dominion Government to take exception to the action of the Allied Powers with regard to the distribution of the assets of Europe among the various nationalities as they have been conceived, so far as we have been advised by the press and by this Government? Has he given full information to this House as to what is the territorial limit of the various nationalities? Has he given full information to this House at any time, or has any minister of the Crown given full information to the House, of what may be the territorial limits in that part of Europe which we have not dealt with up to the present time? I am free to say that if such information has been given it was when I was absent from the House. Has the Minister of Justice or has any minister who represented Canada at the Peace Conference told us what the principles were upon which we may insist that Roumania, for instance, shall be tolerant to the various denominations so far as their religious beliefs are concerned? Have we received any information as to the principle upon which Galicia is not going to be safeguarded in its religious belief? Have we received any information as to why all nations should not respect the religious beliefs of all others? If the League of Nations is going to make good and is going to preserve the peace of the world, why do we find one nation compelled, and some nations not compelled, to respect the religious beliefs of others? We have not heard why there is not a general clause in the Treaty making it obligatory upon all nations of the world to respect the rights of minorities and to respect the religious beliefs of all nations.

Why are we called upon at this hour, on Friday night I repeat, when I wanted to be at the picture show, to approve of this important treaty? I was told when I came to this House that I must abandon my radical views. I have. I was told that legislation meant compromise. I believe it is true. No farming community in the West can come here and expect that they can impose their views upon the rest of Canada; no labour faction can come from any part of Canada and impose their views upon the whole country. At the same time, we are entitled to receive some information from those who presume that they can dictate from the front benches of the House what shall obtain in Canada, America and the world at large.

We are entitled to be informed on the subject matter of the resolution that is before the House. We have had a great deal of discussion in this House on the War-time Elections Act. I can see my hon. friend from Cape Breton already curling his moustache above the smile. I can see others who are simply chloroformed under the very idea that there was such an Act and are almost sound asleep; may we not disturb them. I can see others who are prepared to approve or disapprove of the Act, no matter what may be the consensus of opinion throughout Canada.

Mr. SPEAKER: I hope that the hon. member will bring his remarks to bear more closely on the subject that is before the House; he is going very far afield.

Mr. H. A. MACKIE: Mr. Speaker, I did not intend to go further away than I should go; I had intended from the reference which I made to draw a conclusion which would come more closely to the subject. However, I accede to your request, and say this: The resolution before the House is one that should receive the greatest possible consideration; one that is more important than the passing of a Grand Trunk Railway Bill; one that is more important to the national life of this Dominion of Canada than any Bill that has been presented; and we are asked in the hours of a Friday evening to pass a matter which, if properly debated, should occupy several weeks, in order to ascertain the proper information upon which the conclusions are reached in this resolution, in order to acertain the true state of affairs in Europe about which we are legislating, in order to ascertain how we, as a nation or a colony, are responsible for the terms of these things about which we are to legislate. If these are not more important than free trade; if these are not conditions more important than any other matter that has been before the House, I say that we are not paying very much regard to the consequences of those things upon which we are legislating. It is simple to pass an Act; it is simple to vote upon a resolution; but it is not simple to accept the consequence of our own acts; it is not simple—and I hope I am not wandering far away from the resolution now—that we, as a Canadian people, as a part of the League of Nations, should accept the responsibilities of what may be the voting power within the League of Nations. It is not material to you, Sir, and to me, whether you, I, your children or mine, shall participate in the future wars of this world without being consulted, simply on the declaration that "when Great Britain is at war we are at war." It is not material to you or to me that we should accept all our share of responsibility of what is being done by the League of Nations without having had a voice in the matter or having been consulted. That is what we are doing in this resolution when we approve the terms of this Treaty, without knowing what are the particulars of the Bill or the menu which we are ordering. These are things about which I have a concern. It may be very simple for the Minister of Justice, or the Minister of Customs, or the Minister of Public Works now to say in the House: We have gone; we have come; we have conquered; or we came, we saw and we conquered. It is a very simple thing for these hon. gentlemen paid by the Canadian nation, to perform a duty towards the whole Empire, towards the whole world, to come back and say: This is what we have done. We are entitled to ask them for a bill of particulars. When I was a student at McGill university, and the Minister of Justice (Mr. Doherty) lectured to me on marriage covenants, I took heed of what he told me in those days, and I have been true to the lessons that he gave me. It is true that I am not going to confess to him all my weaknesses, but what he told me in regard to marriage contracts I have followed religiously in giving advice to others, for which advice I have been paid.

Mr. DOHERTY: The hon. member should give me a commission.

Mr. H. A. MACKIE: But I do not accept the dictation of the Minister of Justice as an envoy of the Canadian nation to deal for me in the problems of the world unless he is prepared to show to me that the law that he hands down to me is well founded upon certain commandments or until such time as I find his reasoning is in accordance with the exigencies of the case.

Some Hon. MEMBERS: Carried.

Mr. H. A. MACKIE: I am very glad that this note of warning comes from the Opposition. I have sat on this side of the House when I have felt in my heart I should shout "carried." I have been sick at hear often times when the Opposition have started, and before they have gone but a few minutes, I have felt that I should have liked to cry "carried." If they are sickened as much as I have been at times of their oratory, I shall be pleased to take my seat.

Mr. DOHERTY: Mr. Speaker—

Mr. SPEAKER: Before the Minister of Justice exercises his right to reply,I wish to remind hon. members that if any hon. members desire to speak, they should do so now; otherwise, the debate will be closed.

Mr. DOHERTY: I find myself in a somewhat embarrassing position. Whereas I have to meet, coming from in front of me, the reproach that I am asking this House merely to do what it has already

done, and that, therefore, my proceeding is absolutely futile, there comes from behind me a very grave arraignment for that I am asking the House, without proper information, and saddest of all on a Friday night, to pass this most important resolution. May I point out, to deal first with the observations of the hon. member (Mr. H. A. Mackie), that he in common with all the members of this House has already expressed approval of those provisions which, if I have followed his arguments of this evening, give rise to most doubt and most desire for information, and indeed in some cases to direct opposition on his part. The hon. gentleman spoke of Poland and objected to our expressing approval of this Treaty until we had further explanations with regard to conditions in that country. May I just point out to him that in this particular Treaty, the one reference to Poland is that Austria says that she accepts the boundaries of Poland as already fixed by the Allied and Associated Powers; that is to say, the boundaries were fixed in the Treaty with Germany which the hon. gentleman has already approved. Furthermore, with regard to his observations in connection with the protection of the rights of minorities in Poland, may I point out to him that he has already approved the Treaty with Poland which has been submitted to this House and in which it is expressly stipulated that Poland shall respect all those very rights to which he has so eloquently referred. With regard to his reference to the Ukrainians, there is nothing in this Treaty that bears upon the provisions in regard to the Ukrainians and more particularly upon what questions may arise between certain Ukrainians, native or former inhabitants, I believe, of Galicia and Poland, and this simply because, as I have said, it is in the other Treaty with which we have already dealt that the boundaries of Poland are fixed, and because we have dealt with a special Treaty which imposes upon Poland that she shall respect the rights of minorities of all classes.

As to the Ukrainians to whom the hon. gentleman refers and in connection with whom—I do not think the matter was very relevant—he arraigns this Government for the line of action it has seen fit to adopt in the past in connection with certain Poles as also in connection with certain Ukrainians in this country, let me very briefly state just exactly what the situation is. The hon. gentleman has referred to a Council of Poles whom he says this Government have recognized and upon whom he seems to conceive that this Government has conferred some power or authority to compel Ukrainians to swear that they are Poles. The situation with regard to that Council is a very simple one indeed. Poles are nationals of an allied power. We had certain restrictions in this country as to freedom of departure from Canada imposed upon alien enemies, and when people came forward and said that they were Poles we found that it was of advantage in the absence of any particular Polish consulate or consul to be able to have their claims verified by people known to be of that nation and in a position to vertify whether they were Poles or not, and we did accept from persons claiming to be Poles, as part of the evidence going to establish that claim —not, however, without further verification in cases where it was called for,—the certificates of this Council to persons known to be Poles and respectable and reliable people. I understand that the complaint of the Ukrainians which the hon. gentleman has voiced has been that they were compelled to swear they were Poles. Now it is only natural that when they went to that Polish Council asking for certificates the Council would say to them "The thing that we undertake to certify is that a man is a Pole or not a Pole. If you are not a Pole we have nothing to do with you." I do not know that they required them all to swear they were Poles, but if they did, it was perhaps not an unnatural thing for a body called upon to certify that a certain individual was a Pole to ask him whether he was willing to swear that he was a Pole.

Mr. H. A. MACKIE: What I said was that they were called upon not to swear that they were Poles, but to swear fealty to Poland.

Mr. DOHERTY: I think the hon. gentleman will find himself mistaken in that regard, although I do not say that positively. I do not think it involved the question of swearing allegiance to anybody. Certainly the only question in which we were interested and which could have any relation with that Council was whether the particular individual was a Pole or not. It may be—I am not prepared to say it was not so—that in the process of testing whether a man claiming to be a Pole really was a Pole—and he had no business going to the Council unless he was representing he was a Pole—they called upon him to swear fealty to Poland. Some of these people, and I have had representations from

different ones, seem to have misunderstood the situation, and to have supposed that in order to get out of Canada they were having imposed upon them through some sort of governmental authority an obligation to say they were Poles. I have explained just to what extent we were interested in the question whether they were Poles or not, and it was not with any idea of inducing people to swear they were Poles so that they might on false representation get out of the country that anybody would have been asked to make an affidavit. There was a misapprehension on the part of these people who do not readily grasp and understand—and quite naturally—the different regulations to which they were subjected. I may say that on the part of this Government there has been a desire to afford Ukranians who are individually responsible and reliable people and not subject to deportation every means that can be found of enabling them to establish those facts. There certainly has been no desire to discriminate against the Ukrainians. There exists at the present time in the city of Montreal a Ukrainian body to whose certificates with regard to persons claiming to be Ukranians in connection with their respectability and fitness to be allowed to remain in the country great weight is attached by the officers of this Government. Let me assure the hon. gentleman, who, I know, takes great interest in the people of this race, that there is no desire on the part of this Government to discriminate in any way against these people. Of course, for the purpose of assuring ourselves of proper control of persons of alien enemy races within this country it was unavoidable that these people, being, as they were during the course of the war nationals of an enemy country, should be subjected to regulations, but I am quite certain that on the part of this Government in the administration of those regulations both towards Ukranians and people of other races there was no desire to do any injustice or act with any harshness.

With regard to the observations in connection with the treaty which the hon. gentleman made, I think I am safe in saying that the different matters that he adverted to are all of them matters which were covered by the provisions of the treaty with Germany, and he is not being asked, in regard to any matters so far as I can recall them to which he referred, to approve of anything which he has not already approved in approving the German Treaty. He spoke of the obligations of the League of Nations. Let me point out that this Parliament has approved the Covenant of the League of Nations as contained in the German Treaty, and we are not binding ourselves any more now because the Covenant is also found in the Austrian Treaty. It is just the same Covenant, and whatever may be the extent of its obligations we have already assumed them in approving the German Treaty. I feel that I have not taken up seriatim, and very possibly have not done full justice to all the representations made by the hon. gentleman. But I have endeavoured to meet them in a general way at all events, and if I have overlooked any of them I trust he will not consider that it was because of any intentional discourtesy on my part. I would be quite incapable of that. I am very touched by his assurance of his recollection and appreciation of valuable lessons which in earlier days it was my privilege to address to him.

With regard to the question of the hon. member for Russell (Mr. Murphy) and some observations made by hon. gentlemen opposite, rather reflecting upon the utility of the present proceedings, I am free to admit that perhaps this is not absolutely necessary, but the other day in connection with the amendment which I moved that this House should accept, there was a good deal of criticism, and it was pointed out that it was not absolutely regular, which I concede, to ask the House to confer the powers that were conferred by that amendment, the House not having before it the actual text of the treaty. I think I acknowledged then that it would have been better if the text of the treaty had been before the House, and I supported the suggestion that we accept the amendment upon what seemed to me to be the common sense ground, namely, as the House had already expressed its approval, in the form of the Treaty with Germany, of all the substantial provisions of this treaty. that, subject to the House being willing to accept the assurance of the Government that this Treaty was similar, it would be a commonsense action on the part of a body in that situation, having conferred the powers upon the Governor in Council necessary for the implementing of the German Treaty, to consent to confer the same powers, in so far as they might be required, for the purpose of implementing and carrying out the Austrian Treaty. And, if my memory serves me, I pointed out that that legislation would never come into practical operation unless the Treaty with

Austria became binding by its ratification. I then called attention to the assurance which had already been given to the House by the Government, that it would only advise that ratification without coming back to this House if the Treaty, when it reached us, proved to be so identical with the German Treaty that you could not escape the conclusion that a House that had approved the provisions contained in the German Treaty would, consistently with itself, approve the provisions contained in the Austrian Treaty.

But, fortunately or unfortunately, the session has been prolonged until the Treaty has reached us, and now we put it before the House. It was suggested then that there was something irregular in our not having it before the House. Now we have met that suggestion and have put it before the House, and asked the House to approve it. We do that to meet the suggestions I refer to, and to carry out the promise made on the 22nd of September that it would be done. After all, is it a very grave ground of complaint that we should seek, if you will, to make assurance doubly sure? If we have already, in passing the amendment referred to, approved this Treaty, it can do no possible harm that we should now do it formally and precisely with the Treaty before us, if for no other reason than that we should have the approval of the Treaty absolutely regular in form, although the approval of the German Treaty is substantially the approval of the Austrian Treaty.

Mr. H. A. MACKIE (East Edmonton): Will the minister permit me two questions? Will Poland allow the Ukrainians in Galicia to determine whether or not they shall remain part of Poland or become part of the Ukrainian Republic? Secondly, when was the Treaty of Peace between the Allied and Associated Powers and Austria signed? Was it on the 10th day of September, 1919, and was a copy submitted to this Parliament? Further what opportunity has this House had of considering the same?

Mr. DOHERTY: With regard to what Poland may do or may be compelled to do in connection with the position of the Ukrainians in Galicia, I may point out again that the question does not arise under the present Treaty with Austria, and perhaps, if the hon. member will reflect a moment, he will realize why. It is a question between the Ukrainian population of Galicia, and Poland; it is not a question between Austria and the Allied and Associated Powers. As to whether or not the Ukrainian population of that portion of Galicia which is claimed by, if not allotted to, Poland, in the boundaries fixed in the German Treaty, will be entitled to a plebiscite to determine their allegiance, is a question which, so far as my information at the present time goes, is not yet determined. It is still pending before the Council. As to the question when the copies of the Treaty were distributed, if I am correctly informed, the Treaty was laid on the table of this House some four days ago. I understood that the Treaty was to be distributed yesterday, but the particular hour at which it reached the members I am not prepared to say.

Mr. H. A. MACKIE: Three o'clock this afternoon. Now, may I ask another question, or at least, may I be permitted to correct an impression which has been given to the House by the minister?

Mr. SPEAKER: The hon. member will not be in order. He has already exhausted his right to speak and the minister has spoken three times.

Mr. H. A. MACKIE: I do not wish to make a speech.

Mr. SPEAKER: The minister is quite capable of giving correctly any impression he desires to convey to the House.

Mr. H. A. MACKIE: With the permission of the Minister of Justice, may I correct the impression he gave the House?

Mr. SPEAKER: The Minister of Justice cannot give permission for the rules of the House to be broken.

Mr. H. A. MACKIE: I do not wish to break the rules of the House, Sir.

Mr. SPEAKER: Order.

Mr. MACKIE: But if I may be permitted—

Mr. SPEAKER: Order.

Mr. MACKIE: May I address the Chair?

Mr. SPEAKER: Order; the hon. member has already spoken.

Motion agreed to.

Hon. C. J. DOHERTY: Mr. Speaker, I beg to move:

That a message be sent to the Senate to inform Their Honours that this House has passed the following resolution:—

"Resolved by the House of Commons,

That it is expedient that Parliament do approve of the Treaty of Peace between the Allied and Associated Powers and Austria,

signed at St. Germain on the tenth day of September, one thousand nine hundred and nineteen, a copy of which has been laid before Parliament, and which was signed on behalf of His Majesty, acting for Canada, by the plenipotentiaries therein named, and that this House do approve of the same."

and requesting that Their Honours will unite with this House House in the said resolution by filling up the blank therein with the words "Senate and."

Motion agreed to.

Mr. H. A. MACKIE: May I ask a question, Mr. Speaker? Is it not competent for a member of Parliament to rectify an impression created in the House, that he has said something which as a matter of fact he has not said? Is it possible under any circumstances for a member to correct such an impression?

Mr. SPEAKER: As a matter of courtesy it is quite competent for an hon. member, by leave of the Chair and of the House, to correct an impression that has been falsely gathered in respect of something that he may have said himself. But it is not competent for him to correct an impression which some other member may have created.

Mr. H. A. MACKIE: Mr. Speaker, I wish to correct an impression which has been given this evening about that which I am alleged to have said but may not have said. May I correct that impression?

Mr. SPEAKER: I very much regret the hon. gentleman would not be in order in doing so now because the occasion on which he could have made his correction, if he had desired to do so, has passed. The motion has been carried.

Mr. H. A. MACKIE: If I have the right to do it on a following occasion may I do it now?

Mr. SPEAKER: There is no subject before the House.

EXCHEQUER COURT ACT AMENDMENT.

Hon. CHARLES DOHERTY (Minister of Justice) moved the second reading of Bill No. 30 to amend the Exchequer Court Act.

Mr. McKENZIE: If I remember correctly the explanation the minister gave it was that this amendment is simply for the purpose of extending the power to the Exchequer Court to deal with some international questions which may have arisen out of war difficulties. If that is the case we have no objection to it.

Mr. DOHERTY: That is all.

Motion agreed and Bill read the second time, considered in Committee and read the third time and passed.

CIVIL SERVICE ACT 1918—AMENDMENT.

SALARIES OF POSTMASTERS AND ASSISTANT POSTMASTERS.

House again in Committee on Bill No. 31 to amend the Civil Service Act, 1918, with respect to the salaries of certain postmasters and assistant postmasters.—Hon. A. K. Maclean.—Mr. Boivin in the Chair.

On section 1—revenue from war stamps not to be included in postage collections when determining salaries of city and assistant city postmasters:

Mr. McKENZIE: What is this?

Mr. ROWELL: My hon. friend (Mr. A. K. Maclean) gave a very full explanation on the second reading of the Bill. I can give any further information that is desired. The object of the Bill is to continue the right which has been given under certain Orders in Council, passed under the War Measures Act, to exclude from the salaries of city postmasters who are entitled to be paid a percentage of the receipts from the sale of stamps, the additional amount which it is figured they would have received on account of the war stamp tax. If they sold a two cent stamp before they now sell a three cent stamp; if they sold a one cent stamp before they now sell a two cent stamp. It was not considered just that the salary should be increased by the percentage derived from the sale of stamps the proceeds of which were intended purely for war purposes. This has been in force since the War Measures Act was passed, and by Order in Council, and it is simply to continue it.

Mr. McKENZIE: One difficulty about this is that it is practically impossible to carry it out except by sheer guesswork. It is not desirable to be dealing with a man's property by guesswork. The salary that a man earns by selling postage stamps and attending to his business in the post office is his property just as much as his house or his horse, and it is a part of the constitution—too old indeed to be mentioning it now—that no British subject shall be affected in his property or rights of any kind except by due process in a court of law. This salary which he earns is his property. We are going to pass an arbitrary Act in this Parliament, which is not a court of law in which this man can give evidence and with no machinery provided to enable him to give any explanation or testimony about his rights in this matter, authorizing some person to say "This is all you are to have; the rest of your earnings go to the Crown." I think this is a most

arbitrary piece of legislation. Besides, it is extremely difficult to know where the line should be drawn. It was suggested at the time this law came into force that there should be a special stamp for war purposes and ordinary stamps for ordinary postal purposes. It was promised at that time that if we would agree to allow the ordinary stamps to be used promiscuously a special stamp would be provided. But things went on and it was never done; the postage stamps were used for other purposes. I think that it is better in the interest of fair play and in the interest of the country that things should be left as they are. If postmasters, by reason of this laxity got a few dollars extra—it will not be very much —I do not think it is worth
10 p.m. while to create many sore hearts, a great deal of disappointment and irritation by starting out now to correct what was possibly a mistake. Take the case of the banks; they buy an enormous number of stamps. The banks use a great many postage stamps in their ordinary business. They have to use stamps on all their cheques, notes and drafts. They buy these stamps but the post office does not lose the two cents nor do the banks; the man who cashes the cheque pays for the two cents stamp. The postmaster sells these stamps, but how is anybody going to tell how many stamps went on bills, notes and cheques and how many were used in the bank for ordinary mailing purposes? It is absolutely impossible; there is no account kept. A sheet of stamps comes into the bank and these stamps are used right and left as they are required. There is no attempt made to discriminate between those that go on letters and those that go on the cheques that are cashed for the customers of the bank.

Those are the reasons why I think the President of the Council (Mr. Rowell) and the Government should test it before imposing this power and duty—which I am sure no one wants—upon any one to divide this money equitably between the Government and the postmasters. Therefore I think it would be very much better to leave matters as they are rather than bother with this legislation.

Mr. McQUARRIE: I was under the impression that this Bill would not come up until next week; in fact, I was so informed by the minister (Mr. Maclean) who was originally in charge of it.

Mr. ROWELL: If either the Minister of Justice (Mr. Doherty) or I had been aware of that understanding we would not have taken action. We are endeavouring to dispose of as many Bills to-night as possible. If there is any understanding with the minister (Mr. Maclean) that the Bill should stand over, of course, I do not wish to proceed with it.

Mr. McQUARRIE: He told me that it would not be proceeded with until he came back. I had some further remarks which I would like to make in connection with the Bill, but I do not care to deal with the matter when he is not here. For instance, he promised to give me information in reply to certain questions which I was not permitted to ask on the second reading. I presume that when he is here he will be prepared to give me that information.

Mr. FIELDING: Is the Bill intended to be retroactive?

Mr. ROWELL: No. This is the present situation, regarding which my hon. friend the member for Cape Breton (Mr. McKenzie) is under some slight misapprehension. The Government did pass an Order in Council under the War Measures Act fixing the percentage which should be considered as the proceeds of the war stamps from which the postmasters should not receive any return—my recollection is that it was 28 per cent, but I speak subject to correction—and that their salary should be computed on the basis of 72 per cent. As I understand it, the department in fixing that 28 per cent made the best estimate that was possible. Of course, I agree with my hon. friend that you cannot fix the percentage with exactitude; but I am quite sure that the Post Office Department thought that in the percentage they fixed they were not taking any advantage of the postmasters, but were giving them the full measure of the proceeds of sale so far as the former postage would apply. My hon. friend will see that on three-cent stamps it would be a third, on two-cent stamps a half, and on war stamps the whole amount. Now, the object of this Bill is simply to continue in the Postmaster General the power to do what has been done until the new classification under the Civil Service Act goes into effect in April, 1920, when the scale of payment is fixed on a different basis.

With reference to my hon. friend from New Westminster (Mr. McQuarrie), if he would discuss his point on the third reading, it would enable us to advance the Bill a stage; but in view of his understanding

with the minister I certainly shall not press on the Bill now.

Progress reported.

HOUSE OF COMMONS ACT AMENDMENT.

AMENDMENT AS TO DELAY FOR BY-ELECTIONS AND DECLARING POLLING DAYS PUBLIC HOLIDAYS.

Hon. Mr. DOHERTY: With the permission of the House, I move that we proceed with the order of Public Bills and Orders. The purpose is to take up a Bill introduced by the member for George Etienne Cartier (Mr. Jacobs) to amend the House of Commons Act, and to provide that polling days at elections shall be public holidays. I notice the hon. member is not present. I may say that the Bill, having passed through the Standing Committee on Privileges and Elections, has come back in an amended form, which is acceptable both to the hon. member who introduced the Bill and to the Government. I promised him that I would give the Bill an opportunity of being passed at the present session, and as the hon. member introducing the Bill and the Government are in agreement to accept the Bill as amended, subject to a slight alteration to which the hon. gentleman has also agreed, I would like an opportunity of redeeming my promise to him, even though he be absent.

Motion agreed to.

House in Committee on Bill No. 9, to amend the House of Commons Act, and to provide that polling days at elections shall be public holidays—Mr. Jacobs—Mr. Boivin in the Chair.

The CHAIRMAN: There are several amendments to the Bill and I will read them.

Mr. COPP: I rise to state, Mr. Chairman, that the hon. member who is in charge of the Bill received a telegram after six o'clock requesting his presence in Montreal. He asked me to say that in so far as he is concerned he is quite willing that the Bill should go through as amended, but that the hon. member for West Kent (Mr. McCoig) desired to move an amendment. He, however, I find has left for Toronto. I make this announcement for the information of the House; I do not know whether the Bill will be proceeded with or not.

Mr. DOHERTY: Would it not be possible for the hon. member for Kent (Mr. McCoig), if he desires to press his amendment, to move on the third reading to send the Bill back to the committee for that purpose? In the meantime we could proceed on that understanding.

The CHAIRMAN: Clause 1 of the Bill as reported by the special committee reads as follows:

1. The House of Commons Act, Revised Statutes of Canada, 1906, Chapter 11, is amended by inserting the following sections immediately after section eleven:—

11A. In the event of a vacancy occurring by reason of the death of any member or by reason of his accepting any office a writ shall be issued within six months after the receipt by the Clerk of the Crown in Chancery of the warrant for the issue of a new writ for the election of a member of the House of Commons.

Provided, however, that this section shall not apply where the vacancy in respect of which the warrant has issued occurs within six months of the expiry of the time limited for the duration of the House of Commons, or if Parliament is dissolved after the issue of a new writ hereunder such writ shall thereupon be deemed to have been superseded and withdrawn.

11B. No person shall be eligible as a candidate for election as a member of the House of Commons in more than one electoral district at the same time, and no person shall be nominated or consent to be nominated so as to be a candidate for more than one electoral district at the same time, and if any person is so nominated for more than one electoral district and consents thereto all such nominations shall be null and void.

Mr. McKENZIE: Is it the intention of this Bill that if a man is nominated in two places both nominations shall be void?

Mr. DOHERTY: The intention is that all nominations consented to by the nominee, wherever a man is nominated for more than one constituency, shall be void. If a gentleman, by consenting to be nominated in two places, seeks to obtain a nomination which under this law would be illegal, both nominations shall be void. Of course, generally speaking, nominations without the consent of the candidate are void for want of that consent. But there is an amendment which I desire to suggest to 11B, and which has been accepted by the member (Mr. Jacobs) who introduced the Bill. I move to amend paragraph 11B by striking out all the words preceding the words "no person" in the third line thereof and by substituting the word "and" for the word "or" in the fourth line. It did not seem fair that a man's absence, he being not in a position to control the thing, his election should be rendered impossible simply because he was nominated in two places. It was pointed out to me—in my innocence I would never have thought of it—that if the nomination of a man in two places made

all nominations void his friends and supporters might nominate him in a constituency in which they had every expectation that he would be elected and his opponents could prevent his even having a chance of being elected organizing to get somebody to nominate him in some other constituency. That is a possibility which, I think, should not be created. In the certainly exceptional case where it will happen both that a man is absent from the country and that he is nominated in more than one constituency, he may be elected for more than one constituency. If that does happen, the case is covered by the present provision of the law requiring him to make option, because that provision is not repealed. It is in order to avoid the possibility of an absent man being absolutely debarred from election by the mere fact of his absence and of his being nominated in more than one place unknown to himself that I have moved to strike out these words:

No person shall be eligible as a candidate in more than one electoral district at the same time.

Then the section goes on to provide that where nomination is made and consented to by any person for more than one place, all such nominations shall be void. But the effect of the first words which I have moved to strike out is, without reference to whether the person consents or does not consent, without reference to whether he is absent or present, to declare a person absolutely ineligible as a candidate—not ineligible as a member, but even as a candidate—in more than one electoral district at the same time; the mere fact of nomination for two places would, therefore, render a man ineligible as a candidate in either. It did seem to me, and the member for George Etienne Cartier quite agreed with me, that that would be a desirable result to produce. But the great bulk of cases are the cases of men who are at home and whose consent is necessary to their nomination; and with regard to them we shall be ensuring that in the future no man will be elected for more than one constituency.

Mr. FIELDING: In the case of nominations of that exceptional character to which the minister has referred, owing to the absence of the candidate, two nominations might be legal?

Mr. DOHERTY: Yes.

Mr. FIELDING: And if a man attaches importance to running in two constituencies can he evade this law by simply going away?

Mr. DOHERTY: That, perhaps, is a possible thing.

Mr. FIELDING: It is more than possible if he attaches importance to running in two constituencies.

Mr. DOHERTY: I should be glad to devise a law that it would be impossible to evade. At all events, I think the effect of this law will be to reduce to the lowest possible degree the probability of our having people elected for more than one constituency. The men who are likely to be nominated for more than one constituency are usually men of prominence in one or the other of the two great parties, men who would not care or who would not think it necessary to run away from the country for that purpose; while such an evasion is possible, I confess that I cannot devise a method of rendering this law absolutely iron-clad.

I may say that the Solicitor General and myself gave some considerable time to trying to devise a system that would be absolutely perfect and render evasions impossible, and I am assured that the Committee on Privileges and Elections likewise devoted considerable time to the same purpose, but that they arrived at the conclusion that they could not find a way to make it an absolute certainty that nobody would ever be elected for more than one constituency. This provision, so far as it goes, diminishes very materially the probability of that happening, and it is, so far as it goes, a distinct improvement to the law. Possibly as time goes on somebody may discover a method of further extending it so as to make it absolutely proof against evasion.

Mr. FIELDING: Had the committee under consideration the expediency of making the voting absolutely simultaneous in the case of a number of vacancies occurring at the same time?

Mr. DOHERTY: I was not a member of the committee, and I am not in a position to say whether that matter was considered or not. I do not think that question was dealt with in the Bill that was considered by the committee, and it is not impossible that it might have been overlooked.

Mr. DAVIS: Not having before me a copy of the Bill as amended, what I may have to say may be irrelevant; but dealing with the point which the hon. member for Shelburne and Queen's (Mr. Fielding) has

raised, that a man has only to leave the country to make himself eligible for two or more nominations, could not that be rectified by providing that he shall be held to be nominated in that constituency which stands in the highest alphabetical order, and that, say twenty-four hours being allowed, his other nomination shall be dropped; that he shall be considered not legally nominated in any of the others?

Mr. DOHERTY: The effect of doing that would be to assure to that man who went out of the country for the purpose that he would be nominated in at least one constituency. It would be a better way to deal with the matter, if that were a practical way, by some provision that if any person leaves the country for that purpose, his nomination shall be void, but I realize the difficulty of making proof of that. It is true that we might do what the hon. gentleman suggests; but if we did it, we would be depriving a constituency of the privilege of nominating a man who might be bona fide absent. If we provided that where a man being absent is nominated for more than one constituency, his nomination shall stand good in that which is in the highest alphabetical order, all that his opponents will have to do when they find out that he is going to be nominated in a constituency that begins with "Z," will be to nominate him in another constituency the name of which begins with a higher letter and in which they know for an absolute certainty that he has not a ghost of a chance of being elected. Then, if we adopt the amendment suggested, he will be a candidate in that place that begins with the highest alphabetical letter, and he will be effectively and assuredly defeated. I realize that it will still be possible under this measure, by people who are willing to resort to contrivances of that kind, that a man may worm himself into two seats in this House, but it will not be as it is to-day with the door wide open for any man who wants to take the chances and who can get twenty-five people in each of two constituencies to nominate him, to try to get into the House. I think the hon. gentleman will realize the force of what I point out, that if you choose a constituency for that man, you make it possible for his adversaries to select that constituency for him.

Mr. DENIS: I am finding it very hard to understand just where we are at now. All that there is for the convenience of the members is the Bill as originally drafted, and this Bill has been amended in such a way that clause 1 as originally drafted has been practically all changed. I understand that the Minister of Justice has moved an amendment to that clause as amended. Personally I have only a vague understanding of the Bill. No hon. member can reasonably be expected to carry the terms of this Bill in his memory. Without the Bill before us it is hard for us to understand what is going on. We cannot legislate looking in the skies. I would suggest that the Committee rise and that the Bill be reprinted as amended, or that some copies should be provided for the members.

Mr. DOHERTY: The Bill is really not a Government measure, and it is not in my charge. I am endeavouring to put it through this evening because the Bill as amended seems to be a very desirable measure and because I had agreed with the hon. member for George Etienne Cartier that he would have an opportunity of passing it. Hon. gentlemen may remember that at one time in the early part of the session there was an adjournment of the debate, and I think some hon. gentlemen were good enough to take it for granted that there was some desire because of that to shelve the Bill. On the contrary, the principle that underlies the Bill seemed to myself and the Government to be sound, and we were desirous that, subject to its being amended in certain details, it should have an opportunity of passing, and that is the reason why I am endeavouring to pass it now that an opportunity presents itself. As to the hon. gentleman fully grasping it, the measure coming before us as amended is reduced to such very small compass and is in the terms so little difficult of comprehension that if the Chairman would be good enough to read the Bill, I think the hon. gentleman would follow it without difficulty.

Mr. McKENZIE: Before the Bill is read for the information of members, I am afraid that this taking away the right of running in more than one constituency is going to create a good deal of trouble. As the election laws stand now, there is no provision for the holding of a poll until two contending parties are nominated, and then there is a poll. Supposing, for instance, that two nominations are made in violation of this measure. They are two illegal nominations. One constituency does not know that the man is nominated elsewhere, perhaps a hundred miles away, and both elections are held. The election of the man who has put in his nominations

improperly is void; he was never nominated. But supposing that in both cases he is defeated, it strikes me as a nice question of law if the other man is elected at all even if he gets a majority of votes, because it is perhaps an illegal poll where there was only one legal nomination.

Mr. DOHERTY: The reason why it would be an illegal poll, if it really were so held, would be that only one man had been legally and regularly nominated and that there should not have been a poll at all; but the consequence of the fact that there should not have been a poll at all is that the one man, being the only man legally nominated, would be declared elected.

So you have no complication in the case where it is the adversary of the illegally nominated man who is declared elected. You have, of course, the unfortunate circumstance that an expensive election has been held when it was not necessary. Might I ask the hon. gentleman, does he think it is a probable thing in Canada, does he even think it is a possible thing, that a man should be nominated in two constituencies and that the election should go on and that in those two constituencies nobody should know that that man was nominated in another constituency? Really, it seems to me hardly possible. At election time our newspapers from one end of the country to the other contain lists the day after nomination of the people nominated in all the constituencies. After all, during an election people are pretty alert to ascertain who is the man that has been nominated on the other side, and I do not think we are running a very serious risk that elections will go on with a man nominated for more than one constituency and that the two constituencies for which he is standing will be quite ignorant of that fact, and will go on and hold the election and vote for the man who is nominated in both places. It might happen, but I think we would all be very much surprised if it did.

Mr. McKENZIE: If there is only one person nominated the returning officer can declare him elected. If two men are nominated, one of them illegally and the other properly, he declares a poll; that is his duty. He cannot recall anything he has done and the election goes on. An hour after he has declared a poll he may discover that one of the candidates has been illegally nominated and that he never should have declared a poll, but he is absolutely powerless. He cannot declare that the candidate is elected any more than he can recall his having granted a poll. There is no machinery, so far as I know, to declare the man elected who was legally nominated and who received the majority of the votes.

Mr. DOHERTY: I have not the statute before me, but I am inclined to think the hon. gentleman is right in his suggestion that there is no provision for declaring the man legally nominated in such a case to have been elected, but I think I can say without hesitation that in a case of that kind it would be perfectly possible for the man who was the only one legally nominated, if he would take the pains, to give the necessary publicity to the fact of the illegality and nullity of the other man's nomination to claim the seat, whatever was the result of the voting.

Mr. McKENZIE: That would have to be by petition.

Mr. DOHERTY: Yes. But if the man legally nominated got the majority of votes, I do not think anybody would make a petition to unseat him on the ground that the votes given for him were not regularly taken because of the fact that his adversary was not regularly nominated. I think a man who came petitioning on that ground would be asked at the very threshold "What is your grievance? Do you who were illegally nominated feel aggrieved because the only man legally nominated has been declared to have a majority of the votes?" The legally nominated man would be doubly entitled to the seat in such a case. He would be entitled to it because he was the only legally nominated man, though the returning officer was not in a position to declare it; but the court would be in a position to declare it.

Mr. McKENZIE: I would be very sorry to put a man to that trouble.

Mr. DOHERTY: I doubt if there is anybody who would be willing to deposit $1,000 as security for an election petition the foundation whereof was that he or the candidate whom he supported, and for whose failure to be elected he is aggrieved, never had the right to be voted for at all. If anybody is so foolish as to spend $1,000 in support of a petition based on those grounds I think it would be a good thing for the gentleman who happened to defend the man declared elected, because he would have security for the costs and would get them paid, and would have no difficulty in defending the seat. I do not think there is much danger of anybody launching a contestation on that ground.

Mr. PROULX: I see that the provision with regard to the six months does not apply when a member resigns his seat, but only in the case of his death or acceptance of an office of emolument under the Crown.

Mr. DOHERTY: I understand that the reason which led the committee to exclude that case was that in their judgment it was not desirable that an individual member should have it in his power to force an election in his particular constituency at any time that he might feel like having it done. The purpose of the provision is to withdraw from the Governor in Council the power which, I think, from time immemorial he has enjoyed of fixing, or failing to fix, the date of an election when vacancies occur. I think there have sometimes been, perhaps under all governments, what might be described as abuses of that power, too long a period being allowed to elapse without the writ being issued. The clause as reported by the committee provides that in cases other than those mentioned there shall be an absolute time limit within which the writ must be issued. In the judgment of the committee it was thought desirable not to put in the hands of every member representing a constituency the opportunity of forcing an election in that constituency at any moment he might think was a good time to bring on that election. If he thinks he ought to resign he is free to resign, but he ought not by his resignation to be able to determine that there shall be a new election in that constituency within a period fixed by statute, whether the public interest be or be not served by holding the election at that particular time.

Mr. PROULX: If a member were appointed to an office under the Crown and the Government did not want a by-election to be held in his constituency, he could resign before accepting the office, and then the seat would become vacant by resignation and not by acceptance of office.

Mr. DOHERTY: It would, of course, be a case of vacancy by resignation and this would not apply. That is apparently true. I suppose it is another case where improvement is possible, although we have improved the law.

Mr. FIELDING: In the case of a member resigning, the law would be as at present.

Mr. DOHERTY: Yes.

Mr. FIELDING: It would be in the hands of the Government to determine, and I can see some force in the remarks of my hon. friend (Mr. Proulx). It is not unreasonable to say that a constituency should not be deprived of representation for more than six months, no matter how the vacancy occurs. It is not the interest of the individual but of the constituency, and if we provide that the constituency may remain unrepresented for more than six months we are not making much of an improvement in the situation.

Mr. DOHERTY: We are making an improvement to this extent, that whereas today the period may be indefinite we have now reduced it to a space of six months, not, of course, in the case where a member chooses to resign. Matters will be no worse in that case than they are under the present law. They are not improved; that is to be conceded. I was not a member of the committee that considered this Bill and I do not feel authorized to do more than ask this committee to accept it as it was sent to us. It is true that I did move one amendment, but that was as a result of consultation with the hon. member who introduced the Bill, and with his assent. I would not like to try to extend its provisions further than the committee, with the assent of the hon. gentleman who introduced the Bill, thought proper to go.

Mr. FIELDING: I quite appreciate my hon. friend's point in that respect, and I would not like to see the Bill adversely dealt with in the absence of the member who introduced it. But on the particular point to which attention was directed a moment ago, the Bill is open to objection. What seems to have been in the mind of the Committee was entirely the convenience or the possible aims of the individual. But it is a very grave error to exclude a constituency from representation in Parliament for a period of six months or longer, and leave the matter entirely at the dictation of the Government of the day. I share my hon. friend's aversion to changing the Bill in the absence of the member who introduced it, and I think it might remain in committee.

Mr. KING: At the present time there is a by-election in Assiniboia as a consequence of a vacancy which occurred through a member resigning nearly two years ago. That constituency has been without representation for a period now of nearly two years, the Government not having chosen to give the constituents an opportunity to return a member to Parliament. This Act would not alter that condition and would still leave it to the Government to adopt a similar course.

Mr. DOHERTY: In the particular instance the vacancy was attributable, I

think, to the fact that the gentleman who held the seat was appointed to an office. If I am correct, that particular case would come under this restriction.

Mr. FIELDING: Unless he resigned before he received the appointment.

Mr. DOHERTY: It is possible the situation might be brought about that way. I have no objection whatever to accepting the suggestion of the hon. member, and I would move that the Committee rise and report progress. I suppose there would be no objection to carrying the amendment I moved.

Mr. FIELDING: I have no objection.

Mr. PROULX: A provision might be made to meet the case of a member resigning to accept office.

Mr. FIELDING: I would suggest that we leave the whole question open.

Mr. DOHERTY: It is desirable that the committee should have an opportunity to think over what means we might devise to ameliorate this condition. So far as this measure goes, it is an improvement, because it does in certain cases take the power out of the hands of the Governor in Council of indefinitely retarding elections, and possibly on greater consideration, there may be some reason for a further modification. I should be glad to have the benefit of the views of the hon. gentleman who introduced the Bill, and of consultation with the members of the committee who reported it, before assenting to any change.

Mr. McKENZIE: This is a very good Bill and is a long step to reform. But we are passing a law fixing the period that must elapse between the occurring of the vacancy and the holding of the election, and I do not think there is any good reason why the cause of vacancy should have any bearing on the question at all. The important question is: How long should any constituency be left unrepresented? We have decided that six months is long enough, and I do not see the force of the suggestion that we should take into consideration how the vacancy occurs. The important point is that the constituency shall not be left more than six months without proper steps being taken to give it representation in the House. In one case a man is appointed a judge and the law permits a period of six months before the constituency may be represented. Another man with capricious notions resigns without any conceivable reason, and it is not fair that his constituency should be penalized and left unrepresented simply because of his idiosyncracy.

[Mr. Doherty.]

Mr. DOHERTY: I recognize the force of my hon. friend's contention, but I have already intimated my willingness to let the matter stand.

Amendment agreed to.

Progress reported.

On the motion of Hon. Mr. Doherty for the adjournment of the House:

Mr. McKENZIE: Can the minister say what will be done on Monday?

Mr. DOHERTY: We shall take up on Monday, I expect, the other Bills on the Order Paper, and then of course there is our old friend the Railway Bill.

Mr. McKENZIE: May I remind my hon. friend that the elections are now over in Ontario, and suggest that, everything being pretty well smashed up, we might go on with the Temperance Act?

Mr. DOHERTY: I was not connecting the two things which my hon. friend has mentioned, but I announced to him just a moment ago that there are two Bills on the Order Paper which happen to be Temperance Bills.

Motion agreed to and the House adjourned at 11 p.m.

Monday, October 27, 1919.

The House met at Three o'clock.

SENATE BILL.

FIRST READING.

Bill No. 37 for the relief of Frank Thimm.—Mr. Nesbitt.

QUESTIONS.

(Questions answered orally are indicated by asterisks.)

INSIDE SERVICE DISMISSALS.

Mr. STEELE:

How many dismissals have been made from the Inside Civil Service since January 1, 1919?

Mr. GUTHRIE: 301.

QUEBEC RIOT CLAIMS.

Mr. PARENT:

1. Have any claims for indemnity been made to the Government by or on behalf of families whose relatives have been killed when the so-called Quebec riots took place in 1918?

2. If so, in what form was or were such claim or claims presented?

3. How many letters, if any, have been addressed or sent to the Government respecting such claims?
4. From whom did such letters come?
5. What is the date of each one?
6. Has the Government given a decision in the matter?
7. If so, what is the nature of it and on what date was it given?

Hon. Mr. GUTHRIE:

1. One claim, that of the widow of Leon Belanger, constable.
2. By letter.
3. Nine.
4. From Jean Marie Guarard and Mme. Veuve Belanger.
5. From Mr. Guarard, November 25, 1918, December 19, 1918, February 8, 1919, March 4 and 14, 1919, April 15, 1919, and May 20, 1919. From Mme. Belanger, February 11, 1919, June 24, 1919, July 31, 1919.
6. Yes.
7. Compassionate allowance voted by Parliament at the First Session of Parliament of 1919, and paid to the widow of Leon Belanger July 21, 1919.

RECOMMENDATIONS FOR TITLES.

Mr. MACKIE (Edmonton):

Was it the intention of Parliament when passing the resolution dealing with the question of titles of honour and titular distinctions that it would cancel all recommendations which had been made, prior to the passing of the same, in regard to officers serving in Canada?

Hon. Mr. DOHERTY: Stand.

Mr. H. A. MACKIE: May I ask when I may expect an answer to this question?

Mr. DOHERTY: The next time the question is reached.

GOVERNMENT COAL SUPPLY.

Mr. BOYCE:

1. What are the names of the parties who are supplying the coal to the Dominion Government at Ottawa?
2. Is the said coal received from the mines direct by regular coal dealers or by parties not directly engaged in the coal trade?

Hon. Mr. GUTHRIE:

1. W. Lamarre & Company, of Montreal, Quebec; John Heney & Son, of Ottawa, Ontario; Independent Coal Company, of Ottawa, Ontario; Andrew Baille, Limited, Montreal, Quebec; Joseph Dolan & Sons, Ottawa, Ontario.

2. Coal is supplied by dealers directly engaged in the coal trade. It is received direct from the mines by the dealers named.

C.G.S. CHAMPLAIN.

* Mr. CASGRAIN:

1. Is it the intention of the Government to discontinue the service of the ferry by the C.G.S. Champlain, between Rivière Ouelle wharf, St. Irenee?
2. If so, when?
3. If not, why?

Hon. A. K. MACLEAN: The present intention is not to discontinue this service, but to make it tri-weekly instead of daily, in conjunction with the proposed service from Murray Bay to Tadousac.

LOTBINIERE AND MEGANTIC RAILWAY.

* Mr. CASGRAIN:

1. Is it the intention of the Government to buy the Lotbinière and Megantic railway and the Charlevoix and Montmorency railway?
2. If so, when?
3. If not, why?

Hon. J. D. REID:

1. Any intention of the Government in regard to these railways will be made known in due course.

2 and 3. Answered by No. 1.

QUEBEC AND SAGUENAY RAILWAY.

* Mr. CASGRAIN:

1. How many passengers have been carried by the Quebec and Saguenay railway since it has been in operation, from July 1?
2. What have been the net earnings of the Quebec and Saguenay railway since it has been in operation, if any?

Hon. J. D. REID:

1. Thirty-three thousand eight hundred and ninety-nine passengers have been carried on the Quebec and Saguenay railway from August, 1918, to October 1, 1919.

2. Twelve thousand nine hundred and forty-one dollars and sixty-six cents represents the net earnings on the Quebec and Saguenay railway from August, 1918, to the 1st of October, 1919.

RIVIERE OUELLE TRAIN SERVICE.

* Mr. CASGRAIN:

1. Is it the intention of the Government to discontinue the service of the branch line between Rivière Ouelle junction and Rivière Ouelle wharf?
2. If so, when?
3. If not, why?

Hon. J. D. REID:

1. It is the intention of the management of the railway to discontinue the train service between these two points.
2. Not yet decided.
3. See answers to Nos. 1 and 2.

PETITION FROM J. H. GARAND.

Mr. LANCTOT:

1 Has the Secretary of State received a petition from J. H. Garand asking for the granting of a fiat for the recovery of the sum of $5,000 reward promised by the Government in connection with the attempted blowing up of the residence of Lord Atholstan at Cartierville?
2. Has the request been refused?
3. If so, for what reason?

Hon. Mr. DOHERTY:

1. Yes.

2. Yes.

3. Because in the opinion of the Minister of Justice it was contrary to good policy, that Mr. Garand, being the manager of the Thiel Detective Agency which was engaged and paid by the Government to detect and apprehend the offenders, should at the same time, be permitted to claim the reward in addition for services for which the agency had already been paid.

ST. FIDELE WHARF.

*Mr. CASGRAIN:

1. Has the Government received a petition from the inhabitants of St. Fidele, in the county of Charlevoix, P.Q., demanding the construction of certain works at the wharf of said parish?

2. Is it the intention of the Government to do such works?

3. If so, when?

4. If not, why?

Hon. Mr. SIFTON:

1. The Government has received such a petition.

2, 3 and 4. The petition has been submitted to the Engineering Department and will be considered when its report is received.

QUESTIONS PASSED AS ORDERS FOR RETURNS.

Mr. ETHIER:

1. What is the total cost of the classification of the Civil Service as authorized by Parliament, and prepared under the direction of the Civil Service Commission, up to date?

2. What is the total cost of the stationery and printing of the first report made by the so-called experts appointed for that purpose; also the cost of the table of classification and salaries, forming the schedule of the said report already laid before the House by the Civil Service Commission, and which has been rejected and recognized unacceptable?

3. What is the total amount paid to the so-called experts to date, and the number of days that they worked to prepare the said classification of the Civil Service of Canada?

4. What is their salary, by day and by hour?

5. How many clerks were employed by them, and what amount has been paid them to date?

6. Are these so-called experts of British origin or American?

7. If the latter, why has this work been given to American rather than British citizens?

Mr. ETHIER:

1. What are the names of the so-called experts appointed to prepare the classification of the Civil Service, as authorized by Parliament?

2. What was their occupation previous to their appointment for this work?

3. What are their qualifications and experience for doing such work?

4. By whom have they been recommended for such appointment?

[Mr. Lanctot.]

5. Is the Canadian Government aware that the American government rejected the classification of their Civil Service, made by the firm of Arthur Young and Company?

6. Are the so-called experts for the classification of the Canadian Civil Service members of the said firm of Arthur Young and Company?

*Mr. DUFF:

1. During the present year, was a letter written by the President of the Privy Council to the other members of the Government, advising them that the Privy Council, upon the recommendation of the Repatriation Committee, had approved of an agreement being entered into with the Pathescope Company to provide a Canadian Weekly News Film Service for the moving picture theatres of Canada, and that the supervision of this work would be under the Department of Public Information?

2. What were the terms of the agreement entered into with the Pathescope Company, and how much has been paid the company to date?

3. Was any further amount beyond that paid to the Pathescope Company expended by the Department of Public Information in connection with the moving picture business, and if so, how much?

4. At the time the above letter was written by the President of the Privy Council, and the agreement made by him with the Pathescope Company, was there another department of the Government equipped with a moving picture outfit? If so, which department, and what did its moving picture outfit cost?

5. Why was it not authorized to handle the class of work for which the contract was given to the Pathescope Company?

6. When will the contract with the Pathescope Company expire?

7. Is the Pathescope Company located in Toronto? If so, who are its officers and shareholders?

8. Who represented the Pathescope Company in the negotiations with the President of the Privy Council, and by whom was the agreement drawn?

GRAND TRUNK RAILWAY SYSTEM.

On the Orders of the Day:

Mr. JAMES ALEXANDER ROBB (Chateauguay-Huntingdon): Mr. Speaker, in the absence of the hon. member for Charlevoix-Montmorency (Mr. Casgrain), I desire to ask the Government when we may expect an answer to question No. 8, which reads:

What is the amount the Government claims the Grand Trunk Railway system owes them?

In view of the legislation now before the House, it seems to me that this information should be in the hands of the Government and the country.

Hon. J. D. REID (Minister of Railways): I will try to get the answer this afternoon from the Grand Trunk officials and to answer it next time, but probably I will announce the amount to-day during the discussion.

MINERALS IN NORTHERN MANITOBA; SURVEY RAILWAY.

On the Orders of the Day:

Mr. J. A. CAMPBELL (Nelson): In the edition of the Winnipeg Telegram, dated October 23, there is a rather extended article on the front page regarding the mineral resources of northern Manitoba and especially in regard to a proposed railway into the district in question. The article winds up by stating that the Hon. J. A. Calder and the Hon. Arthur Meighen informed Premier Norris that a survey of this line would be undertaken this winter. Is that correct?

Hon J. A. CALDER (Minister of Immigration): So far as I am concerned, I never made any such statement to any person. Whether the Minister of the Interior made a statement of that kind, of course, I cannot say.

Sir SAM HUGHES: Is the Government going to build the railway? That is the main thing.

Mr. CALDER: That is a matter that the Minister of Railways might reply to.

Hon. J. D. REID: The Minister of Railways made no such statement.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House again in committee on Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway System.—Mr. Boivin in the Chair.

On section 2—Government empowered to enter into agreement with Grand Trunk Railway Company for acquisition of entire capital stock of company, except four per cent guaranteed stock:

The CHAIRMAN: When the committee rose at 8.30 on Friday evening, clause 2 had been under consideration during the evening. Shall clause 2 carry?

Mr. CAHILL: I desire again to ask the Government what is the total amount at this date of the liabilities of the Grand Trunk undertaking which are being assumed by the Government, that is, exclusive of the amount that is to be arbitrated.

Mr. J. D. REID: I will try again to give that all in detail so that there will be no doubt about it. The items are, of course, all in detail on page 39 of the blue-book, but I will give them much fuller. Let me try to explain this so that the hon. member will understand, and I am going to give him the principal and the interest as well, so that we shall see just exactly what the whole liabilities and the different classes of securities are. We have first the Grand Trunk five per cent debenture stock, $20,782,491.38.

Mr. McKENZIE: Does that amount appear in the blue-book in that form?

Mr. J. D. REID: Yes, the items that I am going to read are all under the heading of liabilities. The hon. member will see that there is a total of $504,629,211.93, the items of which are all in the books of the Grand Trunk under the heading of liabilities. I should like to explain it all in detail, from top to bottom, and then the committee will understand it probably a little better. These are the liabilities:

	Amount.	Interest per annum.
Grand Trunk 5 per cent debenture stock	$ 20,782,491.38	$1,038,124.58
Grand Trunk 4 per cent debenture stock	119,839,012.69	4,793,560.56
Great Western 5 per cent debenture stock	13,252,322.48	662,616.12
Northern railway 4 per cent debenture stock	1,499,979.65	59,999.18
Second mortgage equipment bonds	1,814,779.97	108,886.80
Northern railway third mortgage bonds	70,566.67	4,234.00
Canada Atlantic 4 per cent bonds	16,000,091.77	640,003.68
Wellington, Grey & Bruce bonds	295,893.34	24,000.00
Matured bonds unpaid	3,406.67	.....
On which there seems to be no interest.		
Five year, 5½ per cent secured notes	12,166,166.50	669,166.67
Three year 6 per cent secured notes	4,866,666.50	292,000.00
Three year 6 per cent secured notes	14,598,539.80	876,000.00
Total	$205,190,417.52	$9,168,591.59

To that we have to add the Grand Trunk guaranteed stock, $60,833,322.51, on which the annual interest would be $2,433,333.33, making a total of $266,023,750.03 with an annual interest of $11,601,924.92. That covers the debenture and guaranteed stocks and the fixed charges. My memorandum states that the interest on equipment notes and loans, amounting to $11,601,924.92, is a charge against operation and is therefore not considered a fixed charge. The officials say that to the annual fixed charges should be added rental of leased lines $340,666; also the deficits on the United States lines, amounting to $1,639,317, estimating on the

basis of 1918. That makes the total fixed charges $13,581,907.92. Against this the company receives interest on securities owned by the company which in 1918 amounted to $2,008,382.47. Therefore the total net fixed charges for which the Government are assuming responsibility amount to $11,573,525.45.

I have stated that the total liabilities in connection with the debenture stock are $266,023,750.03. Then on page 39 of the blue-book we have additional liabilities as follows:

First preference 5% stock ..	$ 16,643,999.78
Second preference 5% stock	12,312,666.50
Third preference 4% stock ..	34,884,534.95
Total preference stocks	$ 63,841,201.23
Common stock	116,583,124.44
Total preference and common stocks	$180,424,325.67

These are the stocks which will be submitted to arbitration and on which we will have to pay interest annually.

Mr. DEVLIN: On what does the minister base his figures for those stocks?

Mr. J. D. REID: I have given the par value. Then we have also the following liabilities:

Advanced by Canadian Government, $15,142,633.13.

This loan was made many many years ago. Then there are the following:

Notes unsecured	$ 3,916,362.18
Current liabilities	22,801,474.35
Reserves, fire insurance, etc.	3,455,344.86
Advances, etc.	7,286,995.75
Net income balance	234,118.33
Equipment notes	5,344,207.54
Total	$58,181,136.14

That makes a total of $58,181,136.14, but we must remember that equipment notes, current liabilities, advances, and so forth are charged against operation, and are not a standing liability such as mortgages and stocks so that the total is $52,836,928.60.

Mr. McKENZIE: The minister says these items are not to be taken into account with the other liabilities. Are they not to be looked after from the proceeds of the road?

Mr. J. D. REID: Certainly. But the last item I have read, for instance, net income balance $234,118.33, is a profit. That, of course, would not be considered a liability. The item immediately above, $7,286,995.75, is a book account. We would add in the list of liabilities the item of $22,801,474.35 which is made up of interest on capital account accrued. Wages unpaid at December, 1918, amounting to $3,132,851.84, would be a charge against operation. Then on the opposite side of page 39 we have current assets as follows:

Sundry outstanding accounts.	$43,838,831.44
Outstanding traffic accounts..	1,581,852.15
Materials and supplies on hand	6,407,195.57

Those are supposed to be in connection with operation and are not what we would call a direct liability against the property. Let me complete the statement I was giving. I stated that the debenture and guaranteed stocks amounted to $266,023,750.03, and the net fixed charges $11,573,525.45. We have to add to that, $180,424,325.67. Then there are equipment notes amounting to $58,181,136.14, making a total of $504,629,211.84. That includes $116,583,124.44 of common stock, on which interest has never been paid, and $63,841,201.23 of first, second and third preference stocks. I think that answers the question as regards the total liabilities of the Grand Trunk.

Mr. CAHILL: I desire to know what the total obligations of the proposed purchase amount to. Will the minister explain what is meant by the item, appearing on page 26 of the blue-book, "funded debt $448,703,356"?

Mr. J. D. REID: The hon. member will see, under the heading, "Capitalization" on the same page, the following:

In hands of public December 31, 1917, for the system, including the Grand Trunk Pacific (1918) and American roads.

The Grand Trunk Pacific is therefore included in that item of $448,703,356, it and the American roads representing a total of $275,000,000.

Mr. CAHILL: I want to make myself perfectly clear. What is the Government purchasing? Can the minister answer me that question?

Mr. J. D. REID: They are purchasing the Grand Trunk system, the liabilities of which I mentioned.

Mr. CAHILL: Perhaps we shall get a better insight into the proposition if we know what the Grand Trunk system consists of.

Mr. J. D. REID: On page 34 of the blue-book there is a statement in regard to the system:

Grand Trunk Railway Company of Canada, owned by parent company, 3,382.9 miles.

There follows a list of railways controlled, leased or operated, and the Grand Trunk is merely a subsidiary company.

Mr. CAMPBELL: Are the American roads included in the statement appearing on pages 38 and 39?

Mr. J. D. REID: The balance sheet on pages 38 and 39 shows the results of the operation of the American roads. We are purchasing the Grand Trunk system, and the Grand Trunk Pacific is a subsidiary company.

Mr. CAHILL: I understand that the Government purpose taking over a railway system comprising the Grand Trunk and other companies or branches of railway. Now, what is the total mileage, and what are the liabilities against the total undertaking? I do not care about any individual company just at present; let us know first of all how many miles we are purchasing altogether and what all the liabilities amount to.

Mr. J. D. REID: The Grand Trunk railway mileage is given on page 32, and we are taking over other lines, a long list of which appears on pages 32 and 33. These lines are: Atlantic and St. Lawrence; St. Clair Tunnel; Buffalo and Lake Huron railway; International Bridge; Champlain and St. Lawrence; Chicago, Detroit and Can.; Michigan Air Line railway; United States and Canadian railway; Cincinnati, Saginaw and Mackinaw railway; Lewiston and Auburn R.R.; Pembroke Southern railway; Trackage rights, T.N.O.; International C.N.Y.C.; Central Vermont railway; Montreal and Province Line railway; Stanstead, Shefford and Chambly railway; Bethel Granite railway; New London N.R.R. and West River R.R.; Detroit Grand Haven and Milwaukee railway; Grand Trunk West railway; Pontiac, Oxford and Northern railway; Detroit and Toledo Shore Line R.R.; Saginaw and Muskegon railway. The total affiliated roads reported in the United States are given. Then there are: Grand Trunk Pacific railway; Grand Trunk Pacific Branch Line Company. The total Grand Trunk Pacific mileage amounts to 2,962. The total line owned, controlled and leased, Canadian, is 6,620, from which there must be deducted Lake Superior branch operated by Canadian Northern. The total line operated in Canada is given at 6,431 miles and the total line operated in the United States, 1,367 miles, or a grand total of 7,799 miles. This comprises the Grand Trunk system which we are taking over.

Mr. CAHILL: What are the total liabilities against that system?

Mr. J. D. REID: I read the total liabilities a few moments ago. With reference to the Grand Trunk Pacific, the Grand Trunk is liable for the interest on the debentures that they have guaranteed to the extent only of the interest on the guarantee and preference stock; or, in other words, the earnings of the Grand Trunk cannot be paid out until the interest on the debenture stock has first been paid. Then, of course, they could not pay any dividends on the guarantee of the first, second and third preference stock until their guarantees on the Grand Trunk Pacific bonds had been paid. If we take the system over we will be liable for, first, the interest on the debenture stock, say, $7,000,000, and the $2,500,000 of the guarantee plus the award of the arbitrators, if any, on the first, second and third preference and guaranteed stock. Then we will also be liable for the interest on the Grand Trunk Pacific debentures and any loss in operation on the Grand Trunk Pacific line. As far as I can see, that answers everything in the hon. gentleman's question.

Mr. CAHILL: We will get back to the question again now. What are the total outstanding liabilities against the undertaking which the Government proposes to acquire? That question ought to be plain enough surely.

Mr. J. D. REID: They are set out fully on pages 38 and 39. I tried to explain them in detail a few minutes ago. I do not know whether there is any way in which I can make them any plainer. If I could I would be very glad to do it. It would be impossible to give the hon. gentleman the exact amount for this reason: There is the $266,023,750; I have no doubt about that being a debt against the road. The other amount is $180,424,325.67, which is the common stock and the first, second and third preference stock total. The value of that would have to be appraised when the award is made. It would probably be a very small proportion of that amount. Outside of that, the other items are those which I have just read. There is the Government loan of $15,000,000, but I do not know what value would be placed upon it.

Mr. DAVIS: The hon. member (Mr. Cahill) is asking practically what are the obligations against the subsidiary roads in addition to the obligations on the main road. The main road owns an interest in subsidiary roads which undoubtedly have bonded debts and debentures outstanding against them. What are these debentures which are totalled with the debts against the parent system and give the total liability of the whole system?

Mr. J. D. REID: The total of $266,000,000 and the interest on that which is against the Grand Trunk is all that we assume. Any other liabilities that there may be against subsidiary companies we are not assuming as we are the liabilities against the Grand Trunk system.

Mr. DAVIS: It is true we are not going to be asked to guarantee all these debts, but if we are going to obtain the properties we have to see that the interest on these underlying claims is paid in order that we shall not lose the properties. Therefore we ought to know what these obligations amount to.

Mr. J. D. REID: We do not assume the liabilities on the subsidiary companies other than as I have stated. We only assume the liabilities that are against the Grand Trunk main system. We guarantee the interest on the $266,000,000 of funded debt. We are not in any way guaranteeing the interest with regard to the subsidiary companies.

Mr. DAVIS: But there are these underlying obligations on the subsidiary systems which must be satisfied by the parent company, and we, as the successor of the parent company, are to draw the dividends from these systems. We would like to know what obligations stand against them and what will be the nature of the interest which we acquire when we acquire the interest of the Grand Trunk in them?

Mr. J. D. REID: I have a statement here showing the securities against the subsidiary companies outstanding, but the Grand Trunk own a lot of them. I suppose that is what the hon. member means. It is as follows:

GRAND TRUNK RAILWAY SYSTEM.

Obligations in respect of Guarantees, etc., of Controlled and Subsidiary Companies.

Statement No. 2.

Note.	Class of Security.	Int. rate.	Par value outstanding.	Annual Interest.	Par value owned by G. T. Ry.	Annual Interest on Par value owned by G.T.Ry.
		p.c.	$ cts.	$ cts.	$ cts.	$ cts.
A	G. T. Western 1st Mortg. Bonds	4	14,999,720 00	599,988 80	4,035,304 00	161,412 16
A	" Gen. Cons. Mortg. Bonds	4	11,541,000 00	461,640 00	11,541,000 00	461,6 00
A	G. T. Junct. 1st Mortg. Bonds	5	3,872,000 00	193,600 00	2,933,040 00	146,652 00
A	D.G.H. and M. Ry. Equipt. Bonds	6	1,999,000 00	119,940 00	39,000 00	2,340 00
A	" " Cons. Mortg. Bonds	6	3,200,000 00	192,000 00	398,800 00	23,928 00
	Toledo, Sag. and Muskegon Ry. 1st Mortg. Bonds	5	1,662,000 00	83,100 00	1,662,000 00	83,100 00
	Pontiac, Oxford and Northern R. R. 1st Mortgage Bonds	6	400,000 00	24,000 00	400,000 00	24,000 00
B	Chic., Det. and Can. G. T. Junction Railroad Capital Stock	4	1,095,000 00	43,800 00	521,821 00	20,872 84
	C.D. and C.G.T. Jc. R.R. 1st Mortg. Bonds	6	1,095,000 00	65,700 00	1,095,000 00	65,700 00
	" " Special Bonds	5	691,141 46	34,557 06	691,141 46	34,557 06
B	C.S. and M. Railway Capital Stk	.....	1,500,000 00	43,225 00	27,761 71	800 00
	Michigan Air Line Railway 1st Mortgage Bonds	5	1,500,400 00	75,020 00	1,500,400 00	75,020 00
B	Atlantic and St. Lawrence R.R. Capital Stock	6	5,484,000 00	330,598 00	200 00	.....
	" " 1st Mortg. Bonds	6	1,500,000 00	90,000 00	1,500,000 00	90,000 00
	" " 2nd "	6	713,000 00	42,780 00	713,000 00	42,780 00
	" " 3rd "	6	787,000 00	47,220 00	787,000 00	47,220 00
	" " Island Pond Debentures	6	438,000 00	26,280 00	438,000 00	26,280 00
B	Lewiston and Auburn Ry. Capital Stock	6	300,000 00	18,000 00	.....	.....
	G.T. Milwaukee Car Ferry Company Gold Bonds	4½	67,000 00	3,015 00	.....	.....
	G. T. Milwaukee Car Ferry Company Gold Notes	4½	30,000 00	1,350 00	.....	.....
	Portland Elevator Co. Bonds	4	200,000 00	8,000 00	110,000 00	4,400 00
	New England Elevator Co. Bonds	3¾	400,000 00	15,000 00	180,000 00	6,750 00
C	Central Vermont Rly. Bonds	4	11,750,000 00	470,000 00	1,633,300 00	65,332 00
	Montreal Warehousing Company Bonds	4	1,000,000 00	40,000 00	.....	.....
D	Toronto Terminal Rly. 6 & Notes	6	4,000,000 00	240,000 00	.....	.....
			70,224,261 46	3,268,813 86	30,206,768 17	1,382,784 06
Less: Owned by the G.T.R.			30,206,768 17	1,382,784 06		
			40,017,493 29	1,886,029 80		
Less: Principal not guaranteed by G.T. Ry.			21,081,116 00	.....		
Net amount for which Grand Trunk Railway Company of Canada is obligated in respect of guarantees			18,936,377 29	1,886,029 80		

It will therefore be seen that the net amount for which the Grand Trunk Railway is obligated in respect of guarantees—that is on principle—is $18,936,377.29, and the total annual interest is $1,886,029.80. I want to add that while that shows the amount we are liable for, the Grand Trunk Railway and the subsidiary lines forming part of that great system are of such value that the revenue derived from the traffic contributes largely to the profits they have been making, to an extent, at all events,

sufficient to pay the $7,000,000 on the debenture stock and the amount of $3,600,000 which the payments on the guaranteed and first, second and third preference stocks have averaged during the last ten years.

Mr. DAVIS: Does the minister say, then, that these additional obligations, amounting to about $40,000,000, added to the statement that he first gave of about $414,000,000 constitute the total of the Grand Trunk system's obligations to the public—that is, for stock and debentures?

Mr. CAHILL: Not stock, debentures and bonds.

Mr. J. D. REID: The best way for me to explain that would be for me to state this: The total outstanding liabilities against the Grand Trunk would be $266,023,750, and, if the hon. gentleman wishes, plus whatever the award may be on the $180,000,000, representing $116,000,000 of common stock, and the first, second and third preference stocks. These three stocks and the $116,000,000 of common stock amount to $180,000,000, and whatever the arbitrators determine the value of that stock to be, would have to be added to the $266,000,000. At present we cannot say what that addition would be. Outside of that, the amount guaranteed by the Grand Trunk or their subsidiary companies would be $18,936,377. Then there is an amount of $21,081,116 not guaranteed by the Grand Trunk Railway stocks, plus the equipment notes and current liabilities in connection with the company's operations.

Mr. CAHILL: I again ask the minister to state what are the total liabilities to the public of this undertaking which the Government proposes to take over?

Mr. J. D. REID: I do not see how I can make it any plainer.

Mr. CAHILL: Does the minister mean to tell me that he proposes to buy something the liabilities of which he does not know?

Mr. J. D. REID: No man in this House or in Canada can give the total, because the award has not yet been made.

Mr. CAHILL: I am not talking about the award; I am referring to the total liabilities.

Mr. J. D. REID: The total liabilities amount to $266,023,750.03.

Mr. DENIS: The minister has repeatedly said that the funded debt amounts to $266,000,000 in round figures, but on page 39 of the blue-book the total funded debt is given as $173,558,544.62.

Mr. J. D. REID: The amounts given under the heading of "Funded Debt" on page 38, $155,373,806.20 and $18,184,738.42, make the total of $173,558,544.62. Then further down there are the notes payable secured: $12,166,666.50; $4,866,666.60; $14,598,539.80. These make the total of $205,190,417.52. We call those notes "secured notes" for this reason: Instead of selling debenture stock and having it in the funded debt they borrowed the money and deposited debenture stock as collateral security. Therefore we consider that these three items should be added to the $155,373,806.20 and $18,184,738.42, thus making the total funded debt $205,190,417.52. Then we are adding to that the item of $60,833,332.51. The debenture stock and guaranteed stock taken together I am calling the funded debt; but it means the total of these items which I have given.

Mr. DENIS: It would have been much clearer if a statement along the line of that which the minister has just given had been printed in the blue-book, because, as I have pointed out, the total funded debt is stated on page 39 of the blue-book as $173,558,544.62. I think it is quite right to say that these notes payable, secured notes, should be treated as funded debt.

Mr. J. D. REID: The $173,000,000 is debenture stock; it is really like a mortgage against the property. The other item is money borrowed on notes with a certain amount of debenture stock out as collateral security, and until this stock is really sold and registered as debenture stock against the property it is treated as a liability, as is shown in the blue-book. It is merely the method that would be employed by an accountant in keeping the accounts, pending the sale of the debenture stock and its being charged up against the property.

Mr. CAHILL: May I again ask the minister for an answer to my question? What are the total liabilities against this system? Is not that a plain question?

Mr. J. D. REID: It is a fair question, and I tell my hon. friend frankly that I have answered it the best way I can, and in every detail. I have given the statements from the books of the Grand Trunk Railway Company showing the funded debt, the current liabilities, the amounts in connection with the proposed award, and so on. The hon. member wants me to state a certain sum and to make an estimate of the award.

Mr. CAHILL: I did not ask the minister anything about the capital stock that is to be awarded; let us make that plain. I am asking what are the liabilities of the company. If the minister is not able to answer that question, surely he will not carry this transaction through. Before we proceed to an award we should at least know what this thing is to cost us; what the liabilities are against this undertaking.

Mr. J. D. REID: I will answer my hon. friend again. The total liabilities of the Grand Trunk Railway System are $266,023,750.03. The amount that the Grand Trunk Railway System has guaranteed is $18,936,377.29; so that if you add $266,023,750.03 and $18,936,377.29, you have the funded debt plus any amount that may be awarded.

Mr. CAHILL: What is the total?

Mr. J. D. REID: $284,960,127.32 plus any amount that the arbitrators may award.

Mr. CAHILL: Do I understand the minister to say that this amount represents the total liabilities of the Grand Trunk undertaking?

Mr. J. D. REID: Yes, that is the amount for which the Grand Trunk and its subsidiary companies are liable. Of course, there are other amounts that there are not guarantees for. In addition to that the Grand Trunk Railway Company have guaranteed the interest on the Grand Trunk Pacific bonds. Then, there are the guaranteed stocks and the first, second and third preference stocks, they cannot pay any dividends on those to the shareholders until the other obligations have first been released. If they do not earn the money, they do not have to pay it.

Mr. CAHILL: What is meant by the statement that appears on page 40? The statement, it is true, is rather old; it is headed "capitalization—December 31, 1917"?

Mr. J. D. REID: It explains itself. Grand Trunk parent company, funded debt, bonds and debentures, notes, loans, amounted to $202,332,997. That was in 1917. The capital stock guaranteed or preferred amounted to $124,674,533. If the hon. member will turn back to page 38, he will find there, common stock, $116,583,124.44. That is practically the same as the amount of common stock given on page 40, of $116,583,120. The capital stock $124,674,533 is explained in detail on page 38.

Mr. CAHILL: If the minister will come back with me to page 40 and look at the statement "Funded debt, bonds and debentures, notes, loans," which appears under the date line, and if he will follow that down to the total, he will find that the total Grand Trunk Railway system, funded debt, bonds and debentures, notes, loans, amounts to $448,703,356. That is exclusive of the stocks. Will the minister explain that item?

Mr. J. D. REID: If the hon. member will look at the statement he will see that the total—"reported under Grand Trunk Railway Company"—amounts to $205,989,280. That is explained in the statement I read a few minutes ago in regard to the funded debt against the parent company. The total I gave was $205,190,417.52, of which the details appear on pages 38 and 39. To the funded debt, etc., of the Grand Trunk parent company amounting to $202,332,997 they have added on the statement on page 40, Buffalo and Lake Huron Railway funded debt, etc., $3,656,283, but the Grand Trunk own that. The funded debt is there, but the bonds are owned by the company. That gives a total of $205,989,280. There is the statement with regard to outstanding bonds that I read in a long detailed list a few minutes ago. Then there is shown on page 40 a list of railways including the Central Vermont Railway Company, Montreal and Province Line railway, Stanstead Shefford and Chambly railway, Detroit, Grand Haven and Milwaukee railway, Grand Trunk Western railway, Pontiac Oxford and Northern railway, etc., giving a total for affiliated roads reported in the United States, of $26,460,965. That makes a total for all lines except the Grand Trunk Pacific of $232,450,245, to which has to be added the Grand Trunk Pacific, bringing the amount up to $448,703,356. The hon. member can see that the statement of December 31, 1917, is slightly different on account of the statement being about two years old.

Mr. CAHILL: Is this the Grand Trunk system that the Government purposes acquiring under this legislation?

Mr. J. D. REID: The Grand Trunk system would mean the Grand Trunk parent company, all the subsidiary lines, including the list I have read, American and Canadian lines, plus the Grand Trunk Pacific, which is a subsidiary company of the Grand Trunk. When the arbitrators are considering their award, they must take in consideration the condition of every subsidiary company including the Grand Trunk Pacific. They must take into con-

sideration that it is a subsidiary company, because the Grand Trunk Railway owns all the stock in the Grand Trunk Pacific, just as it does in the case of all the other companies, and they must take into consideration the fact that the Grand Trunk Pacific is losing seven, eight or ten million dollars per annum, just as they would take into consideration any of the other subsidiary companies that might be showing a loss or a profit.

Mr. CAHILL: I am not speaking just now about the award of the arbitrators. I want, first of all, to find out whether there is anything to arbitrate or not, whether the total liabilities against the undertaking are not greater than the undertaking is worth. Before you attempt to buy anything, you want to know what the total liabilities are against it. We have not quite arrived at the arbitration stage yet; we want to know whether there is anything left to arbitrate, so we want to know first the total obligations outstanding to the public against the complete system. At the foot of page 40, there is an amount of $448,703,356 of liabilities against the Grand Trunk railway system, which I presume is what the Government proposes to acquire. That is the funded debt, and there will be other liabilities. I, therefore, want to know what are the total liabilities at this time outstanding against the Grand Trunk undertaking as proposed to be acquired by the Government of Canada. Surely that question ought to be understandable?

Mr. J. D. REID: I do not know how I can answer the question more clearly. The statement there shows the total liabilities against the Grand Trunk parent company and subsidiary companies. If you take page 40, it shows the total liabilities of all except the Grand Trunk Pacific of $232,450,245, of which amount $3,656,283 is owned by the Grand Trunk railway itself. But those are the total liabilities on which we shall arbitrate, plus the first, second and third preference and the common stock. Then of course, if you want to add to that the Grand Trunk Pacific Railway Company and its branch lines, the amount outstanding against it, as shown near the bottom of page 41, is $216,253,111, on which there is a loss of eight or ten million dollars per annum. That, of course, has to be arbitrated on.

Mr. CAHILL: They will not arbitrate on what we are assuming.

Mr. J. D. REID: The Grand Trunk Pacific is in the hands of a receiver and we are not assuming anything until the award has been made. When it has been made, the Government will pay the interest on the debenture and guaranteed stocks, and whatever is awarded on the other stocks will be a liability which the Government will have to assume.

Mr. CAHILL: What is the total amount of the liabilities on the Grand Trunk Railway system which the Government proposes to acquire under this legislation?

Mr. ROWELL: My hon. friend has already had the answer from the Minister of Railways. On page 39 of the blue-book he will see the aggregate of the funded debt, bonds, debentures, notes and loans as of the date mentioned, which, if you take in the Grand Trunk system, speaking of the system as we understand it, including the subsidiary companies and the branch lines in the United States, and the Grand Trunk Pacific and its branch lines, amount to $448,663,356. That is the funded debt, bonds, debentures, notes and loans as of that date. That is the answer. Of course there will be some slight variation between the figures as of that date and the present time, but it would not be important in the general statement of the financial position. In addition to that there is, of course, the guaranteed stock of $60,000,000. That is not included in the amount I have given, because that is not part of the funded debt as it now stands. I do not see what further information my hon. friend requires. It is all set out in that statement.

Mr. CAHILL: The Government have never stated the amount which the minister has just stated. That is what I have been asking for. My hon. friend said that $448,663,356 was the total funded debt of this undertaking.

Mr. ROWELL: Of all these various undertakings. That information was in the statement which was laid on the Table before this Bill was taken up, and it has been there right along for the information of my hon. friend.

Mr. CAHILL: Then there are also the current liabilities. What explanation has the minister to give of those liabilities amounting to $22,801,474.35? Has that amount to be added to the liabilities we are assuming in connection with that undertaking?

Mr. ROWELL: The current liabilities are offset by the current assets. They will vary from time to time, from month to month, and from period to period. My hon. friend

will find the statement of the current liabilities on page 39 of the blue-book, where they are shown as amounting to $22,801,-474.35. The current assets are given on page 38 as $51,827,879.16.

Mr. CAHILL: What are the details of those current assets? Is that $51,827,879.16 cash?

Mr. J. D. REID: Take the last item, materials and supplies on hand, $6,407,195.57; that will be the stock. Outstanding traffic accounts, amounting to $1,581,852.15, will be the floating traffic accounts; sundry outstanding accounts, amounting to $43,838,831.44, make the total current assets $51,827,879.16. I have a detailed statement of that which I will read if my hon. friend desires. It is as follows:

Amounts receivable from other companies, individuals, etc... ..$8,388,082.41

Mr. J. H. SINCLAIR: What companies does that include?

Mr. J. D. REID: I have not those details here, but I could get them.

Mr. J. H. SINCLAIR: The information as given by the minister is very indefinite. If he is going to give the details he should give us the names of the companies who owe this money.

Mr. J. D. REID: Perhaps I had better continue with this statement first.

Loan to Central Vermont Railway for construction and general purposes.. .. ..$8,355,964.71

That simply means that instead of the Central Vermont issuing bonds, the Grand Trunk advanced the money and charged it up against the Central Vermont. The usual thing when constructing or extending a road is to issue bonds from time to time, charging the amount against the road. In this case the Grand Trunk loaned the money.

Mr. J. H. SINCLAIR: Do we hold any security for that loan?

Mr. J. D. REID: Only the stock of the Central Vermont railway. We shall control that railway.

Mr. McKENZIE: Adverting to the first item, if we have loaned money to one of our own companies, and the Grand Trunk has many subsidiary companies, these amounts must appear in the books. According to the minister's statement we have loaned a considerable sum to one company.

Mr. J. D. REID: That $8,000,000 odd included several companies.

[Mr. Rowell.]

Mr. McKENZIE: We are taking over this system with all its subsidiary companies. It is no use saying we owe money to ourselves. We will never get this money back, because we are taking over the company with all its indebtedness and everything belonging to it. I think the country is entitled to know just what these amounts receivable are. It is no use saying we owe ourselves a few million dollars, which we cannot collect from ourselves.

Mr. ROWELL: We would make better progress if the minister were permitted to give the details, and my hon. friend would be in a better position thereafter to discuss intelligently any item which he desired to deal with. I do not agree with my hon. friend's contention, but I think he might allow the minister to proceed uninterruptedly with the details which he wishes to give the committee.

Mr. McKENZIE: It would be time to send for the doctor if my hon. friend agreed with me.

Mr. J. D. REID: I should like to read this statement in order that the hon. member might be thoroughly informed as to the details and the total amount:

Amounts receivable from other companies, individuals, etc... ..$	8,388,082.41
Loans to Central Vermont Railway for construction and general purposes	8,355,964.71
Advances to Grand Trunk Pacific Railway and subsidiaries	14,301,302.61
Advances to Portland & New England Elevator Companies ..	315,492.23
Due from Commissioners Transcontinental Railway	33,654.86
Advances to Canada Atlantic Transit Company of United States for purchase of steamer	148,500.00
Loan to Philipsburg Railway and Quarry Company	80,000.00
Advanced St. Clair Tunnel Company for additions and betterments	110,764.27
Interest and rents receivable.. ..	89,324.94
Advances to fast freight lines ..	24,100.69
Purchase of terminal warehouse registered stock	750,000.00
Advances to sundry persons.. ..	109,723.37
Advanced Ottawa Terminals Railway for construction purposes..	2,071,510.62
Advanced Bay City Terminal Railway for construction purposes	458,844.59
Advanced Grand Rapids Terminal Railway for construction purposes	574,098.91
Investment in misc. physical property—not used for railway purposes..	1,002,244.08
Advanced Erie, London and Tilsonburg Railway	31,076.82
Advanced Ottawa, Rideau Valley & Brockville Railway	1,604.99

Due by United States Railway administration	7,955,472.29
Per diem balances due by other roads	37,176.75
Debenture stock calls in arrears	1,881.42
Treasurer's drawing account	5,000.00
Preliminary expenses Montreal grade separation	5,849.79
Toronto Terminals Railway purchase of stock	25,000.00
Advances to hotels for stocks, etc.	61,379.15
Advance for operation of Ottawa Terminal Railway	151,203.17
Chicago & Western Indiana drafts accepted	43,955.99
Victory loan bonds instalments paid by company	371,855.95
Deposits with trustees securing notes matured but not paid off	156,219.99
United States Liberty loan, instalments paid by company	4,195.00
Ontario Workmen's Compensation Board advances	30,000.00
Discount and issue expenses of secured notes to be amortized	589,225.57
Unadjusted debit and credit accounts	2,445,873.11
Total	$43,838,832.06

Mr. CAHILL: Will the minister hazard a guess as to how much real asset there is in that $43,000,000? If the Central Vermont, the Grand Trunk Pacific and other railways become part of the general system, their individual assets disappear so far as the aggregate corporation is concerned. How much of that $43,000,000 can be realized as a real asset by the system?

Mr. ROWELL: The Central Vermont Railway Company could have issued its bonds in order to raise the money it required for construction and other purposes, or could have raised it in some other way. As a matter of fact, the Grand Trunk railway loaned it the money and this loan is an asset of the Grand Trunk Company. If the Grand Trunk Company had not advanced the money the Central Vermont would necessarily have had to procure it by some other means, and there would have been that additional obligation against the property of the Central Vermont. If that obligation were outstanding to some one other than the Grand Trunk itself, the stock of the Vermont Railway would be worth that much less.

Mr. ROSS: But it is not.

Mr. ROWELL: To illustrate: Suppose you owned the stock of a company which required money for any purpose. If it borrowed the money from an outsider, then there would be an obligation against the Company for the amount.

Mr. ROSS: It did not borrow from an outsider.

Mr. ROWELL: No; then the avance is an asset or the stock which we hold is worth that much more. The money has gone into the property, and as a matter of bookkeeping between the main company and its subsidiary company it is proper to charge it up against the subsidiary company.

Mr. EULER: Does the minister mean to say that the stock of the Central and Vermont is at all affected in its value relatively whether the liability is owing to the Grand Trunk Railway Company or to any one else? I understood my hon. friend to say that the stock of the Central Vermont was in some way affected because the money was advanced by the Grand Trunk. What difference does it make, so far as the Central Vermont's liability is concerned, whether that liability is owing to the Grand Trunk Railway Company or John D. Rockefeller or anybody else?

Mr. ROWELL: I am not at the moment familiar with the exact position in which the Central Vermont stands in relation to the Grand Trunk Railway Company.

Mr. J. D. REID: We own the stock.

Mr. ROWELL: Very well. Then the Central Vermont needs the money for construction purposes. It could go on the market—

Mr. ROSS: It did not.

Mr. ROWELL: The hon. gentleman will be kind enough to allow me first to answer the question of the hon. member (Mr. Euler). The company could go on the market and borrow money, issuing its bonds, and that would be an outstanding obligation of the Central Vermont. On the other hand, it could go to the parent company—the Grand Trunk—which owns its stock, and borrow the money. The Grand Trunk advances the money, which is an obligation of the company and an asset of the Grand Trunk.

Mr. EULER: The stock itself of the Central Vermont is worth exactly as much whether the liability is in the form of a bond which it owes to some one else or of cash advances made by the Grand Trunk company.

Mr. ROWELL: Quite so, but that is on the basis that the advance to it is an asset in the hands of the Grand Trunk as a bond would be an asset in the hands of the holder to whom that bond was issued.

Mr. EULER: I do not question that, but the value of the Central Vermont stock is

unaffected either way; whether the money was loaned by outsiders or by the parent company.

Mr. ROWELL: Quite so, assuming that it is an asset.

Mr. ROBB: It must be quite apparent to hon. members who are favourable to the public ownership of railways in Canada that not only is the Government attempting to embark upon the policy of public ownership within the limits of Canada, but it is going into the United States. The minister has made a statement as regards the Central Vermont railway. In the memoranda presented to Parliament relating to the acquisition of the Grand Trunk, at page 51, there is outlined a number of obligations that Canada will be responsible for in addition to the debt of the Grand Trunk. There are certain guarantees given by the Grand Trunk. The Grand Trunk has endorsed certain notes for which it is to be responsible. If we take over the property the people of Canada become responsible for these guarantees. Later on I hope to draw the attention of Parliament and of the country to the guarantee as it affects the Grand Trunk Pacific, but for the moment I wish to deal with the Central Vermont railway. This statement with reference to the Central Vermont shows that:

> The Grand Trunk railway guarantee the interest on the bonds by traffic contract up to an amount equal to 30 per cent of the gross receipts from interchange business.

So that we guarantee these bonds of the Central Vermont railway. In that connection it is interesting to see how far this railway in a foreign country will be able to carry itself, how far it will be able to pay the bonds, and to see how the people of Canada will be called upon to make up the difference represented by the loss of traffic in connection with a railway operating in a foreign country. We have a statement of the Central Vermont railway business from 1910 to 1917 and in those years the statement shows a gross deficit of $423,782. In certain years it shows a surplus of $325,412, which leaves a net deficit for the seven and a half years' operation of $98,370, or an average annual deficit of $11,809. This is the undertaking that the Government is asking the people to embark in.

Mr. ROWELL: My hon. friend is referring to the statement at page 54, is he?

Mr. ROBB: Yes.

Mr. ROWELL: The facts are as set out in the statement; but the American connections west to Chicago and east to Portland are amongst the most valuable assets of the Grand Trunk railway. My understanding of the situation is that the net profits of the Grand Trunk, by reason of its American connections, are very much larger than the operating deficit which it has had to pay in certain years. The figures which have been given of the earnings of the Grand Trunk are the earnings after all of these deficits have been paid and provided for. A very substantial amount of traffic originates on these American lines. The Grand Trunk system in Canada has the benefit of the haul, and the net result is that the American connections are very valuable to the Grand Trunk as a whole and are so considered by the Grand Trunk and by those who understand the railway situation. The Grand Trunk makes much more out of the haul of this freight than any shortage there may be on the operation of these roads.

Mr. ROBB: The fact remains that the people of Canada will be compelled to make up this deficit in the traffic earnings of the Central Vermont. The minister can make any explanation he chooses.

Mr. ROWELL: No, the people will not be, for this reason: The traffic which originates on these American connections, being the traffic that originates in Chicago and the West and which is destined for American ports and goes to Portland, has a haul through Canada of which the Grand Trunk operating in Canada gets its pro rata.

Mr. ROBB: Is the minister arguing that traffic through Portland goes over the Central Vermont?

Mr. ROWELL: No; I refer to the traffic that goes east on these railways. I may say to my hon. friend that I am not familiar with the lines on the ground, and I am only speaking of the general situation as I am advised. The traffic originating in the United States passes over the Grand Trunk lines in Canada, and in a substantial measure, I understand, reaches the Atlantic ports over Grand Trunk connections. The result is that the Grand Trunk system in Canada gets the benefit of this haul of freight which very substantially adds to the earnings of the Grand Trunk in Canada, because my hon. friend will realize that if you increase the volume of the traffic which you are able to handle upon your road you increase your percentage of profits. Your overhead is the same and your cost of

operation must be maintained up to a certain standard. If you can increase the amount of freight you haul you add to the net profits. The Grand Trunk in Canada profits not only to the amount of the deficit, if any, which it has to make good, but as a result of this business it gets a very substantial sum in addition, which it adds to the profits of the railway in Canada. If the people of Canada owned the Grand Trunk, instead of their being called upon to make good a deficit on the American lines, having these American connections would so add to the earnings of the Grand Trunk in Canada that there would be a surplus out of which could be paid the loss, if any, in the operation of these connections.

Mr. ROBB: The argument of the President of the Privy Council is that to wipe out these deficits that have existed in the traffic operation for the past seven and a half years the policy of the Government would be to divert more business to United States and away from Canadian ports.

Mr. ROWELL: No; I did not make any such statement. I stated the result up to date according to the information I have received from the Grand Trunk officials who are responsible for the operation of the road and from the men who are responsible for handling the accounts and the business. The result is that they have received more out of the handling of this freight through Canada than is sufficient to provide for the deficit; in fact, so much more that it adds very substantially to the earnings of the Grand Trunk in Canada.

Mr. CAHILL: Did I understand the minister to say that this $8,000,000 obligation of the Central Vermont is not regarded as an asset?

Mr. ROWELL: No, I did not say that at all; I said just the contrary.

Mr. CAHILL: How do you figure it? We are to own the Grand Trunk and we propose to purchase the Central Vermont. How do you propose to get the money from the Central Vermont, or how do they propose to get it?

Mr. ROWELL: We are not purchasing the two companies, we are purchasing the stock of the Grand Trunk. The Grand Trunk controls the Central Vermont and by getting control of the former we secure control of the latter. The Central Vermont has its assets out of which the claim could be realized if that was desired.

Mr. CAHILL: Where would the Central Vermont, under this arrangement get the money to pay this $8,000,000 to the Grand Trunk?

Mr. ROWELL: They could issue bonds against the road for that amount.

Mr. CAHILL: Then would that show a liability in addition to the $448,000,000 you spoke of as representing the present liability?

Mr. Rowell: It would be a liability against the Central Vermont.

Mr. J. H. SINCLAIR: When the Central Vermont has not been able to carry itself for the last seven and a half years, but comes out with a deficit, how is it ever expected that the company will ever be able to pay interest?

Mr. ROWELL: My information is that the Central Vermont has paid interest on all these outstanding obligations, including the interest on this loan from the Grand Trunk, and that the deficit is after all these obligations have been paid.

Mr. D. D. McKENZIE: Where did the $1,639,637, that the Grand Trunk had to send in to the United States to make good the earnings of the road, go to last year?

Mr. ROWELL: That would be an adjustment of the accounts between the Grand Trunk and its subsidiary companies, and the money would be earned by the Grand Trunk carrying on its system in Canada the traffic which originated on its lines in the United States. I am speaking from what I am informed by the Grand Trunk officials.

Mr. ROSS: How much of the $14,000,000 which the minister claims to be assets, is made up of similar indebtedness by subsidiary companies to the parent company, that is, indebtedness similar to the $8,000,000 owed by the Central Vermont to the Grand Trunk?

Mr. J. D. REID: I have already given a list of $43,000,000.

Mr. ROSS: Were those all similar to that $14,000,000?

Mr. J. D. REID: Not all similar.

Mr. ROSS: How much of the $14,000,000 is made up of similar amounts owed by subsidiary companies that the Grand Trunk own?

Mr. J. D. REID: I have not got the detailed statement now before me, but it will appear in Hansard to-morrow, showing the figures in detail.

Mr. ROSS: It would be very interesting to know the total.

Mr. J. D. REID: There were three very large items: $15,000,000 due by the Grand Trunk Pacific; $8,000,000 due by the Central Vermont, and $7,000,000 due by the United States Government.

Mr. ROSS: I do not count those as good assets.

Mr. J. D. REID: The others could be collected by issuing bonds against the road.

Mr. ROSS: The liabilities of the system we are taking over would be increased by that much.

Mr. ROWELL: The interest on these loans has always been paid.

Mr. J. D. REID: The interest has been charged up to the companies concerned and they have always paid it.

Mr. ROSS: Nevertheless, it would increase our liabilities if the Government assumed the control of these roads.

Mr. J. H. SINCLAIR: I would like to have an explanation regarding the $7,000,000 due by the United States Administration. Is that the net amount due, or is there any contra account to go against it, and how long has this amount been due?

Mr. ROWELL: It is a running account in connection with the operation of the Grand Trunk lines by the United States Administration plus, as I understand it, a certain amount due with respect to supplies and other commodities taken over by the United States Administration when these roads were taken over.

5 p.m.

Mr. J. H. SINCLAIR: When was that?

Mr. ROWELL: On the date the United States Director General of Railways was appointed. I should think it very likely, that a substantial part of that amount would be liquidated when the roads are returned by delivering to the Grand Trunk supplies of a similar kind, and possibly of equal value, for those taken over. My hon. friend will see that when a railroad system is taken over, certain supplies on hand are also taken over, and when the railway system is handed back there will be certain supplies on hand which will also be handed back. A substantial part of the amount in question, I have no doubt, will be liquidated in that way.

Mr. ROBB: In addition to the deficit of the Central Vermont railway, the statement presented to the House also shows a deficit on the Atlantic and St. Lawrence railroad (Norway branch) amounting to $1,272,496. The Central Vermont railway, in 1917, showed a deficit of $154,729. That is so far as our connections in the eastern part of the Grand Trunk system are concerned. When we turn to the western American subsidiary companies of the Grand Trunk railway—to be found at page 55 of the blue-book—we find a statement of deficits paid by the Grand Trunk railway in the last seven years. According to this, the Detroit, Grand Haven and Milwaukee railway showed a deficit in the seven years of $1,818,999, or an average of a little over a quarter of a million dollars a year—$259,654. That is the proposition the Grand Trunk are asking the people of Canada to take over. The Grand Trunk Western showed a deficit on the seven years of $2,843,125. This is a road altogether within the United States, and yet this is the proposition which the Government are asking the people of Canada to take over and tax themselves for. The Toledo, Saginaw & Muskegon showed a total deficit of $545,563 in the seven years, or an average of $77,935 a year. The total deficit on these subsidiary companies in the seven years amounted to $5,205,687, or an average of $743,669, almost three-quarters of a million dollars a year, of railways that are within the United States.

Mr. H. A. MACKIE: Have the Government admitted that they are liable for these deficits during recent years?

Mr. ROBB: As soon as they become the owners of a road, the Government are liable for all the obligations of the concern, if I understand the situation correctly. Now let me put on record a statement of the business done by these railways. In 1918 the total tonnage done by these roads in the United States—which may have originated in Portland or Chicago, or points tributory thereto in the adjoining republic— was 5,479,206.

That was the total tonnage carried over this system between points in the United States. The total business originating at United States points was 24,905,484 tons. The minister will have to make some further explanation to satify the people with regard to the deficits in respect of these United States lines.

Mr. ROWELL: Where does my hon. friend get the figure of 5,000,000 odd tons?

Mr. ROBB: This is information I have of the business carried by the Grand Trunk. It is from a source which I have every reason to believe to be reliable.

Mr. ROWELL: The figure which I have of the traffic originating in the United States in the year 1918 is approximately 7,000,000 tons, and the gross receipts of the Grand Trunk Railway Company in Canada with respect to that tonnage are something over $16,000,000. That gives a gross return which enables the Grand Trunk Company to pay any deficits, to pay the cost of operation, and to have a substantial surplus to the credit as a result of the operation of these lines. That is why the Grand Trunk so greatly values these American connections. If they were liabilities instead of assets, why would the Grand Trunk continue them and value them? We are not responsible for the obligations of these subsidiary companies, except in the cases where the Grand Trunk Railway Company has guaranteed their bonds. If it were considered desirable that these companies should be liquidated, that could be done. But that is not the position of these companies; they are considered a very valuable part of the Grand Trunk Railway system.

Mr. FOURNIER: The Grand Trunk Railway Company has guaranteed interest upon Central Vermont first mortgage four per cent bonds, of which there are $10,732,000 outstanding, to an amount not to exceed thirty per cent of the gross earnings from the interchange of traffic between the two railroads. Of course, the interest varies with the variation in amount of traffic carried; but I would like to know what is the amount of interest that has been paid annually on this account during the last few years.

Mr. J. D. REID: This arrangement is somewhat similar to that which we have in connection with the St. John Valley railway, but in that case the division is forty and sixty per cent. I have not at hand the information which my hon. friend wants; perhaps I shall be able to get it in a few moments.

Mr. DEVLIN: Did I understand the President of the Council to say that if we assumed the common stock of the Grand Trunk Railway Company we would not be responsible for the obligations of the subsidiary companies?

Mr. ROWELL: We are not responsible for the obligations of the subsidiary companies unless we directly assume them. We are making an investment. If the property is worth keeping, we would be foolish not to keep it and to pay the obligations because of the asset we would receive. But there is a real difference between an investment in a property the benefit of which we consider it desirable to obtain by discharging the obligations against it, and a direct obligation of the Government to discharge the obligations no matter whether the investment is worth anything or not.

Mr. DEVLIN: Then do I understand that when we assume the common stock, it does not follow that we are going to become owners of the subsidiary companies as well?

Mr. ROWELL: We do become owners of the subsidiary companies in that we become owners of the stock.

Mr. DEVLIN: Then if we become owners of the subsidiary companies, do we not become liable for their obligations?

Mr. ROWELL: No, not if the Grand Trunk has not directly guaranteed them. But this is the situation: We own the stock. If the company's assets are in excess of its liabilities then we would be exceedingly foolish not to discharge the liabilities of that company in order to get the benefit of its assets and its franchises. But if we have not incurred any direct obligations, and if the liabilities exceed the value of the assets and franchises and we consider the property of no value, there is no reason why we should not give the stock away; we are under no obligation to pay the debts.

Mr. DEVLIN: Following out the reasoning of the President of the Council, let me put it in another way. We shall not find out whether it will be worth while to hold these subsidiary companies until after the arbitration proceedings have been had?

Mr. ROWELL: No.

Mr. DEVLIN: Then when and how are we to find out?

Mr. ROWELL: The whole question of the position of all these subsidiary companies, their assets and liabilities, as well as the position of the Grand Trunk itself, its assets and liabilities, will be gone into thoroughly before the arbitration, because all these questions have a direct bearing on the value of the stock of the Grand Trunk and should all be taken into consideration by the arbitrators in making their award.

Mr. DEVLIN: Then do I understand that the Government will come back to Parliament for power to purchase the subsidiary companies, if they deem it advisable to purchase them? Well, the minister need not answer that; I understand that there is

a clause in the Bill which enables the Government to purchase any additional stock that they may want to purchase of any other company. But I want to have it clearly before the committee and the country just what we are now being asked to assume the obligation of. We are not asked to assume any obligation with respect to the subsidiary companies, but we are asked for power to purchase the common stock. We are told by the Minister of the Interior (Mr. Meighen) that the moment we obtain the common stock, we become the owners of the road. The present owners of these subsidiary companies are the Grand Trunk and the Grand Trunk Pacific. We are going to own the Grand Trunk and the Grand Trunk Pacific after certain conditions are fulfilled, but as regards the liabilities of certain other companies owned by the Grand Trunk and the Grand Trunk Pacific, we are not going to assume them if the Government deems it wise not to do so. Is that right?

Mr. ROWELL: There is in my hon. friend's summary so much with which I do not agree that I cannot say that it is right.

Mr. DEVLIN: In what is it wrong?

Mr. ROWELL: I cannot recall all that my hon. friend said, but his statement with reference to the whole position is not as I understand it. Let me repeat. The Government is buying under arbitration the stock of the Grand Trunk railway. That gives it control of the subsidiary companies.

Mr. DEVLIN: Does it give the Government the property?

Mr. ROWELL: It gives the Government the stock which controls the property.

Mr. DEVLIN: We have the statement of the minister the other day that it gave the Government the property. Surely my hon. friend is not going back on that.

Mr. ROWELL: I do not know whether my hon. friend does not know the difference between stock ownership and having a property directly vested in the person.

Mr. DEVLIN: The minister will not get away with what I know or what I do not know. What I am asking for is a clear statement to be placed before Parliament and the country of what we are going to possess and what obligations we are going to assume. We are trying to get that piecemeal from the Government.

Mr. ROWELL: That has been stated so frequently that one statement more will probably not help my hon. friend if he has not been helped by the statements already made. We purchase the stock of the Grand Trunk Railway Company through this arbitration. That gives us control of the Grand Trunk, it gives us ownership of the Grand Trunk stock, it gives us ownership of the road by ownership of the stock. The Grand Trunk owns the stock of certain subsidiary railway companies. When we acquire the stock of the Grand Trunk we acquire control of the Grand Trunk. The Grand Trunk owns all the others, so that by owning the stock of the Grand Trunk we acquire ownership of the others.

Mr. DEVLIN: Of the subsidiary companies?

Mr. ROWELL: Yes.

Mr. DEVLIN: That is the point.

Mr. ROWELL: The properties of the subsidiary companies will not be vested in the Crown; they will still remain vested in the subsidiary companies just as the property of the Grand Trunk remains vested in the Grand Trunk. As the subsidiary companies are owned by the Grand Trunk and as we own the Grand Trunk, we own the whole thing, directly or indirectly in that way.

Mr. DEVLIN: Does the minister say that we shall not be responsible for the debts of the subsidiary companies?

Mr. ROWELL: I said that if we had guaranteed or assumed any obligations of the subsidiary companies we would be responsible for them. We are not responsible for those that we do not guarantee or do not assume obligation to pay. But if a road is an asset; if its assets are in excess of its liabilities, we have an investment in the road, and we would, of course, discharge the obligations for the sake of getting the benefit of the assets. That is the situation.

Mr. DEVLIN: That is just it. The minister says that if the road is profitable we shall assume the road and pay off the liabilities, but if the road is not profitable we shall not pay off the liabilities.

Mr. ROWELL: Then we would lose the road.

Mr. DEVLIN: The road would then go back, not into the ownership or the possession of the Grand Trunk railway, but of the private owners thereof.

Mr. ROWELL: It would go to the holders of the bonds, the creditors. If we did not pay the obligations, the creditors would take

the necessary proceedings to acquire title to the property and have it sold, realize upon it, in order to pay the debts.

Mr. DEVLIN: My last question to the minister is this: Is the Government going to make a careful examination of and have a carefully prepared statement made in regard to the common and preference stock in the same manner as it purposes doing in regard to the stocks and assets of the subsidiary companies, or is it simply going to take the face value of the common stocks and the preference stocks, put that before the arbitrators for arbitration?

Mr. ROWELL: Most assuredly a careful investigation will be made. The members of a government that would do anything else would be fit subjects for a lunatic asylum.

Mr. McKENZIE: I understand the minister to say that we are facing a condition by which we may possibly lose all of these American roads.

Mr. ROWELL: I did not say so.

Mr. McKENZIE: The minister says that if he finds they are not a paying proposition, he will let them go. That means that each of these respective companies may be put into liquidation and the road sold. That is the condition faced by the Canadian people.

Mr. ROWELL: I do not want my hon. friend to misquote me. I said that there was power to do that; I did not say that we would do it. I pointed out in answer to the hon. member for Chateauguay-Huntingdon (Mr. Robb) that these roads had been considered most valuable connections, and on the information I have, it means a very handsome return to the Grand Trunk railway to have these connections. Under those conditions, if, upon investigation, that proves to be the case, it would be suicidal to any government to let them go.

Mr. DEVLIN: But the minister told me that if, after an examination, the Government found them profitable, they would purchase them, but not otherwise.

Mr. McKENZIE: What I mean is this, and it is perfectly clear. The minister seems to refuse to commit the Government as to whether or not they are going to take those American lines. They say: We will become responsible for any of the claims against these respective roads only provided that it is a profitable thing for the Government to take them. I am not misquoting the minister when I say that. It remains for the future to prove whether they will be a paying proposition or not, and the minister says: If it is discovered that the running of these lines does not pay, we will not assume any responsibility. Then comes the alternative of the people in the United States who have bonds and other claims against these respective roads, to put them into the hands of a receiver in the courts of the United States. We are, according to the words of the minister, facing the possibility, at least, of a condition of that kind.

Mr. ROWELL: No. According to the words of the minister, we are not facing the possibility because, unless my information is wholly wrong, these roads are valuable assets. Everything indicates that they are valuable assets, and, therefore, any government, or board of railway management that would not continue their operation would be making a great blunder from a transportation standpoint and would be creating a burden upon the portions of the railway in Canada which they should not be called upon to bear.

Mr. McKENZIE: I hold in my hand a statement handed to me by the Department of Railways showing the earnings of the Grand Trunk railway, and in that statement is an item of $1,639,317, estimated loss on roads in the United States. That is the record we have, and in face of that, the minister is still hopeful that by some wonderful development we are going to make money. Last year the Grand Trunk found they had to send down to the United States $1,639,317, not being interchange of profit as the minister would let us understand, but a loss on those roads. That is the condition.

Mr. EULER: I do not think the minister wishes to create a wrong impression, but the impression appears to prevail on this side of the House that the Government has the option of accepting or refusing to take over the roads which are the property of the Grand Trunk in the United States, through the Grand Trunk owning the stock of these companies. I do not think we have any option. If this proposed purchase of the Grand Trunk system goes through, we will have to take over these roads in the United States whether they are paying or not. We would acquire the ownership of these roads because the Grand Trunk now controls them through holding the stock. Is not that correct?

Mr. ROWELL: Absolutely.

Mr. EULER: Further, the minister states that the Government does not necessarily accept any liabilities or obligations of the subsidiary roads. Now the point I want to make is this: If these roads are losing money, if they cannot satisfy the bondholders by paying the interest or redeeming the bonds as they become due, is it not the case that these roads may be sold for the benefit of the bondholders? If that happens, will not the Grand Trunk system, of which we shall be the owners through holding the stock, lose the investment it has in these roads? I assume the Grand Trunk put actual money into these roads as an investment. Now that investment may become prejudiced in years to come, if it is not now, through want of prosperity on the part of those roads, in which case, the Government of Canada through its ownership of the stock of the Grand Trunk, will lose its investment in these roads. Do we not assume the risk of a loss—I am not objecting to this—proportionate to the interest we have in these roads in the United States?

Mr. ROWELL: Of course. Theoretically, we assume the risk of a loss on the whole transaction. Theoretically, it is conceivable that railways could not be operated at a profit in the United States, but practically the situation is this: By acquiring the stock of the Grand Trunk, which owns the stock in these subsidiary companies, we acquire these companies. Past experience has shown that that stock is a valuable asset for the reasons which I have already given, and it may fairly be assumed that that condition will continue in the future. My hon. friend must draw a distinction between our legal position, what we may legally do, and what from a business standpoint it would be advisable for us to do. As to our legal position, take the case of a company whose bonds or obligations we have not guaranteed—where we have guaranteed, of course, we are committed— if it is found that the operation of the road is unprofitable the stockholders may say: "We are not prepared to put up any more money to keep this road running. We will let it pass into the hands of the bondholders and let them realize upon it." Theoretically, that is the position. Theoretically that is the position with any subsidiary company of the Grand Trunk, where the Grand Trunk has not guaranteed the obligations of that subsidiary company. But it is a wholly different question whether or not as a business proposition that would be a wise thing to do, and as I have said, judging by past experience and on the information we have it would be a most unwise thing to do. The Grand Trunk should continue these roads in operation.

Mr. EULER: I think I understand exactly what the minister is driving at. He draws a distinction between a company whose stock we own and one whose bonds we have guaranteed. In the case of a company whose bonds we have guaranteed, it is perfectly true that if the earnings of the roads are not sufficient to take care of the road's liabilities the Grand Trunk will have to make good the amounts which they had guaranteed. They would, however, come into the possession of certain assets. So is not the minister making a distinction without a difference; because in the case of a company whose bonds we have not guaranteed but whose stock we own, if the bondholders foreclose on the road, is it not a fact that we will lose our investment in that road? What is the difference in the final analysis between losing our investment, and having to pay off certain indebtedness and perhaps obtaining possession of a questionable asset? We lose in both cases, do we not?

Mr. ROWELL: The difference would be this: In the one case we would have no option; we would have to pay the obligation, and we would get an asset whether it was a losing proposition or not. In the other case we would have the option.

Mr. EULER: Of what?

Mr. ROWELL: Of letting the road go to the bondholders.

Mr. EULER: And losing our investment.

Mr. ROWELL: The answer to my hon. friend's question is this: If it is not worth our continuing to pay the cost of operation, the investment is not worth anything. We are not losing anything because we deliberately decide the investment is not worth keeping. However, I think it is hardly worth while discussing such remote contingencies.

Mr. COPP: On Friday evening when this Bill was being discussed in Committee, my hon. friend (Mr. Rowell) was good enough to suggest that hon. gentlemen on this side of the House, not having experience in dealing in stocks and bonds were very apt to fall into error in following the discussion. I quite agree there is some danger of an ordinary member falling into error in attempting to follow my hon. friend and the

Minister of Railways in discussing the different liabilities which we are asked to assume by the legislation before the House.

Mr. ROWELL: I did not quite state what my hon. friend has said.

Mr. COPP: My hon. friend said something very close to that. I will read what he said. Addressing the hon. member (Mr. Mackenzie King), he said:

> He is not, I believe, accustomed to dealing with stocks and bonds in relation to corporation and finance, or he would clearly understand that the position he is taking is wholly untenable.

I think the fair deduction from those remarks was that if we understood the position he takes in dealing with stocks and bonds and finances generally we would be able to follow his meanderings. I think it is important to this Parliament and to the people of this country to know what liabilities we are assuming in taking over the Grand Trunk Railway system. I think we are entitled to that information in plainer and more direct and understandable language than we have had from the Minister of Railways or my hon. friend (Mr. Rowell) or anybody else who is standing sponsor for this Bill. The Minister of Railways read long columns of figures this afternoon which it was impossible for anybody to follow. We cannot remember all these different lines of railway and the different obligations we are assuming on account of each. Let us suppose, if our imaginations will encompass it, that the treasury of the Dominion of Canada was overflowing with money and we were prepared to pay cash to discharge the obligations we are assuming in taking over this road, but which we will not have to pay for until the end of thirty years. Will the minister state definitely now what the amount would be if we were prepared to draw our check to-morrow for the Grand Trunk Railway and the different subsidiary companies, including all the roads which we are taking over under this proposed agreement? Irrespective altogether of the amount that is to be left to arbitration, what is the total amount of the liabilities and obligations we are assuming?

Mr. J. D. REID: I gave an hon. member that information in a statement I submitted this afternoon.

Mr. COPP: Give me in round figures exactly what you would have to draw your check for to meet the obligations that you are assuming, apart from the stock which will be left to the arbitrators to consider.

Mr. J. D. REID: The statement I read this afternoon contained—

Mr. COPP: Give me the full amount, just the totals.

Mr. J. D. REID: On pages 38 and 39 appears the exact amount of the liabilities. I gave a detailed statement, and I cannot put the matter any plainer than I have already done. It is absolutely impossible to make it plainer.

Mr. COPP: The minister gave one statement in reply to my hon. friend (Mr. Cahill), and the President of the Privy Council, taking the same page of the same document, gave absolutely different figures; I took them down. I would ask either the Minister of Railways or the President of the Privy Council to spend a moment or two in an endeavour to give us the exact figures. I do not care where they get those figures from, but I do want those who are responsible for this measure, which will impose upon the people this gigantic obligation, to state in dollars and cents exactly what the check would be if they had to draw it to-morrow. That is a fair question, and one that can be easily answered.

Mr. ROWELL: It cannot be answered.

Mr. COPP: Why?—I mean apart from what the arbitrators will deal with.

Mr. ROWELL: Yes. I will tell my hon. friend why his question cannot be answered. Take the $60,000,000 of guaranteed stock which we discharge by a four per cent obligation. If I said definitely $60,000,000 it would not be true.

Mr. COPP: Why?

Mr. ROWELL: Because, the position would be different if we discharged it in cash. Money is worth to-day five and a half per cent, whereas we are able to discharge it by a four per cent obligation. You would have to discount that by a very substantial sum; I do not know how much. I do not know what four per cent for a $60,000,000 obligation for thirty years is worth to-day, nor can any one say exactly what its cash value is. Similarly take the perpetual debentures. I do not know what they are worth to-day having regard to the rate of interest they bear. What we do know is that so far as the debenture stock is concerned, that is an obligation which we can take up after 30 years and on which in the meantime we pay four per cent interest. We can take that up at the end of thirty years or thereafter.

Mr. CAHILL: Does the minister say "debenture stock"?

Mr. ROWELL: I meant guaranteed stock. No one can say to-day what the cash value of that is.

Mr. EULER: Without reference to the possible discount, can the minister give us the face value?

Mr. ROWELL: The face value and the real value may be very different propositions. The face value has been given repeatedly.

Mr. COPP: Give us in round numbers.

Mr. ROWELL: The face value of the guaranteed stock is $60,000,000, but that is not what the cash value is by any possible means. That is not the obligation Canada would have to pay in cash.

Mr. COPP: We have the sixty million dollars; what else?

Mr. ROWELL: My hon. friend will see on page 38 that the funded debt amounts to $155,373,806.20. The second mortgage equipment bonds and certain other bonds, etc., amount to $18,184,738.42. Then there are certain equipment notes and loans, less credits, amounting to $5,344,207.54. Then there are secured and unsecured notes, $35,548,235.08. This last item includes notes unsecured, $3,916,362.18. If my hon. friend adds these totals together, he will have, leaving out the guaranteed stock for the time being, the obligations against the Grand Trunk railway.

Mr. CAHILL: What about the $22,000,000 or current liabilities?

Mr. ROWELL: Those liabilities are offset by assets vastly in excess. In dealing with the obligations that the road bears you cannot add the current liabilities without taking into account the current assets. Now, my hon. friend has the obligations of the Grand Trunk railway. In addition to that, if he wants the obligations of the Grand Trunk Pacific——

Mr. COPP: I want all the obligations the Government are attempting to take over by this arrangement.

Mr. ROWELL: We are taking over only those we absolutely guarantee. My hon. friend uses the phrase, "taking over." Unfortunately we are already in that position in relation to the Grand Trunk Pacific system. We have had to pay deficits right along on it, or would have had to do so had we not refused. The total obligations of the Grand Trunk Pacific appear on page 42. Principal amounts to $216,253,111, which includes the branch lines.

Mr. COPP: Does that include interest up to date?

Mr. ROWELL: The Government has had to pay interest until recently. It has not paid interest since the road went into the hands of the receiver.

Mr. COPP: What they have paid is included in this statement?

Mr. ROWELL: Yes; what the Government has paid is included in the loans advanced to the company.

Mr. COPP: Do I understand, then, that by adding these items together which the minister has just given we have the total obligation we are assuming by the legislation that is now before this committee, plus whatever sum is allowed by the arbitrators?

Mr. ROWELL: I did not say that. These are the obligations of the roads, off-set by corresponding assets. The obligations we assume are those which we directly undertake to assume under the agreement. It is all an investment, and in order to get the benefit of the investment we must take into consideration the assets and liabilities.

Mr. COPP: To get whatever assets the Grand Trunk Company and the subsidiary companies constitute we are assuming these obligations.

Mr. ROWELL: We get the several constituent companies with the obligations resting upon these several constituent companies and we get the assets with them.

Mr. COPP: I gather from the minister that the par value of the stock that would be arbitrated would be $180,000,000.

Mr. ROWELL: Approximately so.

Mr. COPP: Those are the two amounts. The amount which my hon. friend has just given me and the award that the arbitrators give on the $180,000,000 par value of stock is what this country will pay for the assets we get from the Grand Trunk. Is that correct?

Mr. ROWELL: That is not what we are paying for the assets. These are obligations against the assets we are getting. I think my hon. friend should add to that certain liabilities that are against the subsidiary companies in the United States, and amounting to $26,460,965.

Mr. MACKENZIE KING: Before the committee rose on Friday evening the President of the Council gave a reason why this measure should be hurried through at the present time. I want to make perfectly sure that I understand his meaning. As I gathered from his words, it was to the effect that if the measure were permitted to stand over for a short time certain influences would be at work between now and the next session of Parliament to prevent the measure going through. Am I right in understanding that to be the tenor of the hon. gentleman's remarks?

Mr. ROWELL: My hon. friend will see what I said if he looks up Hansard. I gave a number of reasons why I thought it was in the public interest that this legislation should go on through and one was that I believed that powerful interests opposed to it would utilize any short delay in organizing hostility to it. I have no hesitation in repeating that to-night. I believe the Government to-day is fighting the battle of the people, we are fighting in the public interest, and for the benefit of the whole people of Canada. It is one of the most important battles for the people that has ever been fought in the history of Canada.

Mr. MACKENZIE KING: I think that what the minister has said is precisely what he said the other evening. He also at the same time made the following statement, which appears at page 1419 of Hansard. Speaking in reply to my hon. friend from Shelburne and Queens (Mr. Fielding) he said:

> My hon. friend has the same right to be opposed to this transaction as I have to be in favour of it. But he will not be any less opposed to it in February next than he is now and my hon. friends opposite will not be any less opposed to it in February next than they are now.

In other words, what the President of the Council has said is that in so far as this side of the House is concerned, it is not likely to change its attitude towards the measure. It necessarily follows that the attitude of Parliament can only be changed because of some change on the part of hon. gentlemen on the other side of the House. He must see that his remark is a reflection on every member sitting behind him if he leaves it in that form. I want to be quite sure that I know what his meaning is because the powerful corporations to which my hon. friend has referred cannot exert any influence on this side of the House but, according to his own remarks, they can exert influence on hon. gentlemen sitting behind him.

Mr. ROWELL: I am sure the committee will appreciate my hon. friend's very ingenious application of my remarks.

Mr. MACKENZIE KING: It is very obvious.

Mr. ROWELL: I made it quite clear that there would be no change in the men on this side of the House and my statement says so. I further said, that being so and the men on both sides having evidently reached their conclusion as to what should be done, should we not go on with the Bill?

Mr. MACKENZIE KING: My hon. friend, if he is not reflecting on the members of his own side, is reflecting on honorable members in general, because it is a reflection to say that the members of Parliament are subject to the influence of corporations in the matter of this legislation.

Mr. ROWELL: My words speak for themselves. I know what I said. I have nothing to withdraw. I have made no reflection upon any hon. member of this House.

Mr. CAHILL: Is it correct to say that the total funded debt to be assumed is $448,000,000?

Mr. ROWELL: I stated that the total funded debt as it appears at pages 40-41, including the Grand Trunk, the Grand Trunk Pacific and the subsidiary lines in the United tSates, bonds, notes, and loans is $448,703,356.

Mr. CAHILL: To the liabilities of the Grand Trunk system would be added $35,000,000 of current notes payable?

Mr. ROWELL: My understanding is that the amount is in this statement that I have already given.

Mr. CAHILL: No.

Mr. ROWELL: The moneys advanced by the Dominion Government to the Grand Trunk Pacific because they constitute liabilities of these corporations, are included in these figures.

Mr. CAHILL: Where, in the statement will I find notes payable and current liabilities included in this $448,000,000?

Mr. ROWELL: My hon. friend will find current liabilities on pages 38 and 39 amounting to $22,801,474.35.

Mr. CAHILL: That will be added to the total liabilities of this undertaking?

Mr. ROWELL: No; I do not think so; that is offset by current assets. It should not be included in the bonded obligations or obligations by way of loan?

Mr. CAHILL: If I owe my hon. friend some money and tell him I have assets he will not accept that statement; he will want to know that the money will be paid now. Is the liability against the Grand Trunk which appears in this detailed statement at page 38 a liability against this undertaking which we are taking over?

Mr. ROWELL: It is so stated on this page.

Mr. CAHILL: There is the $35,000,000 and there is also the $22,000,000 representing current liabilities which will be liabilities against this undertaking?

Mr. ROWELL: No, the $35,000,000 or the greater part of it is included in the $448,000,000 but the $22,000,000 is not.

Mr. CAHILL: Where would it be in the $448,000,000?

Mr. ROWELL: I understand it is included in the amount of $202,000,000.

Mr. CAHILL: Does the Minister of Railways say it is in the $202,000,000?

Mr. J. D. REID: Yes, I gave that statement to-day in detail. I gave the figure $266,000,000 which is made up of this $202,000,000 and the $60,000,000 guarantee. Those added together make the $266,000,000 and that is included in the statement.

Mr. CAHILL: What was included, the $35,000,000 of stock issued?

Mr. J. D. REID: The greater part of the $35,000,000 is included in the $448,000,000, but not the $3,916,362 of notes payable—unsecured; nor the current liabilities of $22,801,474, the sum of $3,455,344 of reserves, or the sum of $7,286,995 representing advances to controlled companies, for this reason: The current liabilities are offset by the current assets, and we have assets on the opposite side of the account to balance at least three of these items.

Mr. CAHILL: There is a total funded debt of $173,000,000 in round figures, is there not?

Mr. J. D. REID: Yes.

Mr. CAHILL: And there is an item of $35,000,000 notes, in round figures? What is the total of these two items?

Mr. J. D. REID: Two hundred and nine millions.

Mr. CAHILL: I would also like to know what total the minister has for the item to be found on page 40, "Grand Trunk Railway Company funded debt, bonds and debentures. Notes—Loans?"

[Mr. Rowell.]

Mr. J. D. REID: The hon. gentleman has been discussing liabilities taken from the annual statement to December 31, 1917, whereas the statement I gave to-day applied to 1918, and naturally there would be a difference between the two statements.

Mr. CAHILL: Before the House rises for recess I would also like to ask the minister a question so that he can prepare the necessary information in the meantime. It must be quite apparent to the minister and to the committee as well that when we are entering into an undertaking of this kind we should have a statement up to date of the total liabilities that we are to assume under the present Bill and a statement of the total assets so that we may deal intelligently with the subject. It is all very well to say, "You are going to arbitrate," but before you arbitrate it is necessary to see whether or not there is anything to arbitrate. Before we pass this legislation empowering the Government to pay $60,000,000 to certain shareholders, and before any arbitration is entered into, we ought to know what the liabilities against the undertaking amount to, and also what the assets are.

The CHAIRMAN: Shall clause 2 carry?

Mr. CAHILL: No.

At 6 o'clock the committee took recess.

After Recess.

The committee resumed at eight o'clock.

Mr. CAHILL: Just before six o'clock I had pointed out that the amount of the funded debt was given in the statement of December 31, 1918, as $202,000,000. The minister said that the item of $35,000,000 should be added to the amount of the funded debt as given on page 38 of the statement of December 31, 1918. That would bring the total up to $209,000,000; I would like the minister to explain the discrepancy in these figures.

Mr. J. D. REID: In that $35,000,000 there is an item of $3,916,362.18, notes payable unsecured. In reality that should be under "Current Liabilities" or some other heading. The other three items of $12,000,000, $4,000,000 and $14,000,000 represent money borrowed on notes but secured by debenture stock as collateral; and in respect of these three items my hon. friend will see the following note at the foot of page 39:

$50,126,665.98 of Grand Trunk 4 per cent debenture stock further than above has been

issued as collateral security for notes indicated thus.

The hon. member asked me a question something like this: Supposing you had the money, what would it take to clean up everything? Well, the $205,190,417.52 represents Grand Trunk debenture stock, some at four per cent, some at five per cent, some at six per cent; so that it would be hard to estimate just how much that stock would be worth if you were going to buy it. The same is true of the guaranteed stock, $60,833,332.51. The amount for which the Grand Trunk Railway Company is obligated in respect to guarantees of its subsidiary companies is $18,936,377.29. Adding these various amounts together, you get $284,980,127.32. Then there is the Grand Trunk Pacific and its branch lines, $216,253,111, so that the total liabilities, including the subsidiary companies, the Grand Trunk Pacific and its branch lines, and the lines in the United States, would be $501,233,238. These are figures which I myself have computed; they are subject to correction by my officials. I think, however, that they are fairly close to the mark. I asked the officials the other day to give me a statement of how the accounts stand right up to date. Of course, in most of these amounts there would be very little change—not enough to be of very serious import in this discussion.

Now, I will sum up these figures in order that hon. members may see how they stand. The funded debt amounts to $205,190,417.52; guaranteed stock $60,833,332.51; guarantees on American lines, $18,936,377.29; total on Grand Trunk and subsidiary companies, irrespective of Grand Trunk Pacific, $284,980,127.32. If you wish to take in the Grand Trunk Pacific and its branch lines, add $216,253,111 to that and you get a total of $501,233,238.

In that amount are included moneys advanced by the Government in connection with the Grand Trunk Pacific. In addition to that the hon. member will see that there is an amount of notes payable unsecured, $3,916,362.18 which should be in the current liabilities. If we add that to the item of current liabilities amounting to $22,801,474.35, we have a total for the two items of $26,717,836.53 of current liabilities. But we have on the opposite side current assets amounting to $51,827,879.16 which would go to meet the current liabilities, so that there are no interest charges, the one item being supposed to offset the other. Then there are two other items, $3,455,344.86 and $7,286,995.75 as shown in the statement, but if hon. members will look at the other side of the account, they will find the same amount to balance them up; they are really simple bookkeeping accounts. My officials have not returned, but these figures are pretty nearly accurate. They are, however, subject to correction should my officials find any difference.

Mr. CAHILL: I want to go back to the statement again and straighten it out if that is at all possible. In the Grand Trunk statement on page 40 the total funded debt, etc., is shown as amounting to $202,332,997. On page 39, there is an item of $173,558,544.62, another item of $15,142,633.13 and another item in connection with equipment amounting to $5,344,207.54. These three items would total about $194,000,000. If you add to that the item of $35,548,235.08 less the notes payable unsecured amounting to $3,916,362.18, you get an amount much larger than $202,332,997. I should like the minister to explain the wide discrepancy in those figures.

Mr. J. D. REID: The item of $173,558,44.62 plus the three items of secured notes, that is, the $12,166,666.50, the $4,866,666.60 and the $14,598,539.80, make up the amount I have stated, $205,190,417.52. The other item of $5,344,207.54 is equipment notes against the equipment, and the railways always take that as a charge against the cost of operation. The interest on the equipment, and the deductions each year are taken out of operation and, therefore, that is not included in what we call capital account or what would be charged against the road; it is a liability against the equipment. What is really against the road is comprised in the amounts I have stated, guaranteed stock, funded debt, and so on, amounting to $501,233,238. The other items are liabilities in connection with operation, and there are assets on the opposite side to offset them.

Mr. CAHILL: In order to arrive at an intelligent understanding of this matter, it is necessary to know the total liabilities of the undertaking. We can then find out what the assets amount to. It was stated this afternoon that most of this $43,000,000 item consisted of loans to subsidiary companies that may or may not be of any value to this undertaking. What I want to get at are the total liabilities of the undertaking that the Government is going to take over.

Mr. J. D. REID: The total liabilities comprise the amounts that I have stated, totalling $501,233,238, a lot of which is stock at a low rate of interest, and the current

liabilities amounting to $26,717,836.53. Then there are advances to American and Canadian lines amounting to about $18,930,377, but as they are subsidiary companies, that is not considered in the capital liabilities against the Grand Trunk Railway system. I do not think I can put the matter plainer than to say that the total liabilities amount to $501,233,238.

Mr. CAHILL: Is that the funded debt?

Mr. J. D. REID: Yes. What you call the guaranteed stock and the funded debt.

Mr. CAHILL: Plus the $35,000,000 item.

Mr. J. D. REID: All of the $35,000,000 item except the item "notes payable unsecured" amounting to $3,916,362.18 is included in that amount.

Mr. CAHILL: Is the item of $15,000,000, advanced by the Canadian Government, included in that?

Mr. J. D. REID: The Grand Trunk loan? No, that is not in at all. That $15,000,000 loan to the Grand Trunk is in the books of the Government without having any interest added to it from the time it was first lent. It stands there simply as a liability, and the arbitrators will have to take it into consideration as a liability against the company when they are valuing the road.

Mr. CAHILL: Do I understand the minister to say that he had a more recent statement than this contained in the blue-book?

Mr. J. D. REID: No. I said I was just reading off the statement I gave to-day.

Mr. CAHILL: Is that being presented to-day for the first time?

Mr. J. D. REID: This statement is of December 31, 1918, and I asked for a statement of all the liabilities right up to date, and the amount is only a little more than the amount shown in this statement.

Mr. CAHILL: About how much difference is there?

Mr. J. D. REID: About $2,000,000 or $3,000,000.

Mr. CAHILL: That is up to date?

Mr. J. D. REID: Yes.

Mr. CAHILL: And this is the first time that information has been presented?

Mr. J. D. REID: This is practically the first presentation of it. The blue-book we got out was prepared by our officials from the sworn returns which the railways make at the end of each year as to their financial position. The figures were compiled by the deputy minister and his staff. I asked the deputy minister to bring the statement right up to date the other day. But there is very little difference in the figures.

Mr. CAHILL: The most recent statement was the one you read to-day?

Mr. J. D. REID: Yes.

Mr DEVLIN: What was the total of the statement the minister read this afternoon?

Mr. J. D. REID: It was $205,190,017.52. To that had to be added $60,833,332.51 of guaranteed stock, making a total of $266,023,750.03. All the details were put on Hansard.

Mr. CAHILL: That statement only relates to the parent company?

Mr. J. D. REID: And its subsidiary companies, but did not include the Grand Trunk Pacific.

Mr. COPP: There are two items on page 40 I should like explained, the item of $806,600 common stock of the International Bridge Company held by the public, and $808,900 of common stock of the Central Vermont Railway held by the public.

Mr. J. D. REID: That is common stock held by the public. It was not included in my statement, because it is not a liability.

Mr. COPP: Are those two items included in the $180,000,000 that will be arbitrated on?

Mr. J. D. REID: No.

Mr. COPP: I cannot quite understand what will become of this stock. It must be an asset.

Mr. J. D. REID: We have not guaranteed it. It is held by the public and is not included in the stock that will be submitted to arbitration.

Mr. COPP: This stock must be held by part of the Grand Trunk system.

Mr. J. D. REID: It is outstanding over and above our own stock. We are only purchasing the stock of the original parent company. If there is any stock of the two companies mentioned held by the public, it will continue to be held by the public. The public own a certain amount of common stock in a number of different companies.

Mr. DEVLIN: In addition to the $15,000,000 advanced to the Grand Trunk—page 39—are there any amounts due by the Grand Trunk Pacific which will also be included in the arbitration?

Mr. J. D. REID: No. The Grand Trunk Pacific is a subsidiary company and, of course, its assets and liabilities will all be taken into consideration by the arbitrators, but the only liabilities the Grand Trunk Pacific has are those towards the Government and the Grand Trunk. The arbitrators will take the whole of the Grand Trunk Pacific into consideration, and whatever the losses may be, some $8,000,000 or $10,000,000, they will have to be shown as losses, together with the losses of any other subsidiary companies. On the other hand, the profits will have to be taken into consideration. To clear up a point that was raised the other day I had the officials investigate why the Drayton-Acworth report showed the Grand Trunk to have received $3,413,699.20 more than my statement showed they had received. My statement showed the amount to be $15,142,633.13. The sum of $15,000,000 odd is all that the Grand Trunk ever got. They did purchase some other concerns some years afterwards, which companies had received subsidies at the time the roads were being built. To make the matter clear, I may read the following statement:

Dominion Government subsidies to companies now consolidated with the Grand Trunk Railway Company of Canada.

Beauharnois Junction	$ 62,400.00
Victoria Jubilee Bridge	500,000.00
Owen Sound branch	39,744.00
Grand Junction Belleville and North Hastings	21,888.00
Montreal and Champlain Junction	103,600.00
Northern Pacific Junction	1,320,000.00
South Norfolk	54,400.00
Waterloo Junction	32,800.00
Canada Atlantic	282,355.20
Ottawa, Arnprior and Parry Sound	932,512.00
Pembroke Southern	64,000.00
	$3,413,699.20

Drayton report shows total $3,423,699.20, a difference of $10,000 which we cannot trace.

The committee will thus see that these subsidies were all given to the railways prior to their purchase by the Grand Trunk and were not, therefore, paid direct to the Grand Trunk railway. I think it is well to have that point cleared up.

Mr. DEVLIN: On page 12 I find:

First Mortgage Lake Superior Branch	$ 7,533,000
Second Mortgage series A and B	20,169,000
Debenture stock	34,879,253
Loan from Dominion Government secured by debenture stock	15,000,000
Secured notes	9,720,000
Loan from Dominion Government secured by bonds due 1st April, 1919	10,000,000

Will these also be arbitrated?

Mr. J. D. REID: If the hon. member will read further he will see that the total liabilities of the Grand Trunk Pacific amount to $216,253,111. This will all be arbitrated in connection with the Grand Trunk system. There is considerable money already advanced by the Government, and it will be taken into consideration in the arbitration.

Mr. DEVLIN: That $15,000,000 is a loan direct in actual money from the Government to the Grand Trunk Pacific. The Government has vouchers to show for it, and why should that item be arbitrated?

Mr. J. D. REID: It is really a mortgage. In valuing the road the arbitrators will naturally take into account all the liabilities, no matter to whom they are due, and we are entitled to place that as a liability against the Grand Trunk Railway Company.

Mr. DEVLIN: Has the minister considered all those figures in the statement he has given us?

Mr. J. D. REID: Yes.

Mr. EULER: What is the total amount of the indebtedness of the Grand Trunk Pacific to the Dominion Government?

Mr. J. D. REID: All the items are in the statement on page 42. The last loan from the Government was in 1918, amounting to $7,471,400. Of course, since the 1st of February of this year there would be added to that the amount that the Receiver borrowed from the Government in the Receiver's certificate. This statement, however, shows exactly the amount they got from the Dominion Government.

Mr. EULER: Will the minister give us the items?

Mr. J. D. REID: They are:

Loan from Dominion Government	$15,000,000
Loan from Dominion Government	10,000,000
Loan from Dominion Government	6,000,000
Loan from Dominion Government	7,081,783
Loan from Dominion Government, 1917	5,038,054
Loan from Dominion Government, 1918	7,471,400

Mr. EULER: Has the interest been paid?

Mr. J. D. REID: They kept paying the interest out of the amounts we advanced. No interest has been paid since the road went into the hands of the receiver. I am told by the deputy minister that we guaranteed about $76,000,000.

Mr. EULER: The liability of the Grand Trunk Pacific to the Government by way

of cash loans would be something over $50,000,000. The guarantees constitute $76,000,000. I had understood the cash loans to be higher, but in any case the total liability of the Grand Trunk Pacific to the Government reaches $126,000,000. Is that correct?

Mr. J. D. REID: Yes.

Mr. DENIS: If I understood the minister correctly, the total amount of the funded debt and guaranteed stock of the Grand Trunk, including the liabilities in respect of the Grand Trunk Pacific, is approximately $501,000,000

Mr. J. D. REID: That is right.

Mr. DENIS: Therefore it is only if the assets exceed $501,000,000 that any value at all can be set on the stocks subject to arbitration. Am I correct?

Mr. J. D. REID: Whatever the assets are over and above that will represent the value of the stock arbitrated on; otherwise the $180,000,000 would be worth nothing.

Mr. DENIS: Supposing that the whole of the assets of the Grand Trunk of Canada are valued to the amount, not of $501,000,000, but below that amount, say, at $450,000,000, in what position are we? Are we not in this position, that in this particular case we would be paying $51,000,000 too much for the road because we have $501,000,000 of liabilities? These liabilities we cannot escape, as I intend to demonstrate in a few minutes if I am contradicted on that point. I am contending that we are liable for the whole amount of the liabilities; consequently, the country being liable for $501,000,000 and the whole property being worth $450,000,000, we would be paying $51,000,000 too much for the property. Am I right or wrong?

Mr. J. D. REID: The hon. member is supposing a case, but I cannot see how the condition he indicates can possibly arise.

Mr. DENIS: Is it not possible that the Grand Trunk would only be worth $450,000,000?

Mr. J. D. REID: You can put it at whatever you like. You might make it $100,000,000 or $200,000,000 just to make an argument. We had experts in connection with the Drayton-Acworth report and they showed that the company were always able to pay interest on this funded debt, together with the interest nearly every year on the first, second and third preference stock. They went into the whole situation, valued the assets of the company and after going over the case they decided, notwithstanding the Grand Trunk Pacific's failure, and the loss that was made there, that the Government should agree to take over the road and pay interest in perpetuity on the funded debt and the interest on the first, second and third preference and common stock. After these experts going into the situation and making that report, knowing that the Grand Trunk is earning this money, I think the hon. member is going far afield when he supposes that the Grand Trunk should only be worth $450,000,000. Of course, if he wishes he can say that it may only be worth $100,000,000. He can suppose whatever he wishes. What we will be liable for is not $450,000,000; the roadbed itself is liable for that. We are not issuing the bonds of the Dominion Government; we are only guaranteeing to pay some $10,000,000 or $12,000,000 in interest on the money invested by the railway company and secured by the bonds of that company.

Mr. DENIS: If I understand rightly the minister has joined issue on the point that we are assuming the liabilities of the company; in other words that we are simply buying the stock of the company, that we are becoming shareholders; but that in this status of shareholders we are by no means responsible for the liabilities of the company. Is that the stand taken by the minister?

Mr. J. D. REID: The shareholders must deposit their first, second and third preference shares and common stock with the Government and transfer this stock to the Government. We are then the owners of the stock and we can do as we like with the company, of course, subject to the bonds against the railway. That stock will be valued, and whatever the arbitrators award we pay interest at four per cent. But we are undertaking to pay the interest only; we are not saying anything about paying the capital. We agree to pay in perpetuity interest on the debenture stock amounting to something like $7,000,000 in round numbers; we agree also to pay the interest in perpetuity on the guaranteed stock amounting to $2,500,000 in round numbers with the right to pay the cash and take it over at the end of thirty years. We are going to give Grand Trunk stock to the first, second and third preference shareholders and the common stock shareholders, as security for the amount we owe.

Mr. DENIS: I said a minute ago that the country is assuming the whole of the liabilities of the Grand Trunk, not technically,

not legally, but practically, and this is why I say so: First of all, we buy the whole of the stock of the Grand Trunk which has a face value of $180,000,000. I will not try to find out what price we pay for it. Supposing we get it for nothing or for a nominal price. But we do not get for a nominal price the guaranteed and debenture stocks. The guaranteed stock to the amount of $60,000,000 we assume.

Mr. J. D. REID: Yes.

Mr. DENIS: The four per cent debenture stock to the amount of $155,000,000, we assume. The two together form a total of $216,207,138.71. We do not assume the payment of this debt but we pledge ourselves to pay the interest on that debt in perpetuity.

Mr. J. D. REID: You are talking about the Grand Trunk Pacific now.

Mr. DENIS: No, about the Grand Trunk.

Mr. J. D. REID: That amount of $216,253,111 refers to the Grand Trunk Pacific.

Mr. DENIS: I will explain my figures. I have taken, at page 38 of the book, guaranteed stock, four per cent, $60,000,000. There is no question about that. Then I am taking what is under the heading of "funded debt" on the same page:

Funded debt—	
Grand Trunk 5% deb. stock	$ 20,782,491.38
Grand Trunk 4% deb. stock	119,839,012.69
Great Western 5% deb. stock	13,252,322.48
Northern 4% deb. stock.. ..	1,499,979.65
Total deb. stock..	$155,373,806.20

The interest on that funded debt, or on what is called the debenture stock, according to the agreement, is to be guaranteed by the Government. Consequently we are guaranteeing the interest on debenture stock amounting to $155,000,000 and altogether we are guaranteeing interest on stocks or debentures to the amount of $216,207,138.71.

Well now, we are guaranteeing the interest no matter what happens to the road. If the road be successful in the future our guarantee will be of no use because we will not have to pay any interest. If the road should not be successful in the future and should not be able to take care of this interest, we will have to pay it; consequently I say we are assuming the liability of paying, or making good, the interest on a capital sum of $216,000,000, no matter what happens to the road. If the road becomes bankrupt we will have to pay the interest in perpetuity just the same. If the road should be destroyed by a cataclysm all of a sudden, we will also have to pay the interest in perpetuity. Therefore, I say we are involved by this Bill to the amount of $216,000,000—not in the sense that we have to borrow any money to pay it, but in the sense that we are liable for the interest; and when we go to the bottom of things being responsible for the interest of a certain amount of money in perpetuity is equivalent to being responsible for the capital. Hence we are in the same position as if we were paying the $216,000,000, with this difference: That we do not have to borrow the money, but in so far as our liabilities, in so far as the credit of the country, and in so far as the putting up of the guarantee is concerned, we are bound to the extent of the sum mentioned. Starting from that point I say that the country has taken an interest in this road to the amount of $216,000,000 plus the award which I am leaving aside for a moment. After we have committed ourselves for this amount of $216,000,000 we can never let the company go into bankruptcy; this everybody will admit. If the argument is strong now that we cannot let the road go into bankruptcy—I do not think it is very strong, but it is put forward as very strong by hon. gentlemen opposite—it will be many times stronger when we have committed ourselves to the extent of $216,000,000. We must take it for granted that in the future the Grand Trunk line has got to live, it has got to subsist, and it has got to run forever. Starting from the basic point that we cannot let the company go into bankruptcy, I say we are liable for the whole of the obligations of the company because every time the company is not able to fulfil its obligations, every time the company falls into arrears, every time there is a debt due on its part, if the company cannot pay the debt the Government will have nothing else to do but to go ahead and pay the money for the company, otherwise the creditors could place the company in liquidation. For that reason, I say that we are involving the country for the full amount of the liabilities of the Company, which is $501,000,000. On the other hand, we need not be too fearful of that, because on the other side of the ledger there are the assets. But what are the assets? That is the point—what is the amount of the assets? The minister said a minute ago "We had this property valued and we had the report from experts." I thought perhaps I was approaching the matter with too critical a mind when I attempted to say that perhaps they were not worth any more than $450,000,000. I hope they are worth more than that; but supposing they are not, I say the country would be losing the difference between

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the value of the assets and the fixed liabilities to the amount of $501,000,000.

Now coming to the practical point, my idea would be this: I feel that the margin between the assets and the liabilities, as we can understand them now, has been left too narrow. In other words, we are now establishing a minimum price for the assets of the Grand Trunk. In order that the country shall lose nothing, in order that the country shall not pay $501,000,000 for the property that is worth less than that amount, we should have to put the minimum price lower. The minimum price is the amount of the liabilities. If the liabilities are $500,000,000 we are liable for that aount and we cannot escape it. For that reason I call this the minimum price. If the assets are worth more than $500,000,000, then the position is saved, because the difference between the $500,000,000 and the value of the assets will be placed on the preferred and common stocks. My method of dealing with the transaction would be this: In order that the minimum price be not fixed too high, instead of submitting to arbitration the four stocks which I have just mentioned, we should submit to arbitration the five stocks. By taking the latter course the liabilities of the company are lowered by the amount of the guaranteed stock which is $60,000,000. If instead of submitting the four stocks to the board of arbitrators we submit the five stocks, immediately the liabilities of the company are decreased by $60,000,000 in so far as we are responsible for them, and the liabilities instead of being $501,000,000 would be $441,000,000—because out of the liabilities, as we make them now, we leave all the stocks that are going to be submitted to arbitration. If we did not omit those stocks that are to be arbitrated we would have to meet $501,000,000 plus $180,000,000 which latter sum represents the stocks to be valued. But we leave these stocks aside and we make this argument: We say this is not a liability in so far as the commitments of the country are concerned, because we do not have to pay for them. We have got to pay for the fixed charges and for the liabilities which are recognized and which we cannot avoid according to the agreement. Further, we are not obliged to pay any more unless the amount of the assets justify it. Consequently, the argument I am submitting is this: That in order to protect the country the five stocks should be arbitrated and then we would reduce by $60,000,000 what I will call the unavoidable liabilities —that is the liabilities which we have got to pay in any event——and instead of having liabilities to the amount of $501,000,000 they will amount to the sum of $441,000,000.

Then, if the arbitrators come to the conclusion that the assets are worth $450,000,000, a surplus of $9,000,000 will go to the guaranteed stock. If they come to the conclusion that the assets are worth $501,000,000 the whole of the guaranteed stock will be paid, as is proposed here. If they come to the conclusion that the assets are worth more than $501,000,000 then the difference between that figure and the value of the assets will be placed under common stock and first, second and third preference stocks.

Hon. gentlemen have frequently answered this argument by saying, directly or indirectly: "Perhaps that would have been a better proposal, but the Grand Trunk would not have accepted it." Mr. Chairman, I have already answered that objection; it has been answered several times from this side of the House, and I shall not elaborate the point now. But I repeat what has already been said so often during the course of this discussion: It is not for the Grand Trunk to fix the value of this property. It does not belong to a bankrupt company to say: "My terms are these;" it belongs to the Government to say—very equitably, from my point of view—"We are going to have your property valued by arbitrators; we will give you the full value of your property and no more. If that property is worth no more than $441,000,000 nothing will be paid on the guaranteed stock."

Then, Sir, if it should happen that the assets are worth no more than $441,000,000 the country would lose in the deal $60,000,000. What kind of position would the Government be in; what position would those hon. members on the other side who are supporting this measure—indeed, the people of the country—be in if the country, which is itself almost bankrupt, should be obliged to pay $60,000,000 that it did not owe?

I am supported in my opinion on this subject by the Drayton-Acworth report. I quote from the same passage to which the minister referred a while ago, page lxxxviii:

> We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be surrendered to the trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by 40 or 50 per cent after the first seven years.

The Drayton-Acworth report recommended the taking over by the trustees not of the four stocks only, but of the five

stocks; and for those five stocks the Drayton-Acworth report recommended the payment of less than it is now proposed to pay for the four stocks. According to this report the annual interest payment should be a moderate proportion of $3,600,000 a year for the first seven years. It is hard to say what a "moderate proportion" would be in this case; I rather thought that fifty per cent would be a moderate proportion. But the President of the Council (Mr. Rowell) argues that it should be a higher amount; I thought that he was taking into consideration the interests of the Grand Trunk rather than the interests of the country when he argued so strongly that a moderate proportion of $3,600,000 should be $2,500,000. At all events, that is a matter of appreciation.

To summarize, I contend that to commit the country to liabilities amounting to $501,000,000 without knowing the amount of the assets and without being in a position to reduce these liabilities by a dollar whatever the assets may be, is a very dangerous proposal.

Mr. EULER: As I said the other evening, I am personally in favour of the acquisition of the Grand Trunk Railway system, provided it is obtained under proper terms and for the right amount of money. It is very clearly established by the figures given by the Minister of Railways that the country will pay at least $501,000,000 for the road.

Mr. J. D. REID: That includes the Grand Trunk Pacific liabilities.

Mr. EULER: If I understood the minister correctly, he stated in reply to the member for Joliette (Mr. Denis) that the only valuation that could possibly be placed upon the $180,000,000 of stock that is to be arbitrated would be in so far as the assets exceeded the $501,000,000 of liabilities. If I am wrong in that, the minister will correct me. That is interesting to me, because the one thing of concern to me now is that a fair valuation be placed on that $180,000,000 of stock. That statement of the minister means, of course, that the matter of whether the assets exceed the liabilities of $501,000,000 is a purely business proposition. I would like him, therefore, to reconcile with that statement his other statement that the arbitrators ought to act generously. The question of generosity does not enter into business transactions, and I would like to be assured that so far as the Government are concerned the arbitrators will not be encouraged to deal with this matter in any other way than the ordinary business way; that, on the contrary, they shall valuate the property according to what it is worth, without any particular reference to generosity. To the extent to which the arbitrators exercise generosity, money is taken out of the pockets of the Canadian people and given to the shareholders of the Grand Trunk Railway Company. The company ought to have simply what they are entitled to have; as a business proposition they ought not to get anything to which they are not entitled. Moreover, surely the deal is big enough to justify the provision that Parliament be permitted to pass upon whatever award is arrived at by the arbitrators in connection with the valuation of the stock; the award of three men should not be final.

Mr. ROBB: Considerable stress has been laid by the minister upon the Drayton-Acworth report. My recollection is that Mr. Drayton, now Sir Henry Drayton, with Mr. Smith, general manager of the New York Central railways, made an extended trip over the railways in Canada. Afterwards Mr. Acworth arrived in Canada, and all the knowledge that he had of the railway situation here was gathered from reports submitted to him by the other two commissioners, who had made a trip over the roads. Mr. Acworth agreed with Mr. Drayton in presenting a report which cannot be considered as recommending government ownership. In fact, my recollection is that the Drayton-Acworth report emphatically expressed itself as against government ownership and government operation of railways. What they recommended was a Board of Trustees, but Mr. Acworth had hardly got through with his job here when he went down to Washington and before a congressional committee there he was an expert witness, and the whole of the evidence submitted to that committee by Mr. Acworth went to show that public ownership and public operation of railways had been disastrous to every country in which they were tried. That is the evidence of one of the commissioners appointed by this Government to report upon our railway system, and it is hard to understand how Mr. Acworth can reconcile the report as he presented it to the Canadian people with his evidence before the committee at Washington. While a good deal of stress is laid upon the Drayton-Acworth report in an effort to prove that they were recommending a measure of operation under trustees whereby all those roads could be linked up and operated together, not operated by a government under a minister, there was

another member of the commission who, I believe, it will be generally admitted, was the most expert railwayman of all the commissioners. I refer to Mr. Smith, general manager of the New York Central Railway system, a very large system covering a wide extent of territory. Mr. Smith was regarded by railwaymen as ranking with the most expert railwaymen of this continent, and he reported absolutely against public ownership or against the Government interfering in any way with the Government taking over the Grand Trunk railway. His report to the Government was that they should let the Canadian Pacific and the Grand Trunk alone. He stated that the Grand Trunk had been so tightly tied up by the previous Government to the Grand Trunk Pacific proposition that it was crippling their distribution of dividends to the shareholders of the old parent Grand Trunk Railway Company. The evidence goes to show that the Grand Trunk went into the Grand Trunk Pacific proposition willingly with their eyes open, and they accepted the conditions laid down by the Government of the day.

Mr. ROWELL: What did Mr. Smith recommend that the Government should do?

Mr. ROBB: My hon. friend can find Mr. Smith's report in the report of the Royal Commission. I am not going to weary the House by reading it. It commences at page 91 and continues along. Mr. Smith recommends that the Government should leave the Canadian Pacific and the Grand Trunk alone, and that they should release the Grand Trunk from its obligations as regards the Grand Trunk Pacific.

Mr. ROWELL: Let the Government of Canada take all the obligations and give the Grand Trunk all the valuable assets.

Mr. ROBB: I am not arguing in favour of Mr. Smith's report. I was proceeding to argue that the Government of the day that made the bargain with the British shareholders who own the Grand Trunk railway, protected the rights of the people of Canada by tying the Grand Trunk up tight, and to-day we are not here looking after the interests of the British shareholders who made a bargain with the Government, we are here looking after the interests of the people of Canada. It might be wise for the Government to look after the interest of the taxpayers of Canada and allow Sir Alfred Smithers and his Board of Directors to look after the interests of the British or Dutch or German shareholders or whoever may own shares of the Grand Trunk Railway Company. That is their business. They made a bargain with this country in connection with the Grand Trunk Pacific, and they gave certain guarantees. My judgment is that they should live up to those guarantees, and if they cannot live up to them, then let us do the same as any business man would do. Men come out to this country from Great Britain or Germany or Holland, and look for an investment. One man puts his money into railways; another man puts his money into real estate; another man puts his money into manufacturing. Is the Government going to step in and release from his obligations every man who makes a bad bargain? If the Government is going to take care of the man who puts his money into railways, it is just as much bound to protect the man who puts his money into real estate, or mines, or manufacturing, if he makes a bad bargain.

I want to come back again to the subsidiary companies that are not at all in Canada, that are in the United States where there is a large mileage of the Grand Trunk railway. Some of them go down through Vermont and part of New Hampshire; some run through Maine; some go into Michigan, and some into Illinois and Indiana. In this blue-book containing memoranda respecting the Grand Trunk Railway Company acquisition, there is at pages 54 and 55, a statement of the deficits on these roads in 1917. In 1917, the Central Vermont railway showed a deficit of $154,729; the Atlantic and St. Lawrence railway showed a deficit of $1,272,496; and the western subsidiary companies—that is, the Detroit, Grand Haven and Milwaukee, the Grand Trunk and Western, the Toledo, Saginaw and Muskegon—showed a deficit of $1,302,154. Adding these together, you get a total deficit of $2,729,379 on the subsidiary companies which the Government proposes to turn over to the people of Canada—subsidiary companies that are operating outside of this Dominion, that are operating in the United States. What does that total deficit of $2,729,379 represent? We are inviting the people of Canada to-day to subscribe to a Victory Loan at five and-a-half per cent, and if we capitalize the deficits on these roads in 1917, we find that we are inviting the people of Canada to subscribe for $49,625,072. That is the amount of money that represents the deficits which this Government is proposing to turn over to the people of Canada in the subsidiary companies of the Grand Trunk railway as of the year 1917. I submit to my hon. friends in all seriousness: Would

it not be well to pay a little attention to the taxpayers of Canada? It has been quite apparent this afternoon that even the members of the Government, including the Minister of Railways and the President of the Council who have had this matter before them and have been looking into it for more than a year, are not quite clear on the whole situation. Would it not be well to say to Sir Alfred Smithers: In view of conditions throughout this country and the echoes coming in from the different provinces, we do not feel justified in going on with this bargain; we do not believe that the taxpayers of the Dominion are prepared to shoulder this burden, and you had better live up to your contract made with the previous Government. If they cannot live up to that contract, let them go into liquidation if necessary. It would not be the first time that railways have gone into liquidation on this continent; receiverships are not new in railway experience.

I have a statement here showing that in 1910 thirty-nine railways in the United States went into the hands of a receiver, in 1913 forty-nine, and in 1915, eighty-five railways with a mileage of 23,834. Will any one tell me that the United States suffered because of these railways going into the hands of a receiver? They were able to weed these roads out, and that is the only correct basis of dealing with this Grand Trunk muddle. It is a muddle and the deeper we go into it the more muddled it seems. I appeal to my friends opposite to take a little more interest in the taxpayers of Canada and a little less interest in the shareholders overseas, because their directors will take care of their interests.

Mr. MACKENZIE KING: Can the minister give the House the names of the other companies with which the Government is asking power to enter into an agreement? This clause provides that the Government shall have the right to enter into an agreement with the Grand Trunk Railway Company of Canada and with such other companies and interests as the Government may think necessary.

Mr. J. D. REID: It may be necessary to enter into an agreement with some of these subsidiary companies. That is why those words are there.

Mr. MACKENZIE KING: Can the honourable minister give the names?

Mr. J. D. REID: I have given the names of all the subsidiary companies. They will be found on pages 40 and 41 of the blue-book. To mention only one, the Montreal Warehousing Company is absolutely owned by the Grand Trunk Railway Company. Now we might have to enter into an agreement with that company. It would be purely a formal agreement.

Mr. MACKENZIE KING: It is not anticipated that the Government will go outside of the companies mentioned on pages 40 and 41?

Mr. J. D. REID: No.

Mr. FIELDING: If the Montreal Warehousing Company is entirely owned by the Grand Trunk there will be no need of making an agreement with that company, because the Grand Trunk through its ownership of the common stock of the subsidiary company controls that company.

Mr. ROWELL: These words were only put in as a matter of extra caution, to make sure we had an absolute title to the stock. It may be that an agreement in some form would have to be made with the stockholders; they would have to be parties to the agreement. These words were put in simply so that the Government could make an agreement with whatever parties were necessary in order to secure title to the stock we are purchasing under the arbitration.

Mr. FIELDING: It is to be presumed in the case of the subsidiary companies either that they are owned entirely, or that the controlling part is owned, by the Grand Trunk. In either case it would not seem to be necessary to make a separate agreement, because if the Government becomes the owner of the Grand Trunk stock all they would have to do would be to call a meeting, invoke what they want, and carry it out. Can the minister tell me to which classes of stocks is attached the voting privileges?

Mr. ROWELL: All these stocks have the voting privilege. My hon. friend will find the different classes of stock, and the voting privileges attached to each, on page 57 of the blue-book.

Mr. MACKENZIE KING: With reference to the words "and interests" does that term include the possibility of acquiring such properties as hotels that may be owned by the railways?

Mr. J. D. REID: Yes.

Mr. MACKENZIE KING: The Government contemplates taking over hotels as well?

Mr. J. D. REID: Yes, they are assets; the Chateau Laurier, for instance.

Mr. MACKENZIE KING: Does the Government propose to run the Chateau Laurier?

Mr. ROWELL: The Government, when it takes over the stock, takes all that the stock carries, and it carries all the property of the Grand Trunk Railway.

Mr. MACKENZIE KING: That is understood. The Government, then, is making an agreement not only for taking over the subsidiary roads, but all the hotels and the management of the hotels?

Mr. J. D. REID: We are taking over the assets, and as the hotels are an asset, we shall take them over, too.

Mr. MACKENZIE KING: Is the Government going into the hotel business under this agreement?

Mr. J. D. REID: We are taking over all the assets.

Mr. MACKENZIE KING: Will the minister answer my question direct?

Mr. J. D. REID: We are taking over the Grand Trunk system and all the assets of that system. The hotels are part of the system just as the Canadian Northern hotels are part of the Canadian Northern system. We are to-day operating that system. The Canadian Northern has hotels.

Mr. MACKENZIE KING: The President of the Council the other evening speaking of the haste with which the Government is trying to put through this legislation gave as a reason that the Government was anxious to enter into an agreement with the Grand Trunk at as early a date as possible. I would like to ask the ministers if the Government has contemplated submitting this agreement, when it is entered into, to Parliament for approval?

Mr. ROWELL: No. We are now asking authority to make the agreement. The central terms of it are set out in a letter which has been submitted to the House and are also in the Bill now before us.

Mr. MACKENZIE KING: Then what the Government is asking Parliament to do is simply to hand over its function to the executive; in other words, to defeat entirely a purpose for which Parliament is instituted, namely, to have control of the country's expenditure. Is that not the case?

[Mr. King.]

Mr. ROWELL: No. That is my hon. friend's statement of it, but his statement does not make it so. The terms upon which the company is to be acquired and upon which Parliament is asked to pass judgment are set out in the Bill and in the letter which has been submitted to the House.

Mr. MACKENZIE KING: If the Government does not contemplate submitting the agreement to Parliament for approval, I should like to move to amend this clause by adding thereto the following words:

This agreement shall be submitted to and be subject to ratification by the Parliament of Canada.

In submitting this amendment I would draw the attention of the House to the fact that when the Government entered into a contract with the Grand Trunk Railway for the construction of the Transcontinental it brought down to Parliament the agreement which it proposed to enter into with the Company, and had the agreement submitted to Parliament in the form of a schedule attached to the Act. I have in my hand the Statutes of 1903, 3 Edward VII, Chapter 71, an Act respecting the Construction of a National Transcontinental Railway. On page 9 of the Act there is a schedule which has the following:

This Agreement made the twenty-ninth day of July, 1903,

Between:

His Majesty The King, acting in respect of the Dominion of Canada, and herein represented and acting by the Honourable William S. Fielding, Acting Minister of Railways and Canals,

of the first part;

And

Sir Charles Rivers Wilson, C.B., G.C.M.G.; The Right Honourable Lord Welby, G.C.B.,; John A. Clutton-Brock, Joseph Price, Alfred W. Smithers, all of the City of London, England; Charles M. Hays, Frank W. Morse and William Wainwright, all of the City of Montreal, in the Dominion of Canada, and John Bell, of the City of Belleville, in the said Dominion, representing herein and acting on behalf of the Grand Trunk Pacific Railway Company, a company to be incorporated by Act of the Parliament of Canada at the present Session thereof,

of the second part.

Then follow the terms of the agreement, with the following clause:

50. This agreement shall be submitted to, and be subject to ratification by the Parliament of Canada.

The words which I have suggested as an amendment to the present clause are the identical words that form part of the agreement entered into at the time the contract was made between the Grand Trunk

Railway Company and the Government for the building of the National Transcontinental. I submit, Mr. Chairman, that if Parliament is to have any control at all of the expenditure, and have full knowledge of the contract which the country is asked to enter into at the present time, this step is absolutely necessary. May I remind the House, further, that this session of Parliament was called for the special purpose of approving the Treaty of Peace between the Allied and Associated Powers and Germany. An international contract had been entered into and it was thought necessary to bring Parliament together to obtain its approval to the Treaty before the country should be made a party to it. If that step was a wise one in regard to that international obligation, I contend that a similar step is equally wise in regard to one of the largest transactions which for some time we have been called upon to enter into in this country, if indeed it is not the largest transaction the country has ever had occasion to consider.

Amendment negatived: Yeas 26, nays 49.

Mr. ROBB: Before the clause carries I may point out to the Government and their supporters that they have now refused to the people of Canada the rights which Mr. Smithers, representing the Grand Trunk railway, took good care to preserve for his shareholders. In clause 7 it is distinctly provided that this agreement shall not be valid until it has been approved and ratified by a majority of the shareholders. If we take over the road, will not the taxpayers of the country be the shareholders? And who represent the shareholders but the representatives of the people in this Parliament, including hon. gentlemen who have just voted away the rights and privileges of the people, which rights and privileges Mr. Smithers has taken every care to preserve for his shareholders?

Mr. DENIS: I think I may avail myself of the present fair attendance of hon. members to move a second amendment. A few minutes ago I gave some reasons why the five stocks should all be submitted to arbitration. As I pointed out, when this Bill passes the country will be bound, not according to my figures, but those given by the Minister of Railways, to liabilities amounting to $501,000,000; and if the asests of the company should total only $450,000,000 the country will be the loser to the extent of $51,000,000. In order to prevent this I submit that not only four stocks, but all five should be arbitrated. I pointed out a moment ago, and I shall now repeat the statement, that this is the advice given in the Drayton-Acworth report. What harm could it do if the five stocks were submitted to arbitration? The Grand Trunk Company would not suffer thereby. We would have those assets valued and pay the company their full amount. My amendment is to the effect that we should not be obliged to pay more for the Grand Trunk than the assets are worth. As things stand, we shall commit the country to liabilities of $501,000,000, irrespective of the amount of the assets; and in order that the country may not be bound to pay more for the Grand Trunk than it is worth and shall not pay in advance $60,000,000 for the guaranteed stock, which, after all, may be worth nothing, I think that the guaranteed stock as well as the other four stocks should be submitted to the arbitrators; and—

The CHAIRMAN: Order. I must direct the attention of the committee and of the hon. member to the fact that he is repeating absolutely the speech which he made a short time ago. That is entirely contrary to the rules, and it is my duty to draw the hon. member's attention to the fact and to request him not to repeat the speech he has already made.

Mr. DENIS: I submit to your ruling, Mr. Chairman. I was merely trying to advance the same argument in another form, but if I am following too closely the trend of my previous remarks I will discontinue. However, I will state my point in a few words. We are now binding the country to liabilities which we know, namely, $501,000,000, as against assets which we do not know, I shall now give a new reason in support of my amendment. The Grand Trunk owes a debt to the Dominion directly and indirectly —directly for moneys which the company owes, and indirectly for guarantees which the Grand Trunk Company has given to the Grand Trunk Pacific, which is the property of Canada. If the Grand Trunk Company were to be liquidated this debt would be preferred as against the four per cent guaranteed stock of the company.

If the assets of the company should not be sufficient to pay all the debts, the debt of Canada should be paid in preference to the four per cent guaranteed stock amounting to $60,000,000. Is it not a great advantage for the country to have a preference for the payment of its debt against the Grand Trunk over the $60,000,000 of guaranteed stock? We are simply inverting the position, as a result of which this $60,000,000 of guaranteed stock will have a prefer-

ence over our debt because we will have guaranteed the payment of the interest on that stock. When we make this country in advance liable for that stock we make the stock a first-class security and we give it an advantage over our own claim against the Grand Trunk. If the assets of the Grand Trunk should be liquidated, the $60,000,000 of guaranteed stock will have to be paid before the debt of Canada, because we cannot help but pay our own debt and we will have guaranteed the debt. Consequently there is no reason why we should take this particular block of stock amounting to $60,000,000 and give it an enhanced value. Let the stock stand with its actual value. We are not diminishing the value of the stock and there is no reason in the world why we should enhance it with the credit and money of the country. That is what we are doing in this transaction. Consequently, let us have the five stocks valued, let us give no preference to the guaranteed stock and, when the valuation has been made, if it is sufficient to pay for the guaranteed stock, it will be paid. The holders of the guaranteed stock will be in exactly the same position; they will not lose their title or their rights. If the stock is worth something, let us have it valued and they will get what the stock is worth. If the stock is worth nothing there is no reason why we, the people of Canada, should pay $60,000,000 for stock that is worthless. Consequently, I beg to move:

That clause 2 be amended by striking out all the words after the words "Grand Trunk" where they appear in the tenth line of the said clause.

The amendment will have the effect of striking out the following words in the last three lines of section 2:

except the four per cent guaranteed stock of the Grand Trunk, amounting to £12,500,000 the latter being hereinafter called the "present guaranteed stock."

Mr. FIELDING: The motion of the hon. member (Mr. Denis) deals with what I regard as the gravest objection to this measure if we follow it out in detail. Every argument that can be advanced about the arbitration on the value of the preference and common stocks, can be applied with equal or greater force in the case of the guaranteed stock. There is danger in respect to this arbitration on $180,000,000 of preference stock and common stock. There is so much danger in it that it has alarmed some hon. gentlemen opposite. The hon. member for Springfield (Mr. Richardson) confessed the other day that he was very much disturbed over the matter, but he informed us that after having talked with some person—he said that he would not betray secrets by naming him, but somebody in very close relation to the Government—he was in a position to say that we would have an opportunity of scanning the details of this matter at a later stage of the discussion; in other words, that we were to have the agreement submitted to this House. My hon. friend was lured into a support of the measure by an assurance of that kind. He knows now that that assurance, if it was intended to be an assurance, was entirely unwarranted, because we have received the statement to-night that this agreement will not be submitted to the House, and that my hon. friend is not going to have an opportunity of scanning the terms to which he attached such great importance.

It is an alarming thing, especially in the light of some other arbitrations, to think that $180,000,000 of this stock, of various kinds, of the Grand Trunk is to be submitted to the uncertainties of arbitration. The danger is the uncertainty. But when you come to the guaranteed stock there is no uncertainty; the danger is the absolute certainty that the Dominion of Canada is going to be made to pay up to at least $30,000,000 more than the fair value of the stock. There is no room for any question about that. I submit it to any business man in this House. Here is a stock called the guaranteed stock—not guaranteed by any government; it is merely a phrase used by the Grand Trunk, the stock is guaranteed by the Grand Trunk. The ordinary market value of that stock was 40 to 50 a short time ago. A few days ago I gave quotations showing that it had advanced to 48. We are going to give that stock a four per cent guarantee of the Government of Canada. This agreement is going to make the Government of Canada pay forever four per cent on that stock, unless they care to redeem it by paying the capital amount thirty years hence. A stock which was 45 or 48 a month ago is going to be made by this Act of Parliament worth 90. There is no escape from that. A four per cent guarantee by the Government of Canada is worth in ordinary times par and more than par, but these are not ordinary times; money is high. I am taking it at an ordinary figure. When this transaction is consummated, and when this stock is no longer the guaranteed stock of the Grand Trunk but the guaranteed stock of the Government of Canada, it is going to be worth 85 or 90, and the difference be-

tween its fair value a month ago and the value which is to be given to it by what we are doing will be nearly $30,000,000 of the money of the people of Canada. There is no hon. gentleman sitting there who, if he were dealing with a personal transaction, would not say that it was a monstrous thing.

Mr. ROWELL: My hon. friend has conjured up a bugaboo in connection with this transaction and has sought to convey the impression that this means a serious loss to the people of Canada. One has only to look at the transaction to see how incorrect my hon. friend's view is. The question of how the value of these stocks should be distributed between the different classes of stockholders is of no importance to the people of Canada. It makes no difference whatever in so far as the people are concerned whether the whole of the compensation goes to the holders of the guaranteed stock or is distributed among the guaranteed, preference and common stock holders. The only question in which we are concerned is the total amount that should be paid. That is the one thing that concerns the people of Canada. My hon. friend knows that if we made a cash offer to-day of $2,500,000 annually, and it is on record by the statement of Mr. Smithers and the Grand Trunk themselves, every dollar of it would go to pay the dividend on this guaranteed stock. If we were to offer $2,500,000 as an immediate cash offer, which we have offered, every dollar would go to the guaranteed stock because this guaranteed stock takes priority over all the preference and common stocks both in the matter of dividends and in the distribution of assets if the company were liquidated.

The Grand Trunk, referring to the Government's offer of $2,500,000 for the first three years, put the situation in this way: that this offer would mean the payment in full of the guaranteed stock immediately. In other words, if the Grand Trunk accepted the cash offer of $2,500,000 as the minimum offer for the first three years, it would do exactly what we are now doing: it would pay interest at four per cent on the total amount of this guaranteed stock, and it would place this stock in exactly the same position as it will be placed by reason of the guarantee. The whole question is this: is this stock worth the $2,500,000 annually in interest and is it worth possibly something more? The Government believes it is worth that and that we are safe in assuming the guarantee of this interest. We offered cash; the Grand Trunk refused the cash. We not only offered this amount of cash, but we offered more. We offered, after the end of three years, $3,000,000 for four years; we offered $3,600,000 after that in perpetuity. The Grand Trunk refused that. They said it was confiscation if any one of these terms were imposed upon them. What we have done, so far as regards the minimum cash payment which we offered of $2,500,000, which would have paid four per cent on this stock,—we have guaranteed that. It does not add one dollar to the obligations which this country will have to pay because it will go towards the payment of the interest on this stock. Let me put it this way: if we arbitrated the guaranteed as well as the other stocks and if the award for this guaranteed stock, preference stock, and common stock, was $2,500,000 per annum, then it would all have to go, as the Grand Trunk President himself states, to this guaranteed stock—all that guaranteed stock would be in exactly the same position as it is to-day. I am quite aware, as everybody knows, that the effect of the Government's guarantee has been to appreciate to some extent that stock; but it does not add anything to the obligations which the people of Canada will be called upon to pay. We submit these facts to the consideration of the House and we maintain that the agreement is perfectly fair. One other consideration and I am through: anybody would know that stock under such conditions would appreciate to some extent on the market. It has a chance for appreciation just as the stock appreciated when the agreement with reference to the Grand Trunk Pacific went into effect. As a matter of expediency, we would have preferred to arbitrate the whole thing. But we could not get an agreement for arbitration on a satisfactory basis, unless we agreed to provide for the guaranteed stock in this way. We believed the stocks were worth this amount and that this amount should be applicable to the guaranteed stock. That is where the law would make it applicable in any case, and we consented that it should be so applicable.

9 p.m.

Let me say in conclusion, that the Government has taken the position, and I submit it is a fair position, that the Grand Trunk railway, which has lines of feeders throughout Ontario and Quebec, should not pass into the hands of the Canadian Pacific Company.

Some hon. MEMBERS: Oh, oh.

Mr. ROWELL: Yes, we have taken the position that the Grand Trunk railway should not pass into the hands of other railway interests which would be adverse to those of the people of Canada. Separation of the Grand Trunk Pacific and the National Transcontinental from the Grand Trunk would not only be a colossal blunder, it would be a national crime, because you would impose upon the Government of Canada the obligation of maintaining a railway which, separated from its feeders, could not be made a financial success. No wonder Mr. Beatty said they did not wish to assume the Grand Trunk if they had to take it with the obligations of the Grand Trunk Pacific and he added that they did not want the Grand Trunk Pacific because it paralleled their line. I say it would be nothing short of a national crime to take away from the Grand Trunk Pacific and the National Transcontinental the only system of railways which can possibly make them a success. I care not what the motives may be that inspire my hon. friends opposite, in the course they are pursuing but if it were successfull, then it would make government operation of railways in Canada a colossal failure and would enable private interests from one end of this country to the other to say that public ownership could never be made a success in Canada. I care not what the motives of my hon. friends may be in opposing this legislation; their course would not only render public ownership a lamentable failure but would involve this country in the loss of millions of dollars in operating great stretches of railway without the feeders necessary to their success.

What further? If this railway passed out of our hands and into the hands of the other great railway controlling the situation in Ontario and Quebec, you would find in these two provinces a reproduction of the conditions which the people of Manitoba and Western Canada faced more than twenty years ago. My hon. friends know that the situation in Western Canada, when that country was held in the grip of a railway monopoly, was such that it almost produced an incipient rebellion. Are we to sit quietly here and see a railway monopoly established throughout Ontario and Quebec and see the people of these provinces forced into the position in which Manitoba found herself some years ago? The Government is fighting the battle for the people of Canada to give them a fair chance for honest competition in railway management and honest competition in railway accommodation. My hon. friends know that the men who are interested in defeating this legislation are only too happy to see it defeated whether the means employed be dilatory means, the postponement of consideration, or by actual opposition to the Bill. I do not wish to question the right of a man who is honestly opposed to public ownership under all considerations to oppose this Bill, but if he is not honestly opposed to public ownership under every possible condition the present agreement is one that should be supported by him as well as by the people of Canada as a whole.

Mr. FIELDING: Once more, Mr. Chairman, for the twentieth time in this debate, the President of the Privy Council, absolutely unable to meet the point at issue, draws a red herring across the trail in order that he may divert attention from the real question which is involved.

Some hon. MEMBERS: Oh, oh.

Mr. FIELDING: We are discussing the motion made by an hon. member in the form of an amendment. That motion does not discuss the question nor the principle of public ownership. We have had that discussed again and again; but whenever we bring up any matter bearing directly on one part of this transaction, and especially if it is a weak and defenceless portion, the hon. gentleman rushes in with an impassioned declaration in favour of public ownership. The hon. gentleman talks a good deal about motives; there is good ground for suspicion of motives in this matter when the hon. gentleman pursues a course so utterly lost to all reason and logic. Again the hon. gentleman brings in the bugaboo of the Canadian Pacific. The amendment has nothing to do with the Canadian Pacific. Why does the hon. gentleman again draw in that bugaboo? I repeat what I said the other night, and the hon. gentleman knows it is true—the Canadian Pacific cannot get this property unless it comes to the Parliament of Canada and obtains the necessary authority. The hon. gentleman knows that and yet, again and again, he drags in this bugaboo of the Canadian Pacific, hoping that the public would not understand this camouflage of the whole miserable transaction.

Mr. ROWELL: Will the hon. gentleman permit me to ask him one question?

Mr. FIELDING: Yes.

Mr. ROWELL: If the Canadian Pacific Railway Company came to this Parliament

for legislation of that kind, would the hon. gentleman approve it?

Mr. FIELDING: There is another sample of my hon. friend's logic. It will be time enough when the Canadian Pacific comes here to consider that.

Some hon. MEMBERS: Oh, oh.

Mr. FIELDING: Would the hon. gentleman himself approve of it?

Mr. ROWELL: No, I would not. I would not be a member of a government which would put in the hands of one railway company corporation a monopoly of the transportation of the country.

Mr. FIELDING: If that be true, then what becomes of the great principle of public ownership which my hon. friend champions? If the principle of public ownership is as great and as holy as he represents it to be, why does he draw the line and say: "We will grab the Grand Trunk, but we won't take the Canadian Pacific"? When the hon. gentleman says that he would not take the Canadian Pacific he is abandoning his whole argument in respect to public ownership.

Mr. ROWELL: Pardon me; my hon. friend has certainly misunderstood me. I said that I would not approve of the Canadian Pacific taking the Grand Trunk. That was the question, and that is what I said.

Mr. FIELDING: It will be time enough to deal with that question, I repeat, when it comes up; it is not here now.

Some hon. MEMBERS: Oh, oh.

Mr. FIELDING: What hon. gentleman who says "Oh" would undertake to determine what he is going to do in a session of the Parliament of Canada which is yet to be held? I have an open mind on every question that comes before Parliament. I am not going to commit myself on any question which is for the next Parliament; I will see the measure when it comes and deal with it on its merits.

Again and again the President of the Council has dragged the Canadian Pacific railway into the discussion. He has done it so often and so clearly without warrant that there is a well-grounded suspicion that he cannot maintain his position in respect to this matter; that he cannot defend this bargain on its merits. The other night I was trying to find out where the urgency came in, and I asked the President of the Council to bring down any correspondence which showed that the Grand Trunk Railway Company were seeking to get rid of their road. But there has not been a line to show anything of the sort; the urgency, as I pointed out, is entirely on the part of the Government who are trying to grab the Grand Trunk. When the hon. gentleman was asked for an explanation of the alleged urgency, what did he say? "Oh," he said, "if we do not do this thing now, public opinion will be organized against it." I wonder whether the hon. gentleman realized the force of the admission that he then made. If we do not put this Bill through now, the people of Canada will have time to understand it, and if they understand it he is afraid that they will not approve of it. What was my honourable friend's argument in reply to that suggestion? He made an observation just as he was moving that the committee rise; I had no opportunity of noting it at the moment. Answering the argument—a reasonable argument, I think—that I advanced, he intimated that he was not afraid of legitimate public opinion. He said:

> My hon. friend knows the influence of corporations in the past in carrying on organized propaganda, opposing or supporting legislation. Members of this House and the people of the country know what has happened in that regard in past years.

The honourable gentleman has no right to talk in terms of mystery. What does he mean by that statement? He is not afraid of public opinion, but he is afraid of some corporation. He is afraid of some corrupt influence being exerted—upon whom? Upon the men who sit around him? Who are the men who are going to be bribed and corrupted by the Canadian Pacific Railway Company if this proposal does not go through at this time? I ask my honourable friend to give an explanation of that mysterious statement. He is not afraid of public opinion, but he is afraid of some corporation, and the corporation which he has spoken of again and again is the Canadian Pacific Railway Company. What does he mean when he suggests that that great Company is going to bribe the members of this Parliament or the people of this country? There is no explanation of it at all; the honourable member owes an immediate explanation to the country. He has placed on record his belief that if this transaction does not go through now, public opinion will be aroused in this country against it. Am I not stating the case exactly? Is that not what he said? Then when we asked: why should not public opinion be organized against it? he says: I am not afraid of legitimate public opinion,

but I am afraid of the corrupting influence of the corporation. I think that he owes it to the Canadian Pacific Railway Company to withdraw that remark, for it can have but one meaning—that the Canadian Pacic Railway Company will bribe members of this Parliament to defeat this Bill.

Mr. ROWELL: I do not know whether my honourable friend was in the House at the time, but the Leader of the Opposition (Mr. Mackenzie King) raised that question this afternoon and I gave my answer then; it is on record. My hon. friend's remarks are not justified by anything I said.

Mr. FIELDING: I regret that I was not present, but I think that all I have said to-day is fair and reasonable; it, too, will stand on Hansard.

Now, we come back to the real question, the question of the amendment before the committee. The hon. gentleman talks a great deal about the distribution of moneys in this transaction. We are not concerned about the distribution of moneys. This transaction is not a bulk transaction. For the purpose of our present discussion; for the purpose of considering the motion of my hon. friend, we do not need to go back into the correspondence; all the facts are before us in this Bill.

Several classes of stocks are to be acquired, and it is proposed that certain classes of these stocks shall be acquired by arbitration. We must deal with these latter classes on their merits; they form one section of the financial transaction. We are to have them dealt with by arbitration. There is risk in it and danger in it, but at all events we understand how it is to be done.

Now, we come to another class of stocks, and let us not mix it up with the others; there is no question of distribution about it. The other class of stock is the four per cent guaranteed stock, so-called, of the Grand Trunk Railway Company; and we are going to make that a guaranteed stock of the Government of Canada. I am obliged to repeat myself on that point. That stock was worth on the market something under 50—48½ was the quotation I read from a London paper. We are going to give that stock, by this proposal, a value of 85 or 90; and that stock is being traded in the London market to-day at huge profits to every one who touches it. You must look at this transaction separate and apart from all the others; you must not mix it up with the Canadian Pacific or with the other stocks or with any other thing. Here is a simple, straight transaction: you are going to take $61,000,000 of stock which a few days ago was worth only from 45 to 48—something under 50—and you are going to give that stock a value of nearly 100—certainly 90—and the difference, representing about $30,000,000, is to go into the hands of speculators in London. There is no excuse for it; there is no defence for it; the public will not be misled by the dragging in of other questions. Who, looking at this proposal as a business man would, purely on its merits, would not say that it is utterly unsound and should not be carried out?

Mr. DEVLIN: It was most unfortunate that the President of the Council (Mr. Rowell) should have lost his temper, because we were getting along very nicely and making some progress. More information was being given us by the Minister of Railways than by the President of the Council. I say this for the President of the Council: He has proved himself an exceptionally good lawyer. It is puzzling to us to know just whose brief he is holding. Is he holding a brief now for the Minister of the Interior? Is he holding a brief for the Minister of Railways? Is he holding a brief for the Canadian Northern Railway? Or is he holding a brief for himself? He has shown in every way a degree of legal tact which is familiar to all students of law. Law students are generally told that if they see that they are getting the worst of a case their best course of procedure is to make a straw man, hammer at it, get vicious, hammer at it some more and frighten the other fellow. The President of the Council employed these tactics to-night very well. He built up a straw man that nobody was thinking of or speaking of—the Canadian Pacific Railway Company. Then, after hammering the Canadian Pacific for all he was worth, he started to build up a second straw man—the motives actuating the Opposition in seeking information. Now, had he been interested just at the time the Minister of Railways was speaking he would have observed that the Minister of Railways gave a statement here to-day which was given for the first time. After persistent questioning upon a subject of paramount interest to the people of Canada, we succeeded in getting a revised edition of a statement which had previously been submitted.

I think I voice the sentiments of the whole Opposition when I say that in spite of all the lecturing of the President of the Council (Mr. Rowell), the Opposition is going to

continue to do its duty; it is going to stand by the people and for the people, and it is going to find out for the people just what they are being asked to sanction. If it takes another week to do that, and if the Government do not want to be frank and to come out with the whole statement, then we shall keep at the matter until we get the whole statement out, so that the people of this country who are going to be committed to an expenditure exceeding $500,000,000 will know what they are committed to. The President of the Council could have told us all that he had to tell us in a quiet manner; it was not necessary at all in telling us to get as mad as creatures that I dare not speak of in this House, but he tore up and tore down and he hammered, and one would wonder if he were really angry at certain results that were coming in to-day, or if he were disturbed by the statement made by the Minister of Railways (Mr. J. D. Reid) that we were going to buy hotels by this agreement. Perhaps he had been seized of the possibility of the Government's taking over the Chateau Laurier, and it may be bothering him whether he will have to continue giving the right to hotels in certain quarters to sell liquor under a license, or, perhaps, to sell it without a license, or how long the Government may have to refrain from bringing down threatened prohibition legislation. I cannot work into the minister's mind, and I cannot for the life of me say what made him so mad to-night. It may be that the President of the Council, from moralist to preacher, from preacher to dictator, from dictator to democrat and from democrat to autocrat, has gone on and assumed a new phase, and I really believe that it may be summed up in this. The President of the Council has become an actor. Any man who can, on a question respecting the uplift of the whole of us, respecting the use of tobacco, for instance, get just as angry in this House as man ever could get, and work himself up into the state into which he worked himself to-night, must be an actor, or I do not know what an actor is. But with all that, it seems to me—and I hold no brief for any of my friends seated beside me—that the statement made by the hon. member for Shelburne and Queen's (Mr. Fielding) was very fair; it was simply seeking for information that could easily be given with a "yes" or "no," or with a few figures. It was not necessary at all to get angry about the matter. It is a mistake on the part of the Government to think that they are going to prevent us from getting a bold, broad, statement of what this country is going to be committed to, by reading us curtain lectures. Words were uttered by a man whom I hold in very high esteem in this country, and perhaps with your permission, Sir, I may repeat them:

> In the meantime while the Government is through the instrumentality of the public credit and otherwise, using every endeavour to alleviate conditions which have inevitably arisen out of the war and overcome the effects of the sudden cessation of the activities which it created it is the clear duty of all citizens to earnestly co-operate with the Government and with one another to the end that with the exercise of patience, goodwill, and high patriotic spirit we may tide over successfully this most trying and critical period in the national life of the Dominion.

The gentleman (Sir Thomas White) who uttered these words occupied the position of Minister of Finance, and he used them as part of his Budget speech in June last, in this very House. I ask hon. gentlemen now who have some thought and concern for the rights of the people of this country, who did not, a few months ago, when the leader of the Opposition moved his amendment, vote away the last vestige of the rights of the people, to consider well those words uttered by the ex-Minister of Finance, and to give approval to the amendment now moved by the hon. member for Joliette (Mr. Denis). What does this amendment mean? It means simply to throw the whole thing before the arbitrators and to let them place a value upon it. We have been told time and again that we must pay this 4 per cent on the guaranteed stock and that we must pay the 4 per cent on the debenture stock, but that the rest will all be arbitrated. The hon. member for Joliette places a fair proposal before the House. I ask the House to adopt it because then, at least, the country will know what is the proposition before it, and the country is certainly not aware of the liabilities that are being assumed to-day.

Mr. CAHILL: The amendment moved by the hon. member (Mr. Denis) is in exact accord with the recommendation of the Drayton-Acworth report which has been cited here as the authority of the Government for going on with this legislation. The President of the Council made no reply whatever to the amendment. I should like to ask the Government what was the cause of their receding from the original suggestion of the Drayton-Acworth report? That should be made plain to the country. The President of the Council said that they suggested arbitration. Person-

ally I think the suggestion in the Drayton-Acworth report was a very generous one, perhaps too generous. Until we know the value of the assets of this undertaking we are rather reckless in making any offer of an annuity to the shareholders of that company, but since it was made, and the Drayton-Acworth report was cited as an authority for making that proposal, why did the Government depart from that report in this matter? The President of the Council wished to impute motives to the Opposition, to try to imply that the Opposition were opposing this for motives that were not, perhaps, honourable. Instead of that it looks very much to me as if there were a nigger on the fence in this proposition. There is absolutely no reason why this $60,000,000 worth of stock should be set aside until we have valued the assets of the Grand Trunk undertaking, and until the arbitrators make a valuation. Why is this stock set aside? The Government tell us that the Grand Trunk would not agree on any other terms. The Grand Trunk Railway Company have never admitted their liabilities to the Government on account of the Grand Trunk Pacific guarantee.

They did not want to accept this $3,600,000 until that matter was straightened out. The Government made a counter-proposal to submit the whole thing to arbitration, and it is just possible that if it were submitted to arbitration, instead of $2,500,000, $3,000,000 or $3,600,000 there would have been nothing to pay on account of this stock purchase. I cannot understand why the Government and honourable gentlemen opposite are so anxious to spend $60,000,000 at this time when there is absolutely no ground for the transaction and when they have absolutely no authority for it. The Government tell us that the Grand Trunk people owe us $97,000,000 and also have owed us $15,000,000 for 50 years, and in the face of that they say: Before we undertake to collect our debts from the Grand Trunk, before we undertake to look after the interest of the people of Canada, we will guarantee the interest of the Grand Trunk stock to the amount of $60,000,000. In other words, their means of collecting the bill is first to give the Grand Trunk more money. There is absolutely no sound business in that and absolutely no reason for it, and I am satisfied that it will not stand the light of day in the country. I therefore shall vote for the amendment.

Amendment, Mr Denis, negatived; yeas 25, nays, 49.

[Mr. Cahill.]

Mr. CAHILL: The minister stated a few minutes ago that the total liabilities amounted to $501,000,000 plus $26,000,000 of current liabilities. Has he taken into account the current liabilities of the Grand Trunk Pacific Company and the branch lines?

Mr. J. D. REID: I have taken into account the liabilities of all the subsidiary companies. The statement on pages 38 and 39 includes all the liabilities of the Grand Trunk. There are also $216,000,000 of liabilities in connection with the Grand Trunk Pacific shown on the page I mentioned before. Everything is taken in there.

Mr. CAHILL: I would refer the Minister to page 43 of the blue-book, and again ask him if the current liabilities are included in the total liabilities as given to the committee in his new statement?

Mr. J. D. REID: The Grand Trunk Pacific Branch Lines Company set out on page 43 is a subsidiary company. That stands by itself and was not included in the original statement I made.

Mr. CAHILL: The minister gave this evening an item $501,000,000 of funded liabilities, including note obligations; that was on the whole undertaking. Then he gave us an item of $26,000,000, which is found on page 39, made up of $22,000,000 of current liabilities and $3,916,362.18 of notes payable, unsecured.

Mr. J. D. REID: The hon. gentleman will see the liabilities against the Branch Lines Company, but against the funded debt and the current liabilities is the property investment in the road and equipment.

Mr. CAHILL: I am not asking about the assets, but about the liabilities.

Mr. J. D. REID: These are branch lines guaranteed by the local governments. These securities have been guaranteed by the governments of the western provinces and are worth the money.

Mr. CAHILL: How do you know?

Mr. J. D. REID: They are guaranteed by the Provincial Governments and I am sure they are worth the money.

Mr. CAHILL: The guarantees the minister speaks of amount to $16,000,000.

Mr. J. D. REID: And $12,000,000.

Mr. CAHILL: Where do you find the $12,000,000? Under the head of current liabilities we have:

Loans and bills payable.. .. ..$	11,019,687
Audited accounts—wages.. ..	143,035
Matured interest coupons unpaid	25,768
Miscellaneous accounts payable	807,063
Unmatured interest unpaid.. ..	113,477
	$12,109,030

Where does the minister find the guarantee on that $12,000,000?

Mr. J. D. REID: There is no guarantee on that, but there is a property investment in the road and equipment of $29,186,593. The sum of $16,786,440. was guaranteed by the Saskatchewan and Alberta Governments and the other $12,109,030 has been expended on the roads, which are worth the amount. There is no doubt about that. This Government is not assuming those liabilities. They are not guaranteed by the Grand Trunk Railway or the Grand Trunk Pacifie. Those roads are separate branch lines the same as other subsidiary companies in connection with the Grand Trunk Railway, and this Government is not responsible for any of the liabilities mentioned.

Mr. CAHILL: I am sure the minister's followers will be delighted with his explanation and will again say "carried". If they will look at the statement they will see that the capital stock of the Grand Trunk Pacific Branch Lines Company is $1,002,000. The property investment in road and equipment amounts to $29,186,593. The bonds guaranteed amount to $16,000,000, odd, and the outstanding liabilities against the undertaking total $12,000,000, of which there is no guarantee. This amount is standing as liability to the public, according to this statement. Regardless of what the assets may be, this money must be paid out, and I want to know if I am correct in adding that $12,000,000. to the $501,000,000 and the $26,000,000.

Mr. J. D. REID: You are not.

Mr. CAHILL: When you come into possession of the Grand Trunk Pacific Branch Lines Company and find liabilities against it amounting to $12,000,000, will the Government pay those liabilities or allow the claimants to take possession?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No, no.

Mr. CAHILL: The minister will surely not refuse to answer that question. If he is attempting to put this legislation through without some semblance of an intention to give information, the matter looks worse than it did before, and I am not surprised that hon. gentlemen did not vote for the amendment. It is most extraordinary that a minister should present a statement to a committee of the House and refuse to explain its contents.

Mr. J. D. REID: I have already explained it. The Grand Trunk Pacific Branch Lines Company spent $29,186,593 on road and equipment. They issued bonds to the extent of $16,786,440 that were guaranteed by the local governments. Other amounts have been expended on that construction for which bonds have not been issued. They simply carried the amounts as a liability instead of issuing bonds. It is a liability against the Branch Lines Company, which is a subsidiary of the Grand Trunk Pacific.

Mr. CAHILL: Does the minister say that these branch lines will not be taken over?

Mr. J. D. REID: Yes.

Mr. CAHILL: You assume the liability?

Mr. J. D. REID: Yes, of course.

Mr. CAHILL: Then, am I to add that to the $501,000,000 and the $26,000,000 to arrive at the total liabilities?

Mr. MEIGHEN: The hon. member can add anything he likes, but it will be like adding broomsticks and oranges. They are in different classes altogether. I do not know whether another statement to the same effect will be of any assistance to the hon. gentleman or not. This is the Grand Trunk Pacific Branch Lines Company. It is a child of the Grand Trunk Pacific and the Grand Trunk Pacific is the child of hon. gentlemen opposite, and those hon. gentlemen may get considerable satisfaction now by deriding the child of their child. I do not know that the Grand Trunk Pacific Branch Lines Company is something that we should avoid simply because that company has liabilities. Every company in the world that does any business has liabilities.

Sir SAM HUGHES: Have they not assets?

Mr. MEIGHEN: Yes, of course. The assets are set out on the other side of the ledger. A child can see them, and he who runs may read. What more explanation the wit of man can give than is there I am at a loss to know. Every statement of every company is given in the same form. You cannot add the liabilities of the Branch Lines Company, owned by the Grand Trunk Pacific, to the liabilities of the Grand Trunk Pacific,

owned by the Grand Trunk, and make all a part of the liabilities of the Grand Trunk. That is what my hon. friend would like to do, and I presume that in his mind it is all right. But in the mind of any one who wants to address this question honestly it is not all right. What we assume are the liabilities of the parent company that we take. When you have stated the full liabilities of the parent company you have stated the limit of our obligations, and so far as the direct obligation goes we are liable only for the debenture stock and guaranteed stock. Certainly these companies have liabilities, but they have assets against them.

Mr. CAHILL: The minister may take a certain degree of delight in entertaining himself and his friends behind him, but I may tell him that to-day we got very much further than his statement. The question was put and answered in a way as to what the total liabilities of the undertaking amount to.

Mr. MEIGHEN: Then, what more does the hon. gentleman want?

Mr. CAHILL: It was not quite right, however, and I have very little hope of getting anything correctly from my hon. friend. Nevertheless I intend to keep at it until I get something reasonably near exactitude. In the statement presented this afternoon the Minister of Railways said that there was $501,000,000 of obligations against the undertaking and $26,000,000 of current liabilities, making a total of $527,000,000. I now want to know if in that calculation he included the $12,000,000 of current liabilities of the Grand Trunk Pacific Branch Lines Company. I asked the minister if the Government intended to take over the Branch Lines Company, and he said they did. Now, if they take it over, they must naturally assume the liabilities. I am not asking what the assets are, because there are many assets of doubtful value. We shall come to the assets when we get through with the liabilities. In the meantime I want the liabilities and I am asking a straight question. I find in this book presented by the Government to the committee a statement showing $12,000,000 of current liabilities in connection with the Branch Lines Company. The minister can either answer that these liabilities have been paid off or that they are to be added to the lump sum which he gave us this afternoon.

[Mr. Meighen.]

Mr. J. D. REID: They are not included because they should not be. That is the answer.

Mr. CAHILL: I find also in this government publication the following:

> Southern New England Railway.
>
> Under construction. Information at hand is very incomplete. In May, 1916, the Central Vermont Railway got authority to issue $30,000,000 of bonds, bearing guarantee of Grand Trunk Railway Company, but what portion, if any, of this issue was made, it cannot be said.

Mr. J. D. REID: Where is the hon. member reading from?

Mr. CAHILL: I am more generous than the hon. gentleman's friend to his right, and I will give him the page. It is 51.

Mr. J. D. REID: There is no information other than that which is contained in the report.

Mr. CAHILL: My hon. friend is coming to this Parliament on that kind of a statement when we are guaranteeing the bonds of a company in the United States to the extent of $30,000,000 and he does not know any more about it than that it was stated that some three years ago these bonds were guaranteed. His official report says that he does not know what amount has been sold. He does not know anything more about it than that they guaranteed $30,000,000 for a road in the United States, and he asks this House to pass this legislation. Some hon. members on the Government side have insisted that there must be some other motive behind the opposition to this measure than a desire to get this information for the Canadian people. It looks as if there was some other motive behind hon. gentlemen opposite than a desire to protect the people's interest.

Mr. DEVLIN: The Minister of Railways made the statement to-night that we were going to take over the branch lines. Is that correct?

Mr. J. D. REID: Yes.

Mr. DEVLIN: What did the President of the Council mean by making the statement a short time before that we would only take over such branch lines as would be profitable to the Government?

Mr. J. D. REID: I am sorry that the President of the Council had to leave to take a train and that he is not here to answer for himself. I did not understand the President of the Council to make that statement, but I understood him to say that we would take over the branch lines which

the Grand Trunk owned, controlled or operated.

Mr. DEVLIN: The President of the Council said that the taking over of the Grand Trunk and Grand Trunk Pacific did not imply that we had to take over the branch lines. I recognized the argument of the Minister of the Interior about the parent company as being sound. Then I marvelled at the statement of the President of the Privy Council that we were only responsible for the branch lines that we took over and that the Government was not bound by this legislation or by any agreement to take over the subsidiary lines of the Grand Trunk or the Grand Trunk Pacific.

Mr. MEIGHEN: I am glad the hon. gentleman realizes the soundness of my position on the main point. As to what the President of the Council may have said, while I was not here, it would be strictly correct. The Government in becoming the owners of the Grand Trunk do not assume any obligations except such as the contract calls for. The Grand Trunk would be under certain obligations and would be the owner of certain companies. If the Grand Trunk, for example, hold the stock of a company and it were found that the liabilities of that company were greater than its assets and it did not serve the public, say, in Canada, so as to make it our duty to run the company, we would not be compellable to run it, because no such obligation is embodied in our contract. There might be a branch line in the United States; if we found that its liabilities exceeded its assets we would be under no obligation whatever to take over the road or to have anything to do with it. The Grand Trunk Pacific branch lines are owned by the Grand Trunk Pacific Branch Lines Company. These are in Canada and they are valuable branch lines. They are lines running through the Canadian West where communities have been built up and necessarily these lines must be operated. There is no reason to doubt that these roads are well worth what is against them, and in taking over this stock there is not very much liability on our part. We assume everything when we take the stock of the parent company. When you state the obligations that we assume that is the end of it. I hope that is clear to my hon. friend.

Mr. DEVLIN: It is perfectly clear to me, and I have no doubt that if I made the statement that the President of the Council had said the very reverse my hon. friend would have argued that the President of the Council was right with the same ability that he has just displayed in arguing that if the President of the Council did make the statement he was perfectly right.

Mr. MEIGHEN: He is.

Mr. DEVLIN: The Minister of the Interior will not say, as the President of the Council said this afternoon, that in taking over the parent company we are not taking over the subsidiary companies.

Mr. MEIGHEN: We take the right to take them all, but it does not entail the obligation to do so.

Mr. DEVLIN: Then if we are taking the right to take them what is the statement of the present liabilities which we can tell the people, or which we can tell our own electors, we are assuming?

Mr. MEIGHEN: If the hon. gentleman were to tell his people that, would not his people say: How are we liable unless we assume the liability?—we have the right to do so but if it does not pay us to do so we will not do it. The people are not going to be seriously affected when they do know what we guarantee here and they have a right to know what it is. We have told the hon. gentleman that over and over and over again.

Mr. DEVLIN: But we have a different statement to-night.

Mr. MEIGHEN: You never got anything different. If the hon. gentleman will show me any two statements that will conflict I will be very glad to—

Mr. DEVLIN: If the hon. gentleman reads Hansard to-morrow he will see that the Minister of Railways brought down a brand new statement to-day.

Mr. MEIGHEN: The statement may be new but the facts will be old.

Mr. DEVLIN: There were certain brand new facts and I am sure the Minister of the Interior did not see them because the Minister of Railways told us that he got them direct from his deputy minister as being brand new and up to date.

Mr. MEIGHEN: If he got them there they will be right.

Mr. DEVLIN: They want to tell the people of Canada that these are the facts; brand new facts, correct facts. Therefore I ask the Minister of Railways to say now, in view of the fact that there is a difference of opinion between the Minister of the Interior and the President of the Council what

the situation is. I would not say that the ministers would differ from each other when they were both here because they would get their statements to coincide very quickly. But whilst one was absent there was a direct difference of opinion, a direct difference of statement, putting a totally different aspect upon the liabilities that we are going to assume. Now I ask the Minister of Railways does that change the brand-new statement that he gave the House to-day?

Mr. J. D. REID: No, it does not.

Mr. TURGEON: Before this clause, which I regard as the fundamental clause of the Bill, is adopted I wish to say a few words in the performance of my duty to my constituents. Speaking upon the Bill a few days ago I cited a resolution passed by the Board of Trade of St. John protesting against the acquisition of the Grand Trunk Railway under present conditions. We have been assured by hon. gentlemen opposite that we are opposing the passage of this Bill in defiance to public opinion. Well, public opinion, as far as has been expressed in any quarter at all, has been in opposition to the acquisition of the Grand Trunk under present conditions. My hon. friend from Royal (Mr. H. H. McLean) who spoke forcibly on this question a few days ago, pointed out, as I did, the nature of the resolution which the Board of Trade at St. John, N.B., had passed. That resolution is still in effect; it has not been rescinded. Late on Saturday I received from the secretary of the Board of Trade of Bathurst, in the county of Gloucester, a copy of a resolution which I deem it to be my duty to read in order that it may appear in Hansard. That resolution, which is signed by Mr. Joseph B. Storer, secretary of the Board, reads as follows:

Bathurst, N.B., October 24,1919.

A special meeting of the Bathurst Board of Trade was held here last night when the following resolution was passed unanimously:

"Resolved that the Bathurst Board of Trade has heard with regret that the Federal Government has now under consideration a Bill for the purchase by the Dominion of the Grand Trunk Railway system. That the deficits of government railways last year amounted to over thirty-one million dollars. That the opinion of the Board is that so soon after the war the time is not opportune to add a very large sum to the national debt by the purchase of a railway system having Portland, Maine, as a port and thereby discriminating against Maritime Province ports. That the United States and Great Britain furnished positive proof that the government operation of railway systems entails greater expenditure than without. The Bathurst Board of Trade respectfully submits that the said Bill be deferred until the question is submitted to the people with the facts."

Mr. Storer adds the following comments:

I may say that this was a very representative meeting of the business men of Bathurst, was attended by adherents of all political parties, and is considered to be representative of the opinion of a large majority of the people of the constituency of Gloucester.

This resolution, I may say, expresses the opinion not only of the people of Bathurst but also of the population of the northern part of the province of New Brunswick. The House has already had an expression from the people of St. John and southern New Brunswick; and to-day there has been another expression of opinion from the constituency of Victoria and Carleton, New Brunswick. I believe the resolution from the Bathurst Board of Trade to be a correct expression of the feelings of the business men of that town. They wish the Government to wait before passing this legislation, the present time, when the financial conditions of the country, after the war, are almost in a dangerous state, to use the language of the ex-Minister of Finance, not being opportune. Therefore there should be a postponement of this legislation until the question has been submitted to the people.

11 p.m.

It has been claimed by hon. gentlemen opposite that the present railway situation is a result of the construction of the Grand Trunk Pacific. May I be permitted to remind those hon. gentlemen that when the Liberal party left office the Grand Trunk Pacific and National Transcontinental railways were in a perfectly healthy condition and would have played a successful part in the development of the country had it not been for their successors who, when they entered office, adopted a policy calculated to divert all possible traffic from those lines, and not only that but placed every possible obstacle in the way of finishing their construction, and by degrading the Grand Trunk Pacific made it fail in successful operation. What was planned was to bring to our Maritime Provinces' ports the whole of the trade of the Prairie Provinces, by giving that traffic a shorter haul than any other line could offer and at the least expense possible. That these plans were wise and sagacious is shown by the fact that notwithstanding the obstacles placed in the way of the successful operation of the road, grain was carried from Winnipeg to the Maritime Province ports for a rate

four cents a bushel lower than any other line was able to carry that traffic. Had the policy introduced by Sir Wilfrid Laurier and his colleagues for the development and successful operation of that route been as vigorously pressed as it should have been the railway situation in the country would not be what it is to-day. In this connection, the Gutelius investigation and the Gutelius report—a mass of stupid contradictions which no Canadian engineer of any eminence would have signed—will be remembered. Mr. Gutelius contradicted himself the following year when, in the enjoyment of his "mess of pottage," he asked with respect to the Intercolonial railway from Moncton to Halifax and Sydney, for an appropriation of millions in order to take care of the traffic which existed between those points, and so as to make it possible to employ much larger trains for the hauling of that traffic: This is the reply I make when I hear it stated by hon. gentlemen opposite that the present railway situation is due to the maladministration of the Laurier Government. The Borden Government not only did all they could to delay the proper construction and operation of the Transcontinental from Winnipeg to Quebec and the Maritime Provinces, but did all in their power to divert traffic from Cochrane to Toronto. The Liberal party of that time had passed a resolution in favour of granting the British preference to imports passing through Maritime Province ports, and that resolution was to be effective as regards the terminus of the Grand Trunk Pacific.

The Grand Trunk Pacific project was completed three or four years ago; yet the Government has not put into effect the terms of that resolution. Will they do it now? The resolution expresses the fear that Canadian trade will go through a port in Maine instead of through St. John and Halifax. I trust that the Government will take into consideration public opinion as it is expressed from day to day. Public opinion indicates clearly that the conditions generally are unfavourable to the carrying out of this proposal at this time. The fact that this railway goes to a port on the American coast is detrimental to the maritime ports of Canada. I trust, therefore, that this matter will at least be deferred until next session in order that the people may give it more consideration; and, if this Government does not do so, that this House and the Senate will see to it that public opinion is respected. I do not fear the influence of any corporation—I am expressing my opinions as I have expressed them consistently during the last fifteen years in regard to this matter of railways. Moreover, I have placed before the Committee the opinion of the Board of Trade of the town of Bathurst, in Gloucester county—a board composed chiefly, I may say, of leading Conservatives of that town.

Mr. J. H. SINCLAIR: A question was raised by the member for Pontiac (Mr. Cahill) a short time ago which deserves, I think, more attention than the Minister of Railways gave it. I refer to the guarantee of $30,000,000 mentioned on page 51 of the blue-book. I quote:

> Besides the guarantees to the Grand Trunk Pacific, the Grand Trunk railway have guaranteed the following.

A number of railways are mentioned, and we come down to the Southern New England railway:

> Under construction. Information at hand is very incomplete. In May, 1916, the Central Vermont railway got authority to issue $30,000,000 of bonds, bearing guarantee of Grand Trunk Railway Company, but what portion, if any, of this issue was made, it cannot be said.

That is an extraordinary statement to make in connection with a business venture of this kind—that three and a half years ago the Central Vermont was authorized by the Grand Trunk Railway Company to issue bonds to the extent of $30,000,000 and to sell them to the public, and that at this day the Government is not able to ascertain whether those bonds were all issued or not or how many were issued. There must be something wrong with this statement. We know that whatever the number of bonds issued to the public, the Grand Trunk Railway system is bound to meet that obligation. I would like the minister to explain this paragraph; to tell us how many of these bonds were issued and why the Government is not able to tell whether the whole amount was issued or not.

Mr. MEIGHEN: If the hon. gentleman will look at page 35 of the blue-book he will ascertain just the relationship between the Central Vermont and the Grand Trunk. The statement says:

> Grand Trunk Railway Company of Canada controls Central Vermont Railway Company by majority stock ownership (72%). This company owns 246.3 miles in U.S.A.

From the statement on page 51 it would appear that the Central Vermont received authority for an issue of $30,000,000 of bonds. It is only proper that information

as to whatever indirect liability there may be on that account upon the Grand Trunk be made known as clearly as possible. That information will be secured for the hon. gentleman. But if, say, half of those bonds were issued, the proceeds would be in the Central Vermont property in addition to the value of that property. If nothing at all was issued there would be no addition; if the whole thing was issued there would be that much addition. It cannot be said that it means just that much less value in the Grand Trunk. Presumably it means nothing less or nothing more, because the proceeds of whatever was issued would be there in the road, which is owned to the extent of seventy-two per cent by the Grand Trunk Railway Company.

Mr. J. H. SINCLAIR: Everything depends on what the railway to be built with the proceeds of this issue is worth. If it is not worth the amount of the bonds, then the Grand Trunk would have to implement that liability. But we ought to know what the liability of the Grand Trunk in this respect is. The minister has not told us why it is difficult to get that information.

Mr. J. D. REID: There is no difficulty at all.

Mr. J. H. SINCLAIR: Why is it not a matter of record?

Mr. J. D. REID: We have given all the records that we have in the department. This statement was made from the official records in the department; if there is any further information that I can give I shall certainly get it. I shall take this matter up with the Grand Trunk officials in the morning and probably by to-morrow give the hon. gentleman in detail the information that he asks for. There is no desire at all to withhold it.

Mr. MEIGHEN: Is the information not already of record in the statement that has been put on Hansard? The obligations in respect of the guarantees of the Grand Trunk Railway system are all stated, and included in it is the Central Vermont railway. The interest rate is given as four per cent; outstanding bonds, $11,750,000; annual interest, $470,000. The par value of the stock owned by the company is given next. From that statement it appears that the hon. gentleman's question is fully answered. The outstanding obligation in respect of which there is a Grand Trunk guarantee is, therefore, $11,750,000.

Mr. J. H. SINCLAIR: I understand that to be in addition to the $30,000,000.

[Mr. Meighen.]

Mr. MEIGHEN: No this is given as obligations in respect of guarantees of controlled or subsidiary companies. This would be the total obligation in respect of which there is guarantee.

Mr. J. H. SINCLAIR: Then why is it stated in the blue book that it is impossible to obtain the information?

Mr. MEIGHEN: That statement was prepared earlier; the one that was put on record to-day is a more recent one.

Mr. J. D. REID: At the top of page 51 the hon. member will see the words "guarantees as at December 31st, 1917." That was almost two years ago; this other statement is up to date.

Mr. FIELDING: The statement means a little more than the Minister of the Interior has indicated. I think it is a full confirmation of the view we have taken on this side of the House that this transaction of enormous magnitude, of most complicated character, affecting the accounts of many companies, is being thrust upon the House with absolutely inadequate information. In newspaperdom they have a fashion of giving prominence to a thing by setting it up, as they say, "in a box," where you can see it separate and apart from everything else.

I think the point to which the hon. member for Pontiac (Mr. Cahill) and the hon. member for Guysborough (Mr. J. H. Sinclair) have been referring ought to be set up in Hansard "in a box". This is the statement which appears upon page 51 and upon which we have been voting. The minister, it is true, brought down something extra to-day, but in the meantime we have been voting on this blue-book, and on the faith of it some hon. gentlemen have been supporting this measure. On page 51, we find an official statement giving guarantees as of December 31, 1917, or nearly two years ago. That is, all the information which the Government could bring down to us is two years old. We read:

Besides the guarantees to the Grand Trunk Pacific, the Grand Trunk Railway Company have guaranteed the following:

Then follow several railways. Then comes:

Southern New England railway. Under construction. Information at hand is very incomplete. In May, 1916, the Central Vermont railway got authority to issue $30,000,000 of bonds, bearing guarantee of Grand Trunk Railway Company, but what portion, if any, of this issue was made, it cannot be said.

The Central Vermont is a subsidiary of the Grand Trunk. That statement should be set up "in a box"—a $30,000,000 transaction

concerning which the official information is simply that it is very incomplete. We cannot add anything.

Mr. MEIGHEN: But it is added.

Mr. FIELDING: Does my hon. friend's statement which has been brought down today, but which has not been printed, refer to the Southern New England railway? I think what he read a moment ago referred to guarantees by the Grand Trunk of the Central Vermont.

Mr. MEIGHEN: Yes, the Central Vermont.

Mr. FIELDING: But in this case the bonds would be issued by the Southern New England railway which would be a subsidiary of the Central Vermont, and the Central Vermont would be a subsidiary of the Grand Trunk.

Mr. MEIGHEN: Is it not the other way about? The bonds would not be issued by the Southern New England railway because the statement says that the Central Vermont railway got authority to issue these bonds, bearing guarantee of the Grand Trunk Railway Company. Then the statement following that shows the whole issue in respect of the Central Vermont railway, in respect of which there is a Grand Trunk guarantee. It is true the figures are not given here in respect of that one subsidiary line, but they are given in respect of the others. The information as of that date is pretty complete as regards the other roads. But all the information is not on page 51; the whole book is full of it, and in so far as it is incomplete in that one particular, it is made complete by this subsequent statement.

Mr. TRAHAN: Is it the intention of the Government to have this new statement printed?

Mr. MEIGHEN: The statement is on Hansard and, of course, it will be printed in Hansard to-morrow.

Mr. J. H. SINCLAIR: The whole business in connection with branch lines is very unsatisfactory. It appears that we are purchasing a very heavy liability in the United States, according to this blue-book. None of these railways is, so far as we can learn, paying its way. If you look at page 27, you find the following:

United States affiliations—by book figures of December 31, 1917, these roads show a deficit of $1,302,154. To this must be added deficit of Central Vermont of $154,729 not shown in Grand Trunk Railway Company's statement. This, however, does not show the deficit for the Atlantic and St. Lawrence which for 1917 was about $1,200,000. Thus making over $2,600,000 as the income cost to the Grand Trunk railway in 1917, for the American railways.

That is to say, this group of railways, all in a foreign country, which railways we are going to place under our control and pay for, are losing money to the tune of $2,600,000 a year. That is what it looks like. That is public ownership with a vengeance. The people of Canada might be in favour of public ownership, but they are certainly not in favour of public ownership in a foreign country by which the taxpayers of this country have to pay $2,600,000 a year to keep those railways going.

Mr. MEIGHEN: The hon. member knows, if he will consider a moment, that that is not the right way to state the matter at all. It is true that the Grand Trunk is in a foreign country. If the Grand Trunk were a system that were severable, it stands to reason that we would not be anxious to get the portion in a foreign country; we would be glad not to. But it is not severable; we cannot sever it and make it a system at all. Consequently, this has to be secured. While that might be the loss in respect of those American lines, that is made up again on the other side, and the whole is reflected in the final statement of the Grand Trunk Railway system, which final statement is really the matter in which the people of Canada and the members of this House are interested. That is the aggregate. In making up that aggregate, these deficits are taken into account and surpluses on other roads on the other side are taken into account, and the net result is there shown, so that it is wholly wrong to say that we are taking some sections there and that the people of Canada will be taxed in order to pay deficits upon them. The people of Canada get something against that, and one is set off against the other. The total shows a surplus, and it is the value of the stock on which the surplus arises that we are having arbitrated.

Mr. FIELDING: While I understand the difficulty of separating these roads, it seems that we are going to take over these roads in the United States for the benefit of Americans at a cost of upwards of $2,000,000 a year. That may be unavoidable, but it may be just as well to know that we are acting in that benevolent way and that that action is being taken by people who formerly did not want to "have any truck or trade with the Yankees." It seems that we are very generous to pay $2,000,000 a year in order to give them cheap rates.

Mr. MEIGHEN: The hon. member has quite outdone his competitor from Guysborough (Mr. Sinclair) in unfairness. There is nothing generous in this matter at all, nothing in the way of paying something for Americans; we are paying it wholly for ourselves. If this were not there, we would be paying just that much less; but this being there, there may be other roads here in respect of which we get a benefit for which we pay nothing as a consequence of this being there. I am not explaining this for the benefit of the hon. member for Shelburne and Queens (Mr. Fielding) because his appreciation of anything of that sort is just as clear as mine, but why does he say that we are asking the people of Canada to pay out between two and three million dollars in order that Americans may have railroad service? We are not doing anything of the sort nor anything that could with any approach to fairness be so described.

Mr. FIELDING: I quite appreciate what the hon. member has said in regard to the difficulty of severing the undertaking, but there is no getting away from the fact that it is the people of Canada who are going to operate this road with a gain or a loss. It is debatable whether or not we are going to have a gain on the whole transaction, but it is the clearest thing in the world that there is a loss of over $2,000,000 on the American end of the Grand Trunk, and the people of Canada will have to pay that loss. There is no escape from that.

Mr. MEIGHEN: But does it not follow that against that we get $2,000,000 for which we pay nothing at all?

Mr. FIELDING: Not from the United States; we get it out of the ratepayers of Canada.

Mr. MEIGHEN: But we get it instead of the company, so that the thing is as broad as it is long.

Mr. ROBB: I suppose the Government are taking over not only the trackage of the Grand Trunk system, but the engines and the cars, the equipment. Has the minister any data as to what proportion of the engines, the motive power of the Grand Trunk, is owned by Blair & Co. and what proportion of the trucks are owned by the Columbia Trust Company?

Mr. MEIGHEN: I presume Blair & Co., is a company associated with the Grand Trunk in equipment trusts. Is that the case? I have never heard the name before, but I presume they issue equipment trusts, for that is the method by which the Grand Trunk, as any other company, owns its equipment subject to these equipment trusts, which are virtually mortgages against the equipment. I do not know just how much interest Blair & Co. have in the amount set out on page 39.

Mr. ROBB: I concluded that inasmuch as the minister was taking over on behalf of the people of Canada a large railway as a going concern, well equipped with engines and freight and passenger cars, he would be able to tell the people of Canada what proportion of those engines was owned by Blair & Co. and what proportion of the trucks was owned by the Columbia Trust Company.

Mr. MEIGHEN: They own none of them.

Mr. J. D. REID: Blair & Co. may hold the bonds against the equipment. Equipment trusts notes are shown on page 39, amounting to $6,092,999.91. The hon. member wants to know how much of those bonds are owned by Blair & Co, and how much by the Columbia Trust Company. That does not appear in this statement, but I have no doubt I can get it from the Grand Trunk people.

Mr. CAHILL: It is possible that these two companies absolutely own part of the rolling stock?

Mr. MEIGHEN: They do not.

Mr. CAHILL: I am quite willing to take the minister's word, but when my hon. friend Mr. Robb asked him the question he did not know. It is a practice in the United States to lease engines, and we would like to know whether this rolling stock of the Grand Trunk is leased or purchased, what amount of rolling stock there is, and the liabilities against it. It is just possible that a large percentage of the rolling stock of the Grand Trunk is only leased. We should have all this information.

Mr. J. D. REID: The company owns a large proportion of the equipment outright. It appears in the list of assets as "Property invested in road and equipment, $434,990,-999.37." The equipment is not shown separately, but I could get that information. The other amount representing equipment notes outstanding is for new equipment that has not been paid for, and against which there will be bonds. Some of these may be owned by Blair & Co. and some by the Columbia Trust Company. If the hon. gentleman will turn to page 38 he will find

the amount invested in the road and equipment under the head of "Assets."

Mr. CAHILL: How can we tell how much was invested in equipment and how much in the road?

Mr. J. D. REID: I will get the hon. gentleman a statement in more detail.

Mr. ROBB: I think this is a matter of importance to the people of Canada The minister must have seen a great number of the engines on the Grand Trunk railway with a plate bolted on them labelled "Owned by Blair & Co." It does not say "Bonded" or "Mortgaged," but "Owned by Blair & Co."

Mr. J. D. REID: That is what they call equipment bonds.

Mr. ROBB: A number of the trucks also have a plate, "Owned by the Columbia Trust Company." Imagine the condition the Government would be in, if they took over the road and then Blair & Co. and the Columbia Trust Company said: "We own those trucks and we want them immediately," and then took possession of them. The minister should tell us under what conditions we are operating this equipment, and if it is leased, for how long?

Mr. J. D. REID: Blair & Co. could not possibly take the engines in the way my hon. friend suggests. The engines are the property of the company and the bonds are simply a mortgage on the engines. They could never be taken so long as the interest and the agreed amount of principal is paid annually. The same applies to the Columbia Trust Company. Nearly all the railway companies, the Canadian Pacific, for instance, the Canadian Northern, and the Grand Trunk issue equipment bonds against their equipment at the time of purchase. You will see quoted on the market Canadian Pacific equipment bonds, Canadian Northern equipment bonds, etc. The cost of the equipment and the interest on it is a charge in connection with operation, and is not put in the list of liabilities against the road.

Mr. J. H. SINCLAIR: The clause we are discussing involves the taking over of the entire capital stock of the Grand Trunk with the exception of $12,500,000 of guaranteed stock. Have the Grand Trunk directors given the Government any assurance that the Grand Trunk has control of the entire capital stock of the company? I have frequently seen it stated in the newspapers that this stock is floating around in different countries, in Europe and elsewhere, and I have not heard the minister say anything on that question.

Have the directors of the Grand Trunk Company all the stock under their control in such a way that when the arbitration is completed they can turn it over to the Government, none of it being in the hands of private owners?

Mr. MEIGHEN: That is, the stock we are arbitrating on?

Mr. SINCLAIR: I am referring to all the stock. The guaranteed stock may be in the same position, but the common stock and the preference stock. That is the stock that is most likely to be scattered around. What will be the position if the directors of the Grand Trunk are not able to deliver the whole of that stock when the transaction is completed? Have they given an assurance to the Government that they will be able to deliver it?

Mr. MEIGHEN: I have not heard of any assurance from the Grand Trunk that they have their hands on the stock and can at any fixed date deliver it. But a study of the Bill will disclose this situation: The Bill contemplates an agreement which must be ratified by the shareholders of the Grand Trunk; that is, by the holders of these very stocks in question.

Mr. SINCLAIR: A majority.

Mr. MEIGHEN: I should think that for a transaction of this kind it would require a two-thirds majority, but that is a question of law. Assume for the sake of argument that it is just a majority; it would mean that the company bound itself to deliver the stock. The Bill goes on to say that the agreement shall provide that any undelivered stock may be declared by the Governor in Council to be the property of the Government, and until it is delivered they have no rights at all. The rights of the company cease immediately on the declaration of the Governor in Council. We have jurisdiction to do that because it is a Canadian incorporated company, and in any event they accede to the exercise of that power. Consequently the country takes no chances in that regard at all. It may be some time before all the stock will have been searched out and returned, but until it is, no rights rest in them and no obligation rests on us.

Mr. J. H. SINCLAIR: I do not think that that transaction would be sustained by any court of law in the world. I do not believe it would be held that the Grand Trunk directors or a majority of the shareholders

could legally take any action by which the stock of the minority might be confiscated. The people who hold that stock have certain rights. The stock may not be worth anything, but it belongs to them. In some cases it is in the hands of shareholders in countries in Europe. Will this Government confiscate it without paying anything for it? I can well understand that the Grand Trunk Company can control the guaranteed stock, because the people who hold it expect to get bonds of the Dominion of Canada in exchange for it. But I am referring to the stock for which the holders will get nothing. They may expect something and, when the arbitration is over, may find their stock is not worth five cents. They may not be willing to surrender it to the company or the Government, but the minister wishes us to understand that the Government is going to confiscate stocks in the hands of Dutch holders, for instance, and annihilate their rights. Is that the position?

Mr. MEIGHEN: I am very glad to hear the sentiments in general that animate the hon. gentleman. I thoroughly agree with him that it would be entirely wrong on the part of this Parliament to pass a law which would confiscate the property of any person simply because we, or, indeed, some institution or commission appointed by us, declared that the stock was of no value. Such a course would be arbitrary, high-handed and wholly indefensible. I commend that sentiment to the hon. gentleman's consideration, particularly in reference to the Canadian Northern stock, and I am sorry that it did not occur to him at the time of the discussion in connection with that subject. In relation to this we do not presume to do anything of the sort. We first of all ask that the Grand Trunk Company, by its shareholders, take such action as legally binds all the shareholders in this regard. Until the company takes that action we can neither assert nor enjoy any rights under the agreement. They must so ratify the agreement that it will have a legal effect, binding their shareholders to comply therewith. That done, then there can be no confiscation on our part.

Mr. J. H. SINCLAIR: Can legal authority be given for such action?

Mr. MEIGHEN: They must have legal authority to take that action. We must be advised on the highest legal authority that the action is competent on their part.

Mr. J. H. SINCLAIR: It is a very unusual authority to give a company. I do not think the minister should say they can do that unless he knows that there is something in the charter of the Grand Trunk Company to enable the directors to take that step. It does not appear that they have any legal authority for it.

Mr. MEIGHEN: I am sure the Grand Trunk people would not undertake to do it unless they knew there was legal authority.

Mr. MACKENZIE KING: The minister says that the agreement will provide for ratification of it by the shareholders. Why should the agreement not also provide that this Parliament should ratify it?

Mr. MEIGHEN: That is what this Parliament is engaged on now.

Mr. MACKENZIE KING: Parliament does not know the terms of the agreement.

Mr. MEIGHEN: We authorize the entering into of the agreement on the terms set out in the Bill. Parliament is now engaged in doing what the shareholders will afterwards be asked to do.

Mr. MACKENZIE KING: The shareholders of the Grand Trunk will be given the privilege of knowing the terms they are called upon to ratify, but this Parliament is being asked to authorize an agreement, the terms of which it does not know. I would ask the minister if it is fair to the people of Canada, that their own representatives should be asked to give their consent to an agreement the terms of which they do not know, and which will not become binding until the shareholders of the Grand Trunk Railway Company, who are the other party to the agreement, ratify. It is putting Parliament in a most extraordinary position. The people have absolutely no rights in this Parliament in accordance with the procedure the minister is adopting. I cannot emphasize too forcibly what I believe every member on this side feels strongly, and what I am sure many members on the other side feel equally strongly, that the Government has no right to ask this Parliament to assent to a transaction involving the expenditure of millions of dollars, not only in one year but for many years, and give Parliament no opportunity to ratify the terms of that agreement, while on the other hand they reserve to the shareholders of the Grand Trunk Company the right of ratification before the agreement goes into effect.

Mr. MEIGHEN: The hon. gentleman would have the right to become quite in-

dignant if his facts were anything approaching accuracy. But they are not. The terms of the agreement are set out in the Bill.

Mr. MACKENZIE KING: Where are they?

Mr. MEIGHEN: In the Bill, the clauses of which hon. members will not let us get to the consideration of. We are only at Clause 2. The Bill is an embodiment of the terms of the agreement to be entered into. Nothing can be in the agreement that is in the slightest degree inconsistent with the definite terms set out in the Bill. If there is any term which the hon. member thinks should be in the agreement, or any which he is of opinion should be struck out, he is at liberty to move an amendment to that effect. We cannot do anything that the Bill does not authorize.

Mr. MACKENZIE KING: Will the minister say what is meant by the following:

> The said agreement shall contain provisions for the defining of the companies, properties and interests, comprised in the Grand Trunk system, and, including the terms and provisions hereinafter set forth, may contain such other terms and conditions as the parties may agree upon.

What is meant by the words, " such other terms and conditions as the parties may agree upon?" These are the terms and conditions of which nothing whatever is said in this Parliament and of which this Parliament knows nothing.

Mr. MEIGHEN: These terms and conditions cannot in any way conflict with the terms and conditions, " hereinafter set forth."

Mr. MACKENZIE KING: What is the meaning of the words I have quoted ?

Mr. MEIGHEN: There must be details. It would take a very long time to work out all the details of an agreement of that sort. We will have a reasonable time to work out all the details of the agreement with the Grand Trunk. The Bill establishes the principle. There is nothing in the world to bind Parliament in that. Parliament is free and untrammelled. There will be details of organization and it is the part of wisdom to allow freedom that these may be taken care of in order that the public interest may be protected. The hon. gentleman talks about this being an invasion of parliamentary rights. I do not doubt for a moment that you could go back to the days of Confederation and trace Bills almost yearly that authorized the Governor in Council to enter into agreements or to make law by regulation. The principle of our legislation is that the main lines are laid down in the Bill and the details are worked out by the Governor in Council under the authority of the Bill. Parliament has been doing this not only every year, but almost every week since Confederation. Everything in the way of authority such as is here sought is sought in almost all legislation that comes before this House.

Mr. MACKENZIE KING: If the minister would be agreeable, when we come to the section, to strike out the words " or upon such other terms and conditions as the parties may agree upon," meaning terms and conditions other than those contained in the Bill, it would meet the objection.

Mr. MEIGHEN: I would be agreeable to insert the words " not inconsistent with the terms of this Bill."

Mr. MACKENZIE KING: That would be a slight concession.

Mr. DECHENE: I would like the minister to tell us what he means by the words " and with such other companies and interests as the Government may think necessary." If we are dealing with the Grand Trunk, what necessity have we to deal with other companies and interests? There seems to be a nigger in the wood-pile. Let the minister tell us the name of these companies and parties interested.

Mr. MEIGHEN: That, I understand, has been fully explained. I have not given any study to it and I may not have it exactly right. Subject to correction—because I am sure the explanation given about it would be correct—I would say that it may be found necessary that the Government should get the assent of certain subsidiary companies to certain provisions of the Bill. It might be, for example, that the Grand Trunk might not have the right to the assignment of certain rights in respect to a subsidiary company. They might have a lease of a railway, but they might have no right to assign that lease. I do not see what restraint there might be upon them. The illustration I have suggested would seem to me to be a very unlikely one. I would presume that if, as a matter of extra precaution, we found it necessary to take some action in respect to some concession or subsidiary company we could do so.

Mr. DECHENE: It would be interesting to find out all about these leases. If we are going to deal with the Grand Trunk

let us deal with the Grand Trunk, and let us not buy, or deal on the side with, subsidiary companies of any kind.

Mr. MEIGHEN: I do not think it is at all probable that there is any lease; in fact, I do not think that what I suggested is very likely to occur for the reason that the Grand Trunk Company will be the Grand Trunk Company after we get the stock just the same as it was before and any rights it had will be just the same and not one whit less. But it may be that in the public interest some further concession should be secured from one of the subsidiary companies, possibly from the Grand Trunk Pacific. This will enable us to do it if it is considered necessary. I presume the draughtsman of the legislation thought it wise to put that in. I did not make a special inquiry on that point myself, but in view of the fact that the explanation is already on Hansard, given at a previous time. I think it should satisfy the hon. gentleman.

Mr. DECHENE: Are we to understand that the companies and interests mentioned are companies and interests which may be created for the purpose of dealing with the Government in acquiring these rights of subsidiary companies? Or are they actually existing companies holding these rights at the present time?

Mr. MEIGHEN: They actually hold them now.

Mr. DECHENE. Will the minister give the names of these companies?

Mr. MEIGHEN: They are all here on pages 39 and 40.

Mr. MACKENZIE KING: Does the company own any property in Europe or Asia?

Mr. MEIGHEN: Not that I know of.

Mr. FIELDING: They have very fine offices in London which will go to the Government, I presume.

Mr. MEIGHEN: If England is considered as being in Europe I would presume that they would. But they have no property on the mainland of Europe or Asia that I am aware of.

Mr. DEVLIN: At what does the minister place the total liabilities of the lines to be taken over which now operate on American soil?

Mr. MEIGHEN: That is given on page 40.

[Mr. Dechêne.]

Mr. DEVLIN: Do I understand that these roads, a list of which is given in this blue-book, are to be taken over when we take over the Grand Trunk and Grand Trunk Pacific?

Mr. MEIGHEN: We had the right to take them over because we will have a controlling interest in them.

Mr. DEVLIN: The minister could not tell me what are the real lines to be taken over? The Minister of Railways said before the minister (Mr. Meighen) came in this evening that we would take over the branch lines.

Mr. MEIGHEN: It is incorrect, strictly speaking, to talk about our taking over the branch lines. We take over the stock of the Grand Trunk; that is all we take over. In taking over that, we take over all the rights of the company. One of the rights of the company is to abandon any property in respect to which it has no obligation except the ownership of its stock.

Mr. DEVLIN: The minister knows perfectly well that I am not asking for a repetition of the statement on that aspect of the matter. The statement was made before the minister came in by the Minister of Railways that we were going to take over subsidiary lines. He said there is no doubt about it. I am simply asking if these lines are some of the subsidiary lines the Government has already got or means to take over?

Mr. MEIGHEN: The Minister of Railways, not being a lawyer, does not see the full significance of the hon. gentleman's words. The Minister of Railways does not mean that we are to take over the roads in the sense the hon. gentleman has in mind at all. He simply means we take over the main company with all the rights of the main company. One of the rights that we secure is to take over such subsidiary companies as the parent company has the right to operate. It is our intention, in so far as they are assets to take them all over, but I assure the hon. gentleman if there is any American company for example, in which, in so far as operation is concerned, only the people over there are interested and which is more of a liability than an asset, we will not be bothered with it.

Mr. DEVLIN: I do not exactly gather the meaning of the minister's statement, but I assume that in the case of some of those

roads which are on American soil, notwithstanding their heavy liabilities, if the Government finds them profitable to take over they will do so.

Mr. MEIGHEN: We have no taking over to do. We will operate them. If the roads are profitable we will operate them just the same as they are operated now.

Mr. DEVLIN: Then they will be operated, not for the benefit of the people of this country but for the benefit of the people over there?

Mr. MEIGHEN: No, they will be operated for our benefit in the event of their being profitable. That was the condition expressed by the hon. gentleman.

Mr. DEVLIN: If they are profitable?

Mr. MEIGHEN: If they are profitable, do we not get the profit? Why then should we throw that profit away?

Mr. DEVLIN: I am not speaking about their being profitable at the present moment. History tells us, and best information we get shows that they have not been profitable. The minister now reasons that if these railways are profitable they have a right to take them over.

Mr. MEIGHEN: Operate them.

Mr. DEVLIN: If I understand correctly, one of the reasons that might make them profitable for the people of this country is to get the advantage of the ports of Portland, Boston and New London. Is that right or is it wrong?

Mr. MEIGHEN: I do not think it is very right, but the hon. gentleman knows just as much about it as any one knows. It may be profitable to operate a road in the United States; if it is not profitable, if it is not of advantage in this country to operate the road, we are not going to do it, the hon. gentleman can be sure of that. We are not concerned in building up American ports for American roads, we have tried to let the hon. gentleman understand that for many years gone by. But it might be of value to run a road as a feeder. It might be such an integral part of the system that though there might be a deficit in respect to the books of that company itself, still its resultant benefit to the system might be such that it would be to our advantage as a Canadian people that the Grand Trunk should operate that road. That is the principle that we will be guided by.

Mr. DEVLIN: I presume that is the only information in a concrete form that we can get. I will therefore have to declare myself satisfied.

Mr. MACKENZIE KING: One clause in this Bill provides that three arbitrators are to be appointed, and according to the wording of that clause the agreement would contain the name of the arbitrators. Is that correct?

Mr. MEIGHEN: We are not at that clause yet.

Mr. MACKENZIE KING: I am simply asking for information.

Mr. MEIGHEN: To which clause does the hon. gentleman refer?

Mr. MACKENZIE KING: I think clause 6 is the one that refers to the appointment of arbitrators. The point I wish to ask the minister about is this: As I read the Bill referring to the question we were speaking of a moment ago as to the knowledge the respective parties would have, the shareholders would know the names of the arbitrators before they are asked to ratify this measure.

Mr. MEIGHEN: The agreement will not contain the names of the arbitrators. The appointment of arbitrators is covered in a letter of October 9th addressed by myself to Sir Alfred Smithers; the point is more fully stated there than it is in the Bill

12 midnight.

The terms of that letter will be strictly followed. It says the agreement shall provide that each side shall name an arbitrator and that the two so appointed shall name a third, or, failing an agreement on the part of these two, the third arbitrator shall be named by Sir Walter Cassels and Sir Louis Davies, acting together. That is what the agreement provides.

Mr. ROBB: Before the clause passes, we want some more information from the minister as to the correctness of the statements in the blue book. At page 45 the capital stock of the Atlantic and St. Lawrence railway, guaranteed or preferred, is given as $5,483,800 at six per cent; on page 51 speaking of the same company reference is made to "five per cent on capital stock of $5,484,000 as rental". The minister will notice that makes considerable difference on the annual contribution of this 200 odd miles of railway. Perhaps he can explain which of these statements is right.

Mr. MEIGHEN: The capital stock of the Atlantic and St. Lawrence railroad is shown

on page 40 as $5,484,800 and noted at six per cent.

Mr. ROBB: Now if the minister will turn to page 51 he will notice the capitalization given somewhat differently, and at five per cent.

Mr. MEIGHEN: The statement put on Hansard to-day gives the figures exactly the same as at page 40, at six per cent.

Mr. ROBB: So the statement given at page 51 is not a correct statement?

Mr. MEIGHEN: That does not necessarily follow, because the statement at page 51 shows the condition as at December 31, 1917. It may be—I have not looked into it—that the stock matured and that the interest rate was raised. That is possible, but it does not follow that there is any error.

Mr. ROBB: The minister cannot get away with that explanation, because on page 40 the date is exactly the same, December 31, 1917.

Some hon. MEMBERS: Carried.

Mr. ROBB: No, it is not carried. This involves $60,000 a year and we want to know something about it.

Mr. MEIGHEN: Well, six per cent is evidently right. On page 40 the capitalization is of December 31, 1917. It may be that the capitalization figures are as of that date and the interest was put in as it stands now. It may possibly be a misprint, it may possiby be an error, but the correct information is given in the statement placed in Hansard to-day which agrees with the statement on page 40 that it is six per cent interest. It is by way of rental.

Mr. ROBB: Your information on page 51 is not right. It may or may not be a misprint, but that it is not right, the minister will admit.

Mr. MEIGHEN: I would not like to say it is not right, although it is possible it is not right.

Mr. J. H. SINCLAIR: There is discrepancy in the mileage that I would like to get an explanation of. At page 26 the mileage of the Grand Trunk in the United States is placed at 1,665, and on page 33 the mileage in operation in the United States is given as 1,367.5 miles. Which of these is correct, because it makes a difference of 297 miles?

Mr. MEIGHEN: If the hon. gentleman will look at the top it says that the total mileage operated in United States owned or controlled by the Grand Trunk is 1,367.5 miles. In the next column the mileage operated in the United States under the heading of "Leased or Rights" is given, 298.0, and the total is 1,665.5, exactly as set out on page 26.

Mr. CAHILL: The Minister of the Interior made reference to a statement giving the guarantees in connection with the Central Vermont Railway Company. I find on page 40 of the blue book in the funded debt an item of $9,521,000 in respect of the Central Vermont Railway Company; this is in the statement of December 31, 1917. With regard to the $30,000,000 bond issue in respect of the Southern New England railway, has any part of that been issued, and at what rate of interest?

Mr. MEIGHEN: That is a four per cent bond issue of the Central Vermont railway. The amount issued is $11,750,000 as set out in the statement which was put on Hansard to-day.

Mr. CAHILL: Is the $9,000,000 that is shown on page 40 part of the $11,000,000 referred to in the statement which was put on record to-day?

Mr. MEIGHEN: That $9,000,000 on page 40 is under the heading, "Funded Debt, Bonds and Debentures, Notes—Loans." Then, in the next column, under the heading "To public, equipment, etc.," there is an item of $441,000, and there is a further item of $808,000 under "Held by public, common," making a total held by the public of $10,770,900. That would be a portion of the amount set out in the statement filed to-day.

Mr. CAHILL: When was that bond issue?

Mr. MEIGHEN: I do not know the date, but the authorization was on May 4, 1916. Of course, the issue must have been since that. But we are not concerned about the exact date, because there are no arrears of interest.

Mr. CAHILL: The minister says that $11,000,000 of bonds have been issued. How much mileage has been constructed with the proceeds of this issue of bonds?

Mr. MEIGHEN: Central Vermont, 246.3 miles.

Mr. CAHILL: What part of the Southern New England railway has been constructed with the proceeds of this $11,000,000 worth of bonds?

Mr. MEIGHEN: None of it.

Mr. CAHILL: Although this money has been spent since 1917, there is absolutely no added mileage shown?

Mr. MEIGHEN: Apparently this was only a charter; none of the bonds were used for the Southern New England road.

Mr. CAHILL: What was the nature of the agreement that gave the Central Vermont the right to issue bonds guaranteed by the Grand Trunk Railway Company for the purpose of constructing the Southern New England railway?

Mr. MEIGHEN: The Central Vermont was authorized to issue $30,000,000 worth of bonds, and out of that, I gather, they had power to build part of the Southern New England railway. As a matter of fact, they did not do it, so it does not matter what the power was. What they have issued of bonds, they have used for their own road. The indebtedness, as has already been given and as embodied in Hansard, is $11,750,000.

Mr. CAHILL: All bonds.

Mr. MEIGHEN: Yes.

Mr. CAHILL: I have said that there is an item of $9,521,000 in the statement as of 31st December, 1917. When was the extra million dollars issued?

Mr. MEIGHEN: I cannot give the date of the issue of the bonds. The interest is paid on them up to date, so what is the difference?

Mr. CAHILL: The minister says that if the interest is paid it does not matter how much we spend?

Mr. MEIGHEN: The interest is paid up to date. We are not concerned in the date of the bond issue; we are concerned with the obligation in respect of the subsidiary companies—that is, so far as we are concerned at all. What difference does it make when the bonds of a subsidiary company were issued? What we want to know is what is against it now, and that we know.

Mr. CAHILL: Who paid the interest on these bonds?

Mr. MEIGHEN: The Company.

Mr. CAHILL: We were told to-day that the Central Vermont Railway Company were indebted to the Grand Trunk for something like $8,000,000, so that the interest could not have been paid by the Central Vermont; if they paid it, they must have borrowed it from the Grand Trunk. If this company was in a position to pay interest, why did it not pay the Grand Trunk?

Mr. MEIGHEN: It has paid its interest. The Grand Trunk responsibility is set out just above on page 51 as follows:

> The Grand Trunk railway guarantee the interest on the bonds by traffic contract up to an amount equal to thirty per cent of the gross receipts from interchange business.

Mr. CAHILL: Apparently the Central Vermont owe the Grand Trunk over $8,000,000. What control has the Grand Trunk over the Central Vermont now?

Mr. MEIGHEN: The hon. gentleman will see exactly the control they have if he refers to page 35—72 per cent of the stock.

Mr. CAHILL: How are we to collect this $8,000,000 from them?

Mr. MEIGHEN: Draw on them, I suppose.

Mr. CAHILL: And they will borrow more from the Grand Trunk to pay it with, is that the idea?

Mr. MEIGHEN: I do not know where they will borrow it.

Mr. CAHILL: Where may the statement be found of the assets of the Central Vermont?

Mr. MEIGHEN: On page 40, as well as pages 34 and 35.

Mr. CAHILL: What is there on page 40 about the assets of this company?

Mr. MEIGHEN: Well, they own 246·3 miles of railway in the United States.

Mr. CAHILL: Anything else? Are those all the assets they have? Is there no rolling stock?

Mr. MEIGHEN: Yes, there is rolling stock.

Mr. CAHILL: What are the liabilities?

Mr. MEIGHEN: It is only three minutes since I gave that. They amount to $11,750,000 as appearing on the statement laid on the Table to-day and put on Hansard.

Mr. CAHILL: Does that $11,000,000 include the $8,000,000 which is owing to the Grand Trunk by the Central Vermont, or is that a bond issue as the minister said a few minutes ago?

Mr. MEIGHEN: The blue-book on page 40 shows it as of December 31, 1917.

Mr. CAHILL: The minister stated that there were $11,000,000 worth of bonds issued

and outstanding against the Central Vermont. Another minister of the Crown told us to-day that the Central Vermont owed the Grand Trunk Railway system some $8,000,000. I am asking now what are the liabilities of the Central Vermont. Where is the statement of the Central Vermont showing the assets and liabilities?

Mr. MEIGHEN: The Central Vermont have a deficit, as shown on page 54.

Mr. CAHILL: That is an operating deficit?

Mr. MEIGHEN: Unless it appears that we are under an obligation to operate it or that it pays to operate it as a feeder to the Grand Trunk system, then it may be abandoned. But as I pointed out a while ago to the satisfaction of those who listened, although there may be a deficit on that, that must be made up by a surplus somewhere else before there can be any final surplus in the whole system. The final surplus is shown, and that is what we are interested in. We do not pay the deficit because we get something else.

Mr. CAHILL: Where is that shown?

Mr. MEIGHEN: On the first page of the blue-book after the correspondence.

Mr. J. H. SINCLAIR: I question whether the minister will be able to abandon the road, because the Grand Trunk has guaranteed 30 per cent of the gross receipts from interchange of business. I do not think he can say now that he will not operate it at all when he is bound to run it and to pay to the shareholders 30 per cent of the gross receipts.

Mr. MEIGHEN: I do not think that is right. What the blue-book says is this that the Grand Trunk guarantees them up to 30 per cent of the gross receipts. That is to say, if the Grand Trunk operates the road, it guarantees up to 30 per cent of the gross receipts from interchange of business. That is apparently an obligation, but it is only to the extent of receipts. Supposing the whole thing is a liability, it must be set off by a corresponding asset which we would get for nothing as a result.

Mr. J. H. SINCLAIR: The whole thing is a liability so far as the Grand Trunk is concerned.

Mr. MEIGHEN: That may be, but the aggregate shows a surplus to the stockholders of the Grand Trunk, and consequently there must be other assets bringing in revenue which have been set off against this liability.

Mr. CAHILL: Is there a surplus of earnings?

Mr. MEIGHEN: That is what is shown by the Drayton-Acworth report which the hon. member admires so much.

Mr. CAHILL: What does this book show?

Mr. MEIGHEN: The same thing.

Mr. CAHILL: Where are the surplus assets sufficient to pay the $2,433,000 that the hon. member is so anxious to vote to some parties unknown?

Mr. MEIGHEN: Page 56.

Mr. CAHILL: On page 56 it appears that no dividends were paid in 1918, nor in 1917 upon this stock. Why does the minister deliberately attempt to mislead the members of this House? I am asking the minister where he finds his revenue to pay interest on this appropriation which he is in such haste to get through this House?

Mr. MEIGHEN: We are in no hurry.

Mr. CAHILL: Why does the minister not furnish the information if he is in no hurry and let us debate it intelligently?

Some hon. MEMBERS: Oh, oh.

Mr. CAHILL: I know that will be too much to expect from hon. members opposite. I believe that not one in ten of them have read this statement and that not one in twenty-five would understand it if they read it. Not only are members sitting behind the minister unable to give the information, but the members of the Government themselves are unable to give it.

Mr. MEIGHEN: There are some people that some information will never sink into.

Mr. CAHILL: On page 45 is shown a surplus of $8,760. Where does the minister get the surplus to set off against the deficit?

Mr. MEIGHEN: I think the hon. gentleman is getting sleepy.

Mr. CAHILL: That is no answer at all. The minister says that he is willing to give us the information. If he wants to sit here all night, provided that he will furnish us with information, I am perfectly willing to stay with him. The Minister of Railways furnished some information to-day. He got the liabilities up to $527,000,000 and finally up to $539,000,000, and surely we are entitled to whatever information the Government may have. There is no reason in the world why they should hide it unless they have some reason which they

have not given to the committee. They are proposing to guarantee $60,000,000 worth of bonds, and on the operation as it stands to-day and for the last two years, a deficit has been shown. There is no possible chance of earning sufficient to pay the interest on these bonds. The question was asked why the Government were in such haste to guarantee them, and no satisfactory answer was given. When the minister says that the information is all in this blue-book, and then turns to page 56 as he did and finds that there was no interest paid on those bonds for the last two years, and when he turns to the Drayton-Acworth report which says that no interest should have been paid for the last ten years, I do not see how he can possibly hope to justify his case with any person but his very docile and gentle following who take absolutely no interest in this or other matters before the House since they have found that they are afraid to go home in the dark. There is no use their going home any more. The country will expect this information and the Opposition will expect it, and if my hon. friend is honest with the House he will give it to us. I do not see why he should not at least make an attempt at it.

Mr. MANION: I have noticed many times that the hon. member (Mr. Cahill) is very much worried about hon. members on this side of the House not taking part in this discussion. I should just like to enlighten him why. The reason they do not, if my conclusion is correct, is that most of the members on this side of the House do not like to get up and take part in this discussion unless they have something to say. My hon. friend does not seem to have any such scruples.

Mr. MACKENZIE KING: I should like to draw the minister's attention to what seems a little incomplete in the answer he gave a moment ago. Adverting to the right reserved to the shareholders of the Grand Trunk to ratify the agreement entered into, I asked the minister if a similar right was not to be reserved to Parliament. He replied that that right was to a certain extent being reserved in view of the fact that the terms and provisions of the agreement would be made known once this Bill had passed Parliament.

Mr. MEIGHEN: I did not say that at all.

Mr. MACKENZIE KING: What did my hon. friend say?

Mr. MEIGHEN: I said the terms and provisions were set out here, and only details that are ordinarily left to the Governor in Council are authorized by the Bill. Not only are the terms of the Bill set out here but even the details can be provided by Parliament to any extent hon. gentlemen desire. I did not say that publication of the Bill was of any assistance to Parliament.

Mr. MACKENZIE KING: What the minister has just said does not affect the point one way or the other. What I wish to point out is that all the knowledge this Parliament will have after this Bill is passed will be common knowledge. It will be known to the shareholders of the Grand Trunk just exactly to the same extent as it will be known to the representatives of the people here, but notwithstanding that fact the shareholders of the Grand Trunk Railway Company are to have the additional privilege of ratifying the agreement that has been made after this Act has been passed. The Government is not permitting the representatives of the people in Parliament to have a similar privilege. I wish to ask the minister how he can justify giving a right to the shareholders of the Grand Trunk Railway Company which he is withholding from the people of this country through their representatives in this Parliament.

Mr. MEIGHEN: Because he is not doing it.

Mr. MACKENZIE KING: He is doing it.

Mr. MEIGHEN: Parliament has the first opportunity. It deals with the matter first by this Bill fully, and in the way Parliament invariably deals with such matters. Everything is here that Parliament requires. If there is anything Parliament desires to put in the Bill it can put it in.

Mr. MACKENZIE KING: Is it not true that if this Bill passes Parliament and becomes an Act, the Government then draws an agreement between the Grand Trunk and itself?

Mr. MEIGHEN: In accordance with the terms of the Bill.

Mr. MACKENZIE KING: That is correct. The terms of the Bill, once it becomes an Act, will be known equally well to the Grand Trunk shareholders as to the people's representatives in this Parliament. That is true?

Mr. MEIGHEN: Yes.

Mr. MACKENZIE KING: Then is it not true that after this has been done and before the agreement becomes binding, it has

to be ratified by the shareholders of the Grand Trunk Railway Company?

Mr. MEIGHEN: The agreement is the same as the Bill.

Mr. MACKENZIE KING: Will the minister answer my question? Is it not true?

Mr. MEIGHEN: Yes.

Mr. MACKENZIE KING: Then is it not true also that the ministry is withholding from this Parliament a similar right of ratification?

Mr. MEIGHEN: No.

Mr. MACKENZIE KING: But we haven't it now.

Mr. MEIGHEN: If there are any details the hon. gentleman wants to be embodied in the Bill, let him move accordingly.

Mr. MACKENZIE KING: I must ask the minister, if possible, to give me a direct answer to a direct question. The agreement which is to be drawn is something which is unknown to this Parliament and will be unknown when this Parliament prorogues. In view of that fact the shareholders of the Grand Trunk Railway Company are going to be preserved in their right of ratifying the agreement before they become bound by it.

Mr. MEIGHEN: The agreement, I repeat, is embodied in the Bill.

Mr. MACKENZIE KING: That is true.

Mr. MEIGHEN: Then what more does the hon. gentleman want? If it is embodied in the Bill, is he not considering the agreement when he is considering the Bill?

Mr. MACKENZIE KING: The essence of the agreement may be embodied in the Bill, but we have had enough experience with some measures the Government has had to do with to know that the terms that may come out of an agreement which the Government may draft will not perhaps adhere as closely to some of the provisions of the Bill as the representatives of the people in Parliament might wish.

Mr. MEIGHEN: Will the hon. gentleman just give me one instance, and the term of the agreement that was not consistent with the Bill?

Mr. MACKENZIE KING: I shall be very glad to give the hon. gentleman numerous instances later on.

Mr. MEIGHEN: Now is the best time.

Mr. MACKENZIE KING: Now is the time I want to get an answer to the question I am asking.

[Mr. Mackenzie King.]

Mr. MEIGHEN: The hon. gentleman made an allegation that we had departed from the authority of an Act and embodied something in an agreement that was not in accordance with the Act. Now is the hon. gentleman's time to make good his allegation.

Mr. MACKENZIE KING: Not on this Bill.

Mr. MEIGHEN: Just give us an example in connection with any Bill.

Mr. MACKENZIE KING: When the hon. gentleman has given me a satisfactory answer to my question.

Mr. MEIGHEN: I will guarantee the hon. gentleman will never be satisfied with my answer.

Mr. MACKENZIE KING: That is quite correct.

Mr. MEIGHEN: He cannot make good his allegation.

Mr. MACKENZIE KING: I do not think the country will be satisfied with the minister's answer. At this time, of all times, the ministry has reason to have some little regard for public opinion. A good deal has been said in the House to-day about the battle of the rights of the people. The President of the Privy Council, just before he went out, spoke of the Government looking after the interests of the people in connection with this measure. The people have a chance to express their views on certain questions on different occasions; they have had a chance to-day. Five by-elections have been held and four of them have gone against the ministry.

Mr. MEIGHEN: How many went against the hon. gentleman?

Mr. MACKENZIE KING: - I have said four have gone against the ministry, which I think ought to be a sufficient index of public feeling.

Mr. MEIGHEN: How many went against the hon. gentleman?

Mr. MACKENZIE KING: I am not aware that any have. What I wish further to point out is this: That when public opinion is asserting itself against a ministry, as it is against this Government throughout the whole country, it is perfectly evident that the public are aroused against the executive usurping the power of Parliament at every turn. It is time the ministry reconsider their practice of ignoring Parliament altogether. I think the minister would be well advised to let this clause

stand for a time and confer with his colleagues, and see if it is not possible to give the House the assurance that at least the same privileges will be reserved for the people of this country as are being reserved by the Government's legislation to the shareholders of the Grand Trunk.

Mr. MEIGHEN: The same privilege are reserved, as the hon. gentleman well knows, and has been told a dozen times. The agreement is embodied here in the Bill, as he has admitted himself. Being embodied here, we are now considering it.

Mr. MACKENZIE KING: It is not embodied here.

Mr. MEIGHEN: The hon. gentleman said so himself.

Mr. MACKENZIE KING: If the minister understood that he misunderstood me. I had no intention of indicating in any shape or form that the agreement was embodied in the Bill. My remarks to him were distinctly addressed with a view to having the terms embodied in the Bill, because otherwise I had no feeling of confidence in the possibility of their being embodied in the agreement.

Mr. MEIGHEN: If they are not embodied here, we cannot make the agreement, because it is only to the extent they are embodied here that we can make it. If we depart in any way from anything set out here, the agreement is invalid. The hon. gentleman did say the agreement was embodied here, but if he wishes to depart from that, all right. He went so far as to allege we had exceeded the authority granted us by Parliament and had made an agreement not authorized by Parliament. I challenged him to make good his allegation, and I repeat the challenge now. We cannot depart from this Bill. If we do depart from it the agreement is invalid. This is the way universally adopted in almost every piece of legislation. The power of making an agreement in accordance with the terms embodied in a Bill is exercised universally by governments.

It was exercised by the Government he was in every three years he was in it. There is nothing at all inconsistent in that exercise with the principle of the rights of the people, and such an assertion is merely playing to the gallery—if you can dignify it by that description. Let the hon. gentleman make good his allegation that this Government at any time departed from the authority of Parliament in regard to any provision in any Bill.

Mr. MACKENZIE KING: I desire the minister to answer my questions.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: It is a question that he will have to answer out of the House if not in it, and it is in the interest of every hon. member as well as of the people that it should be answered satisfactorily. I would ask the minister again: On what ground does he withhold from the people, exercising their rights through representatives in Parliament, the right to ratify this agreement when he gives that same right to the shareholders of the Grand Trunk Railway Company?

Mr. MEIGHEN: He does not do so. Parliament is exercising the same right now as the shareholders will exercise later on. If the hon. gentleman feels that there is any evidence on the part of the country that it is opposed to the Bill I would like to intimate to him that virtually all the candidates, except himself, elected in the by-elections would favour this measure. I must congratulate the hon. gentleman for his optimism if he sees any great encouragement for himself in any recent contest.

Mr. FIELDING: The member for Prince has claimed that the procedure of the Government will give the Grand Trunk shareholders a privilege which is not to be given Parliament. Does the Minister of the Interior deny that?

Mr. MEIGHEN: Yes, I deny that.

Mr. FIELDING: Then let us follow it point by point. When this Bill passes it will be as well known to the shareholders of the Grand Trunk as it is to us and the public. We stand on even terms to that extent; the Grand Trunk shareholders have certain knowledge, and we have the same. Then an agreement will be drawn up and submitted to the Grand Trunk shareholders, but not to the Parliament of Canada.

Mr. MEIGHEN: That will be true if there is anything in the agreement which would be of assistance to Parliament now and which is not in the Bill. There cannot be, and if the hon. gentleman thinks that something should be in the agreement he is at liberty to bring it before Parliament.

Mr. FIELDING: The contention of my hon. friend from Prince is that the shareholders of the Grand Trunk will have a privilege in this matter which Parliament will not have, and he is absolutely correct in that contention. The Grand Trunk

shareholders will not be content with this Bill; they will demand the details of the agreement. The minister says that the agreement is not of importance to us but it is all-important to them. If it is true that the agreement must be in the terms of the Bill, that is true for the Grand Trunk as well as for us. But that statement will not satisfy the Grand Trunk shareholders. My hon. friend knows it will not, and therefore he will produce a written agreement in all its details. The Grand Trunk shareholders will insist on seeing the details of the agreement and will not be content with any mere statement of the principles of the contract. My hon. friend will give them a detailed agreement and that privilege will be denied Parliament.

Mr. MEIGHEN: The hon. member must know that time and again shareholders authorize their directors to proceed exactly in this way. This is the common practice with companies and Parliaments. If it is possible to prepare the details in which, as every one knows, Parliament is not interested but which, if it is interested, it can embody in the Bill, it will be all right. But certainly no advantage is being taken of Parliament. The procedure is regular, and nothing is being withheld. If the hon. gentleman has something he would like to see included in the Bill by way of minutiæ it can come before Parliament. We have everything that we need in the Bill.

Mr. FIELDING: My hon. friend cannot get away from the fact that we shall not have the agreement before us, whereas the Grand Trunk shareholders will. It does not meet the case of my hon. friend to say that what we have before us involves everything of importance. That will not be enough for the Grand Trunk shareholders, and my hon. friend himself does not ask them to be content with that. This agreement has to be made subject to the approval of the Grand Trunk.

Mr. MEIGHEN: They may approve just as we are approving, by authorization to their directors along these lines.

Mr. FIELDING: That will not be the method of procedure. There will be a meeting of the Grand Trunk shareholders and they will have the agreement before them. I have no fear that they will reject the agreement because it is too good a thing.

Mr. CAHILL: Will the agreement hold the Grand Trunk Company liable for their guarantees on the Grand Trunk Pacific?

[Mr. Fielding.]

Mr. MEIGHEN: If they are not liable how will the agreement make them liable?

Mr. CAHILL: That is not the question.

Mr. MEIGHEN: Really, the hon. gentleman does not understand the point; that is absolutely proved. Talk about hair-splitting; it is skull-splitting that is necessary in this case. The Grand Trunk is under certain obligations. This agreement does not relieve them of those obligations. I will not add another word for fear of confusing the subject in the hon. gentleman's mind.

Mr. CAHILL: Or in your own mind. Now, in regard to the $15,000,000, the members on this side asked the Minister of Railways if the Government intended to hold the Grand Trunk liable for that amount and he said they would. What is the answer to that question? Will the agreement provide that the $15,000,000 shall be taken into account by the arbitrators?

Mr. MEIGHEN: The hon. gentleman has given the answer himself and he wants to know what the answer is. He said he was answered that they would be held liable.

Mr. CAHILL: My hon. friend can make himself appear sillier than any one else.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Burlesque.

Mr. CAHILL: Will you provide that the arbitrators shall hold the Grand Trunk Company for the guarantee on the Grand Trunk Pacific, and liable for the $15,000,000 loaned from the Dominion of Canada. That is a plain question, and the minister can surely understand it.

Mr. J. D. REID: The $15,000,000 is a liability against the Grand Trunk, and the arbitrators, when considering the award, must take it, as well as any other liability, into consideration.

Mr. J. H. SINCLAIR: We are proposing to submit the value of the common stock and preference stock to arbitration, and nothing more. The question was raised a few days ago as to why we should not make it more definite and submit other questions such as guarantees and debts owing in respect to the Grand Trunk Pacific. The minister said at that time that it would all be provided for in the agreement. Now, we are told that the agreement is exactly the same as the Bill. But if the agreement is to be definite and to provide for these things should not Parliament see it so as to judge whether or not everything is included in it?

Mr. MEIGHEN: By the provisions of the agreement, as embodied in the Bill, all these things must be taken into consideration. How can you value stock until you take into account the liabilities of the company that issued it? The provisions embodied in the Bill we are now considering provide that all these things must be taken into consideration.

Mr. FIELDING: I do not wish to delay the committee, but I must return for a moment to the contention of the Leader of the Opposition, that the Grand Trunk shareholders will be given a privilege and right which will not be given to the people of Canada through their representatives. The minister said that we are now exercising that right, because all the things essential to the agreement are set forth in this Bill. My answer was that the Grand Trunk people would not be satisfied with a general statement but would demand the details of the agreement. My hon. friend brings in the argument—he had to do it—that the Grand Trunk people may do just the same as we are doing now; they may not have a meeting at all. But if my hon. friend will turn to section 7 he will read as follows:

> As soon as said agreement has been ratified by a majority of the holders of the stocks enumerated in the preamble to this Act, present in person or by proxy and voting at a special general meeting of such stockholders duly called for the purpose of considering such agreement.

You propose that they are to have all the details of the agreement and that the representatives of the people of Canada are not to have them.

Mr. MEIGHEN: But they can authorize them to enter into an agreement without specifying the terms.

Mr. FIELDING: Not under this Bill.

Mr. MEIGHEN: The Bill provides that the agreement shall be entered into before it is submitted to them. But even then they can do it by authorizing the directors to act.

Mr. FIELDING: But they have to meet for this purpose.

Mr. MEIGHEN: I see.

Mr. FIELDING: But our Parliament will not meet for this purpose.

Mr. MEIGHEN: The agreement will be known to the shareholders just as soon as they have dealt with the matter. But the hon. gentleman knows that there is nothing in the whole thing because we have every opportunity to do anything and everything that they can do themselves. There is nothing in the world that Parliament need not consider to the minutest detail. If the hon. gentleman desires to keep on discussing until the agreement can be prepared, we are doing the best we can.

Mr. MACKENZIE KING: We will wait.

Mr. MEIGHEN: The agreement is being worked out. I do not know how long it is going to take.

Mr. MACKENZIE KING: I think hon. gentlemen on this side of the House would all prefer to wait. We would like the Government to bring the agreement down before this House prorogues.

Mr. ROBB: In view of the statement made by the minister who is the legal sponsor for this Bill in the House, would it not be better for the Minister of Railways or his representatives to sit down with the officials of the Grand Trunk and put a valuation on this property? They could do it much better than three arbitrators whom we do not know. Then, let them come before Parliament with the whole proposition and let the people know what it will cost. Let us put through whatever temperance legislation or prohibition measures are required, and which the minister has brought before Parliament, and then adjourn—not prorogue—for a month so that the Government may come before the House with a clear cut proposition.

Mr. MEIGHEN: There will be no adjournment for a month. We are getting along as fast as we can with the agreement. We have offered hon. gentlemen all the time they wanted. If they want to keep on discussing this until the agreement is ready, we are just as ready as they are. It is simply a burlesque, simply a waste of the time and money of this country. Hon. gentlemen know it and the people know it. They know the agreement is embodied in this Bill. I think they all know that and if they do not know it let them put it in. All this talk is mere humbug.

Mr. CAHILL: The minister first stated that he would give us all the time necessary for debate but some of his followers seem to be getting excited and nervous. The Minister of Railways stated that the Grand Trunk's liabilities to the Grand Trunk Pacific would be taken into account. I would like to ask him what is meant by the statement on page 8, clause 1:

The Government to take over the Grand Trunk Pacific Railway and branch lines and the Grand Trunk Railway Company; to acquire all assets, and to assume all obligations of both companies.

Mr. MEIGHEN: It means take them over subject to their obligations.

Mr. CAHILL: Taking over one subject to the obligation of the other? You are taking them over subject to the Grand Trunk's obligations?

Mr. J. D. REID: The Grand Trunk and the Grand Trunk Pacific obligations. I gave the hon. gentleman a statement this afternoon of the obligations of the Grand Trunk to the Grand Trunk Pacific.

Mr. CAHILL: When the Minister of the Interior first introduced this Bill before the House he stated that the Government were going to hold the Grand Trunk to the Grand Trunk Pacific guarantee. I asked him how much he considered that guarantee to involve, if he would consider $30,000,000 and settle the obligations of the Grand Trunk in that undertaking. He said "no," that he would not accept $30,000,000 and settle it. In this statement he claims that it will relieve the Grand Trunk of their obligation to the Grand Trunk Pacific. I would like to know if we are to take the minister's statement as accurate when he says we are going to hold them to the Grand Trunk Pacific obligation, or his statement accurate when he says we are not going to hold them to their Grand Trunk Pacific obligation?

Mr. J. D. REID: I have answered that question a dozen times and I have said that the Grand Trunk obligations should be taken into consideration by the arbitrators. There has never been any member of the Government who has said they would not be taken into consideration and it is hardly fair—

Mr. CAHILL: Turn to page 8.

Mr. J. D. REID: I want to settle that question.

Mr. CAHILL: Settle it by reading your official report.

Mr. J. D. REID: (reading)

The Government to take over the Grand Trunk Pacific railway and branch lines and the Grand Trunk Railway Company; to acquire all assets, and to assume all obligations of both companies.

That is all right. That is what I have stated. The arbitrators will value the stock. All that will be taken into consideration. The Government has assumed all these liabilities and when they assume them they are to value the stock of the Grand Trunk. The Drayton-Acworth report explained that. After considering all these liabilities and Grand Trunk Pacific guarantees, the authors of the Drayton-Acworth report recommend giving a certain amount up to $3,600,000, the Government to assume the liabilities. It is stated in the letter written to Mr. Smithers that the arbitrators must consider the Grand Trunk Pacific liability as a liability against the Grand Trunk when they are valuing the assets.

Mr. CAHILL: Will it be embodied in the agreement that they must consider these liabilities?

Mr. J. D. REID: Of course the agreement will embody the fact that they must consider all the liabilities not only of the Grand Trunk Pacific, which is a subsidiary of the Grand Trunk, but all the liabilities of any other subsidiary company. The Grand Trunk Pacific is a subsidiary company of the Grand Trunk because the Grand Trunk owns the stock of the Grand Trunk Pacific, the Central Vermont and of the long list of other companies that I have named. We must consider the liabilities and assets of every one of these subsidiary companies.

Mr. MACKENZIE KING: I shall answer the minister's question, although he did not give to my question the answer, in point of directness, which he should have done. He asked me whether, in not submitting this agreement to Parliament, we had reason to feel lack of confidence in the Government's action. I wish to say that Parliament at the time it passed the Act providing for the acquisition by His Majesty of the capital stock of the Canadian Northern, which was assented to on the 20th September, 1917, left the matter of the agreement in the hands of the Government. With what result? With the result that Parliament, having no opportunity to pass upon the terms provided for in the agreement, had no say as to the manner in which the arbitrators should arrive at the valuation, and as a consequence the country lost some $10,000,000 which might have been saved if Parliament had had the opportunity of passing upon that agreement.

Mr. MEIGHEN: The hon. gentleman has alleged, without attempting to make good the allegation, that Parliament authorized the Government to do something which they departed from in the performance of. The

authority given the Government by the Canadian Northern Railway Act was abided by to the letter in every detail. The hon. gentleman goes over the old harangue that the Government did this, that and the other thing in order, I suppose, to draw a herring across the trail. Let him show wherein, in the body of the agreement with the Canadian Northern shareholders, there is a single clause or a single sentence that in any way departed from the authority granted by Parliament. Then, and not until then, he may make his allegation.

Mr. MACKENZIE KING: I still maintain the hon. gentleman knows very well that unless Parliament has an opportunity of passing upon that agreement——

Mr. MEIGHEN: That is not the point at all.

Mr. MACKENZIE KING: It is the point, and the only point I am raising at the moment: That by this Government denying Parliament this right to pass upon this agreement we have no guarantee whatever that something of the same nature may not occur again.

Mr. CAHILL: I find on page 51 a number of issues of stock and bonds and referring to the Grand Trunk Western Railway, the statement is made, " which leaves $922,800 worth in the hands of the public." Now, the amount in the hands of the public, according to a statement at page 40, is $11,972,000.

Some hon. MEMBERS: Carried.

Mr. CAHILL: Are we to drop this $11,000,000 or will hon. members know what has become of it and where it is? How does this discrepancy occur? What is the explanation of it?

Mr. J. D. REID: One of the items may have reference to a later date. The statement on page 40 is a detailed statement furnished by the railway company and sworn to. On page 40 the Grand Trunk Railway Company gives in its annual statement a detailed list with respect to the Grand Trunk parent company and all its subsidiary companies. To-day, I have placed on Hansard another statement which is right up to date:

1 a.m.

Grand Trunk Western, first mortgage bonds four per cent, par value outstanding, $14,999,-720. Annual interest, $599,988. Par value owned by the Grand Trunk Railway, $4,035,304. Annual interest on par value owned by Grand Trunk Railway, $161,412.

General consolidated mortgage, four per cent, $11,541,000. Annual interest $461,640. Par value owned by Grand Trunk Railway, $11,541,-000. Annual interest, $461,465.

I submit to hon. gentlemen that we have endeavoured to give all the information possible, and have succeeded in that effort very well. If they will let this clause pass and allow us to go home we will try to furnish any further information which may be desired.

Mr. MACKENZIE KING: With reference to what the minister has just said about passing this clause, the Minister of the Interior intimated that there was a possibility of the agreement being brought down to Parliament before we are through with this measure. If we can get an assurance from the Government at the present time that the agreement will come down in the course of this debate, I see no reason why this clause should not pass; but if we have no assurance as to the possibility of the agreement being brought down, I think we ought to seek all the details we can possibly get.

Mr. MEIGHEN: The hon. gentleman can get no assurance from me as to when it will be possible to get that agreement down. We are not delaying it; our instructions are to get on with it. We desire the legislation to pass, otherwise the agreement is not of very much advantage. We will get along with the agreement just as fast as possible. If the agreement can be got ready before we are through with this debate, well and good; then it can be made known. We will certainly not withhold it, but we are certainly not going to delay this debate. We are going to get on with it, giving hon. gentlemen all the time that is necessary for discussion. We promised that from the beginning, and we promised to give all the information desired. Beyond that, no commitment can be made.

Mr. MACKENZIE KING: Will it be a day or two days, a week or two weeks, a month or two months, before the agreement is brought down?

Mr. MEIGHEN: I cannot give any idea.

Mr. MACKENZIE KING: The minister cannot give us that information?

Mr. CAHILL: The minister said the instructions to the Government were to get on with the agreement. Of whom was the minister speaking when he said that?

Mr. MEIGHEN: I said the Government's instructions were to get on with the agreement as rapidly as possible.

Mr. MACKENZIE KING: Will the minister consider going on with other legislation in the meantime pending the submission of the agreement?

Mr. MEIGHEN: Not at all.

Mr. MACKENZIE KING: Then the minister has no intention whatever to bring the agreement down?

Mr. MEIGHEN: Not until it is ready.

Mr. MACKENZIE KING: Has the minister any expectation when the agreement will be ready? Will it be in the course of another fortnight?

Mr. MEIGHEN: I cannot give any estimate at all.

Mr. DECHENE: Will the minister tell us what this Grand Trunk junction road is? Where is this road situated?

Mr. J. D. REID: It is a subsidiary company of the Grand Trunk Railway system; whether it is in Quebec or Ontario is immaterial. The question is simply asked for the purpose of delay.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: No.

Mr. J. D. REID: The hon. member knows that it makes no difference where this railway is. The system comprises so many miles of railway, and this line is part of the system. I am prepared to give all the information that is required and that is necessary, but if the hon. gentlemen wish to stay here and ask absurd questions why, I suppose we must stay.

Mr. DECHENE: I do not think I have bothered the minister very much with questions. Here is a road which he states is a subsidiary of the Grand Trunk; yet it does not appear in the list of subsidiary companies given in the blue-book. I think it is fair to ask who owns that road, where it is situated, and what is its capitalization?

Mr. MEIGHEN: The information may be found in the French edition at page 34, No. 6—sixty miles of railway, between West Detroit and Fort Gratiot, Michigan. I am sure that it is worth the time of the country when we can save the hon. gentleman the trouble of looking the information up himself.

Mr. MACKENZIE KING: Mr. Chairman, I suggest to the hon. gentleman that it is now after one o'clock and that the committee has been sitting continuously all day.

Mr. J. D. REID: There are twelve clauses in the Bill. There is no reason whatever why we should not at least make progress on one clause. But if the leader of the Opposition now says that he does not intend to let this clause go through, I will move that the committee rise.

Mr. MACKENZIE KING: I did not say that.

Mr. J. D. REID: I leave it entirely to the leader of the Opposition; if he wishes not to let the clause go through, I will move that the committee rise.

Mr. MACKENZIE KING: We have no such desire on this side; we are quite sincere when we say that all we are after is information.

Mr. J. D. REID: I shall not ask that this Bill go through without giving my hon. friend all the information that I can. I say, too, that the hour is late and I do not want to hold the Committee; nor do I wish to force through any clause of the Bill. I repeat that we should allow at least one of the twelve clauses of the Bill to pass, but if the leader of the Opposition will not let this clause go through or does not wish it to pass we will report progress.

Mr. MACKENZIE KING: Far from any desire not to make progress, my whole purpose in rising was to get from the minister the assurance that if this clause is permitted to pass we shall not be prejudiced in the matter of getting such information as we may desire to obtain when subsequent clauses are under consideration.

Mr. J. D. REID: The leader of the Opposition and any hon. members on that side will get all the information they want and get it as fast as I can give it to them—that is, if it is at all possible for me to give it.

Mr. MACKENZIE KING: In view of that assurance, I have no hesitation in saying that we on this side are quite prepared to let this clause pass.

Section 2 agreed to.

Progress reported.

On motion of Hon. Mr. Doherty the House adjourned at 1.15 a.m. (Tuesday).

Tuesday, October 28, 1919.

The House met at Three o'clock.

KING OF BELGIUM NOT TO VISIT CANADA.

On the Orders of the Day:

Rt. Hon. Sir GEORGE FOSTER: Several days ago I was asked whether an invitation had been extended to Their Majesties the King and Queen of Belgium to visit Canada, and if so, whether it had been

accepted. I was not able to say at the time whether the invitation had been accepted or not. An invitation has been sent, and Their Majesties regret very much that owing to the shortness of time at their disposal on this continent they will not be able to visit Canada as they would very much have liked to do.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House again in committee on Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway System. Mr. Boivin in the Chair.

The CHAIRMAN: When the committee rose last night we had adopted clause 2 of the Bill.

On clause 3—provisions of agreement.

Mr. J. D. REID: The hon. member for Chateauguay-Huntingdon (Mr. Robb) asked me in regard to the equipment of the Grand Trunk, and the following is a statement showing the equipment in service as of June 30, 1919:

Grand Trunk Railway System.

Equipment in service, June 30, 1919.

Company.	Freight cars.	Pass. cars.	Work cars.	Total cars.	Locomotives.	Horse Power.
Grand Trunk Railway Company, owned	37,158	1,007	2,201	40,366	1,124	1,438,634
Cincinnati, Saginaw and Michigan, owned	6	....	4	10	3	2,006
Grand Trunk Western Railway, owned	5,337	68	75	5,480	162	131,020
" " " " leased	645	....	49	694	....	.....
Total	5,982	68	124	6,174		
Detroit, Grand Haven and Milwaukee Railway, owned	43	23	32	98	8	6,231
leased	1	....	3	4		
Total	44	23	35	102		
Toledo, Saginaw and Muskegon Railway, owned	3	4	4	11		
Pontiac, Oxford and Northern Railroad, owned	11	5	6	22		
St. Clair Tunnel Company, owned	1	....	3	4	6	4,500
Total system	43,205	1,107	2,377	46,689	1,303	1,582,391

We could only estimate the value of the equipment; but if you take all the cars, roughly at, say $3,000 each—and that would be a very low estimate when you consider that a large number are passenger cars—that would mean about $140,000,000 for cars, and if you take the locomotives roughly at, say $30,000 each, that would mean about $40,000,000 for locomotives, or a total of about $180,000,000 for equipment on the road. The total against this in equipment bonds is $5,491,000.

I think that answers my hon. friend's question, except that he wanted to know what part of the equipment was owned by Blair & Company and what part by the Columbia Trust Company. The officials tell me that they have not that information separately for these two firms. Blair & Company and the Columbia Trust Company only have a mortgage on the equipment. That is included in the $5,491,000. I am told that quite a number of the engines with Blair & Company's plate on have been paid for and are now owned by the Grand Trunk. I suppose the plate is not taken off when the engine is paid for, which is apt to give the impression that the engines are owned by Blair & Company.

Mr. ROBB: The minister is satisfied that the locomotives with the iron plate bearing Blair & Company's name are the property of the Grand Trunk, subject in some cases to bonds being outstanding against them?

Mr. J. D. REID: Yes.

Mr. ROBB: And there is a possibility that the name of Blair & Company appears on locomotives in respect of which the bonds have been redeemed?

Mr. J. D. REID: Yes.

Mr. ROBB: Does the minister understand that the Grand Trunk system have sufficient locomotives and cars for their operations?

Mr. REID: I understood when discussing the question of equipment last session that the Grand Trunk, taking into account the equipment that we had purchased, had practically sufficient locomotives and cars for their road. Of course, every year a certain number of engines become useless or obsolete, and have to be replaced. That

is charged to operation, but in this blue-book it is under the head of capital account.

Mr. ROBB: I have noticed during the past six months that a number of trains on the Grand Trunk are hauled by locomotives on which is printed "-Canadian Government Railways" or " National Transcontinental." Are these locomotives loaned or leased to the Grand Trunk?

Mr. J. D. REID: The hon. member will remember that during the war we purchased a large number of engines, a certain number of which we leased to the Grand Trunk. That is a common practice between railways. The Grand Trunk pays a rental for the engines, practically on the same basis as the equipment trust plan. That accounts for the name being on the engines.

Mr. ROBB: Does that mean that the Grand Trunk have not sufficient locomotives of their own Are their locomotives tied up in the yard, or why is it that they have to lease locomotives from the Government?

Mr. J. D. REID: During the war the Grand Trunk was short of engines, and could not get engines built as Government orders took up all the space in the shops. So we leased locomotives to the Grand Trunk on a rental basis which will pay for the engines in a certain time. The Canadian Pacific has also leased engines from us, and we have leased engines from them. At the time these engines were leased to the Grand Trunk, that road had not sufficient engines for their traffic. We could not use these engines if we took them back now, as we have enough already. They represent an investment on which the Government is getting interest, and is being repaid the principal. When we take over the road, they will be part of the whole system.

Mr. McKENZIE: I think it would be more satisfactory if the minister would deal with the Grand Trunk proper, and then with the subsidiary companies. Yesterday the President of the Council, as well as the Minister of Railways, told us that we were not so very much concerned about the subsidiary companies, because we were not undertaking to guarantee their liabilities, and we could see later on whether they would be a desirable undertaking or not. But the minister in his statement to-day gave the number of locomotives and cars and other equipment for these subsidiary companies as well as the Grand Trunk.

Mr. J. D. REID: No. The statement I read showed the number of cars for the Grand Trunk system proper. The equipment for any subsidiary companies I mentioned was given separately.

Mr. McKENZIE: But the minister named some of these subsidiary companies. What I think the committee would like to know is the exact standing of the Grand Trunk proper, as to its rolling stock and everything belonging to it. Then we could have the same information for the subsidiary companies separately.

Mr. J. D. REID: That is exactly how the statement I read was made up. I gave the freight cars and locomotives for the Grand Trunk proper, and for half a dozen subsidiary companies.

Mr. McKENZIE: I notice on page 15 of the blue-book a cablegram from the Prime Minister referring to the Grand Trunk. I have quoted it on a former occasion. The substance of what he says is that there should be some definite information in connection with the Grand Trunk system before any further negotiations for its purchase take place; that the Government have nothing except the Drayton-Acworth report. Has the minister any later report on the condition of the Grand Trunk as to its roadbed, locomotives, freight and passenger cars and everything belonging to the system? To give the Prime Minister's exact words:

> It is most unwise and undesirable for a government without the report of a commission or Board of Arbitration or a vote of parliament to undertake a large annual payment which would represent the capitalization of eighty or a hundred million dollars. The offer already made is based on the Drayton-Acworth report which affords a sufficient foundation for Government's proposal. If we go beyond the bounds of that report we have no certain guide as to what we should propose, etc.

Now, this report is getting somewhat old. The road has been operated continuously. Evidently the company have all along contemplated the desirability of selling, and naturally, like other people, they would not lavish expenditures on the road when they were trying to get clear of it. I think the people would like to know exactly how the matter stands now. Has the minister any report on the condition of the rolling stock and everything else that we are taking over?

Mr. J. D. REID: We have no other report than the annual reports that are sent to

the department. In the cable the hon. member will see that the Prime Minister states that this offer is based on the Drayton-Acworth report, and it is for the commissioners to look into the condition of the road and make any investigations that are necessary.

Mr. VIEN: I understood the minister the other day to say that he had a letter from Sir Alfred Smithers to the effect that the rolling stock and equipment was in perfect condition. Is that right?

Mr. J. D. REID: I had a letter from Mr. Kelley, president of the road, which I read a few days ago, and which is on Hansard.

Mr. VIEN: To what effect?

Mr. J. D. REID: I cannot recall the precise language of the letter, but I may tell the hon. gentleman that Mr. Kelley informs me personally, as well as in the letter in question, that the condition of the Grand Trunk Railway system will compare favourably with any other road on the American continent, and I have every reason to credit that statement.

Mr. VIEN: What amount has the Grand Trunk Company expended for maintenance of the rolling stock in the last few years?

Mr. J. D. REID: That information is all contained in Hansard, and I shall be pleased to ascertain the page for the hon. gentleman's benefit.

Mr. VIEN: Is the minister satisfied that the equipment and rolling stock of the Grand Trunk Railway Company is in perfect working order?

Mr. J. D. REID: From the statements that have been made to me by officials of the Grand Trunk railway, and from information I have gathered from the officials of our own system, I believe that the condition of their equipment and rolling stock will compare with any of the other systems in Canada.

Mr. VIEN: The minister evidently differs from the Minister of Finance (Sir Henry Drayton). It is a well-known fact that during the war and for the last few years the Grand Trunk has not spent a very large amount on the rolling stock and equipment of the line. In 1916 the Minister of Finance, who was then president of the commission appointed by the Government to inquire into the matter, made this statement:

Further, the Grand Trunk Railway has not been and is not being adequately maintained No depreciation fund has been created for equipment. Mr. Chamberlin's view, as shown by his evidence, is that 5 per cent on the cost of the equipment ought to be annually charged under this head. He says:—

"Take engines and cars, they are either worn out or out of date in twenty years."

This item, according to his evidence, would have required an annual sum of $2,750,000. He also states:—

"If we had $25,000,000 now, it would put us in fine shape."

The Vice-President of operation, Mr. Kelley,—

The same gentleman whom the minister quotes—

has direct responsibility for the plant. On Mr. Chamberlin's evidence being put to him he agreed with it.

So that Mr. Kelley, the president of the company, whom the Minister of Railways quotes as an authority in regard to the condition of the road, in 1916 agreed with Mr. Chamberlin in the statement that it would take $25,000,000 to "put us in fine shape." The Minister of Finance at that time stated in his report that the Grand Trunk Railway had not been and was not being adequately maintained. Moreover, he says:

On the single item of "rails" the "cash expenditure required to restore normal conditions"—

Not for purposes of extension or improvement, but purely and simply to restore normal conditions.

—is reported as $5,312,142. The cost of restoring ballast to normal conditions is reported as $2,434,000.

With reference to the deferred renewals in Canada amounting to over $6,000,000, it appears that they have accumulated during eleven years, 1906-16. During this period, in spite of the requirements of the property, and the claims of public safety, $36,000,000 were paid out in dividends.

Summarizing the evidence given by Mr. Chamberlin and Mr. Kelley, the minister in his report states:

The $21,000,000 dealt with above represent the money which the responsible officers of the company estimate to be required to put the existing plant into good normal condition. This is a revenue liability. But the existing plant is quite inadequate for existing traffic and requires large additions, for which new capital must be raised. The estimates of necessary capital expenditure submitted to us are as follows:

Requirements for rolling stock, shops and machinery..	$26,150,000
Requirements for automatic block signals (main line in Canada only)..	3,533,000
Requirements for installing rock ballast crushing plant..	467,500
Total..	$30,150,500

Putting together revenue and capital expenditure, we find that the Grand Trunk railway, in the opinion of its own officers, requires over

$51,000,000 spent upon it to put it in a position to meet the requirements of its to-day's business. We see no reason to expect that under existing conditions this necessary money will be provided.

The opinion of the Minister of Railways is thus in direct conflict with the studied statement of the Minister of Finance, who made a full investigation of the physical condition of the road and its equipment in 1916, when he said that it would require $51,000,000 merely to put the road in normal condition. The Minister of Railways asks Parliament to support this Bill, which has for its object the purchasing of the Grand Trunk—if it can be termed a purchase—and does not know himself what the present physical condition of the road is.

He tells us that he has nothing else in his hands than the annual reports sent to the railway department by the railway company; he tells us that he has nothing but the letter from Mr. Kelley who, in 1916, made several startling statements, and he tells us that he has no further knowledge than the knowledge that he acquired by travelling on some sections of the road. I submit that is not the information that the House is entitled to receive and I do not think the Government is justified in recommending such legislation before it has gone fully into the physical condition of the road and has further knowledge to acquaint Parliament with.

Mr. J. D. REID: Notwithstanding all that the hon. member has read in the Drayton-Acworth report about the condition of the road at that time, Sir Henry Drayton having taken all the evidence, here is what he recommends, page 87:

that a new public authority, a Board of Trustees be incorporated by Act of Parliament as the "Dominion Railway Company"—.

We have done that in regard to the Canadian National railways—

—and that the Canadian Northern, Grand Trunk and Grand Trunk Pacific be transferred to this body.

On the next page, 88, section 40 of the Drayton-Acworth report, the commissioners say:

We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be surrendered to the trustees in exchange for an annuity based on a moderate out substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by forty or fifty per cent after the first seven years.

That is the recommendation of the present Finance Minister (Sir Henry Drayton). I go farther and say that now that he is a member of the Government he is not only as strong to-day as he was then but much stronger in the belief that we should acquire that road and make it a part of the Canadian National Railways system. On these terms he is a party to it and very strongly in favour of it. Possibly the equipment might not have been in as good condition at that time as it is to-day. Large sums have been expended. There is a statement on Hansard, page 1145, showing that large sums have been expended from that date up to the present time on the improvement of the equipment. Therefore I submit that the Drayton-Acworth commission having recommended that we acquire the road and the report of President Kelley at the present time stating what the equipment is, we are justified in taking it over, believing that the equipment is in good shape, and that we are also justified in carrying out the suggestion of the commission that we take over the road on the lines recommended by them.

Mr. McKENZIE: The minister quoted section 40 on page 88:

We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be surrendered to the trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by forty or fifty per cent after the first seven years.

That would include all the stock except the debenture stock. We have it perfectly clear that this report recommends that all the stock be taken over except the debenture stock.

Mr. J. D. REID: It recommends that we take it over on this basis and in addition pay the interest on the debenture stock.

Mr. McKENZIE: That is not what they say. They recommend that all the stock be taken over and that we pay a lump sum which the company can divide up as they like among the different stocks. There can be no misunderstanding between the minister and myself. I asked him the question clearly: Did they recommend the taking of all the stock except the debenture stock? I understood the minister to say "Yes." If that is not so, I would be very glad to get an explanation from the minister.

Mr. J. D. REID: We have the guaranteed, first, second and third preference stocks and the common stock. There is in addition to that the debenture stocks or bonds.

Mr. McKENZIE: I am not talking about that. I am asking if we are leaving that stock out.

Mr. J. D. REID: We are taking over the stocks mentioned, the guaranteed first, second and third preference and common stocks subject to the debenture, bond or mortgage which is against the road, just as the Drayton-Acworth report recommends. It recommends that we take over the road and pay the annual dividend of $3,600,000. The hon. member will see that they—

Mr. McKENZIE: There is no need of going into a long discussion. I am asking exactly what stocks are recommended to be taken by the Government in this section 40 and what stocks are left out. That is all I am asking. I do not require any explanation at all.

Mr. J. D. REID: What we are taking over?

Mr. McKENZIE: Not what we are taking over, but what this recommendation is. What do they recommend us to take over?

Mr. MEIGHEN: They recommend that we take over the guaranteed, the three preference stocks and the common stocks, and that we pay for these five stocks an annual amount, commencing with a specified payment of $3,600,000, to be increased later on by forty or fifty per cent. We take over these stocks, commencing with the $2,500,000, and arbitrate as to what shall be paid above that. Taking over these stocks, we necessarily, and, as the Drayton-Acworth report recommends, take over the property subject to the debenture stock or bonds. There can be no question about that.

Mr. McKENZIE: This stock, upon which we guarantee to pay four per cent in perpetuity, is included in this proposal contained in section 40?

Mr. MEIGHEN: Yes.

Mr. McKENZIE: We are not doing what they recommend us to do. They lump the whole stock together, taking them all.

Mr. MEIGHEN: That is the five stocks.

Mr. McKENZIE: Taking the five stocks. They say: Take the five stocks and we will recommend that we pay a lump sum and then let the directors divide it amongst these stocks as they deem proper. Instead of that, we are singling out one set of stocks and saying: We will pay in perpetuity four per cent on that stock and arbitrate upon the others. That is not what they recommend. You are taking a different course altogether.

Mr. MEIGHEN: It is put in a different way, but in effect it is the same thing, because anything that was paid out would go necessarily to the guaranteed stockholders.

Mr. McKENZIE: That is a matter for the directors.

Mr. MEIGHEN: No, we found that it was not a matter for the directors until they received their dividend of $2,500,000. It was shown very clearly to the Minister of Finance, as to every one else, that the guaranteed stockholders had first claim on the capital in liquidation and had first claim on the revenues during operation; consequently anything paid in respect to the five stocks had to be applied to the guaranteed stock any way until the claims of the holders of this stock were satisfied. These are the recommendations of the Drayton-Acworth report, read in the light of the exact facts, and this is just what we are doing.

Mr. McKENZIE: I do not agree with the minister at all. The Drayton-Acworth report—which is the confession of faith of the Government, and upon which they base their whole operations and say everything they are now doing depends—tells them in section 41, which the minister was pleased to refer to, to do one thing and they are doing another thing entirely. I do not think it can be understood by any hon. gentleman in this House that taking a substantial, or moderate proportion of $3,600,000 and paying that over annually to the directors for the first seven years, and telling them: "Divide that between your stocks just as you please, it is none of our business, you can put it on any stock you like, but we are only obligating ourselves to pay you a moderate or substantial proportion of $3,600,000," is what the Government are doing, but it is the recommendation in the Drayton-Acworth report. Instead of doing that we take four of five stocks, which the Government say should come in, and we leave another stock out and we agree to pay upon the one which we leave out $2,500,000 a year—almost as much on the one stock as the Drayton-Acworth report says we should put upon the whole. The Government say: "But $2,500,000 is a substantial amount of $3,600,000." It is a substantial amount. That is all the Drayton-Acworth report expects us to pay altogether but we pay that sum upon one set of stocks and we take the responsibility for what the arbitration may say we will have to pay upon the balance. I am not as much criticising that as I am criticising this: The Government cannot blow hot and blow cold upon this thing. They cannot take shelter behind the Drayton-Acworth report and at the same time fail to do what the Drayton-Acworth report recommends. That is the position I take.

Mr. FOURNIER: On October 16, I made in this House a detailed statement of all the obligations and charges of the Grand Trunk railway. That statement was based on the Grand Trunk Railway Company's annual report for 1917, Moodie's Analysis of Steam Railroad Investments, information contained in Hansard, and railway statistics and it is set forth at pages 1145, 1146, 1147 and 1148-49 of Hansard. The hon. member for Royal (Mr. H. H. McLean) repeated the figures from the same statement and the Minister of Railways declared they were not correct. He asked in what respect they were incorrect, and the minister artistically declared, "It is not so at all. I do not agree with it at all."

Since then my figures have not been challenged but the Minister of Railways yesterday submitted a new statement. I shall not deal with the whole of the liabilities set out in that statement but only with the annual charges. If my hon. friend will look at his own statement to be found on page 1443 of Hansard I will ask him this question: What does he propose to do with the lake Superior branch bonds to the amount of $301,320 annual interest?

Mr. MEIGHEN: As the hon. gentleman knows—I will tell him if he does not—the lake Superior branch was leased by the Grand Trunk Pacific to the Government about four years ago at an annual rental of four per cent on the exact outlay for construction, and the lease runs for, I think, 999 years. The branch was made part of the Government's system long ago, so this transaction has nothing to do with that.

Mr. FOURNIER: What is my hon. friend going to do with the second mortgage series (A an B) $806,700, annual interest?

Mr. MEIGHEN: Those A and B series of mortgages are Grand Trunk Pacific obligations, that is to say that is the money out of which the Grand Trunk Pacific was built. I am sorry to say the obligation will have to be assumed and with the hon. member I very much regret it was ever incurred.

Mr. FOURNIER: Then the Minister of Railways made a statement yesterday that the rentals for leased lines were $340,666. In the Grand Trunk annual report for 1917, page 32, the annual rentals for leased lines appear as $776,030.

Mr. MEIGHEN: I could not give an explanation without looking into it. It is just possible, however, that other lines then under lease may be now acquired by stock ownership and will appear on pages 39 and 40 in that list.

Mr. FOURNIER: What about the Collateral Trust Company five per cent? There is an annual interest there of $11,250 according to the report of the Grand Trunk for 1917.

Mr. MEIGHEN: I presume those are equipment trust bonds which would appear in the statement at page 40. The hon. gentleman must have heard the statement of the Minister of Railways to-day in which equipment to a total of $180,000,000 odd was shown to have charged against it some $5,000,000 of trust bonds. We thought it worth while to take that equipment leaving it with the $5,000,000 trust bonds against it. And besides the trust bonds are all shown in the statement of assets and liabilities appearing as a balance sheet.

Mr. FOURNIER: Does that include the New England Elevator Company first mortgage, 3½ bonds, also the Montreal Warehouse Company four per cent bonds of $1,000,000, with an annual interest charge of $40,000?

Mr. MEIGHEN: Those are all included in the statement of liabilities.

Mr. FOURNIER: Why does it not appear in the statement of annual interest charges?

Mr. MEIGHEN: It does appear in the statement I have before me at present and it is in the other statement given by the minister yesterday and is before the hon. gentlemen now. The annual interest obligations are also fully set out in the blue-book which we have had before us now for about a week.

Mr. FOURNIER: One parting shot and I am done with this branch of the subject. We have been told by the Government that we have no alternative than to take over the Grand Trunk railway. In the light of the figures which have been furnished to us and all the explanations which have been given I take issue with my hon. friends and I say there is an alternative. I do not think the Government should have gone to the Grand Trunk, as it has been shown here they have done, and said: "Come here, we want you." The Government should have introduced a little business sense into this transaction and the alternative they could have employed was to use ordinary business principles. Here we are with the proprietors in England owning a railway in Canada—some of them preferred shareholders, others ordinary share-

holders, and others bondholders, but all having security.

Instead of offering such an agreement as this the Government should first have found out whether the Grand Trunk is obligated to the Grand Trunk Pacific. I believe it is a point of law whether the Government has broken its contract with the Grand Trunk in that regard. Now, if the Grand Trunk is obligated to the Grand Trunk Pacific, it is evident that the Grand Trunk cannot pay and that if something was not done it would go into the hands of a receiver. I frankly admit that to allow the Grand Trunk to go into the hands of a receiver would lead us nowhere. The alternative is this: the Government should have required the bondholders of the Grand Trunk to forego their interest for 2 years and allow to continue, say, fifteen or twenty years. This would have resulted in the releasing of a large amount of cash, and then we could have handed back the Grand Trunk Pacific, the Government owning the minority stock. The Grand Trunk people should then have been told: "You have to help us in this thing". Hon. members opposite have tried to cast an odium upon members on this side; they have endeavoured to substantiate the argument that we are opposed to public ownership. That is simply a blind to deceive the people. My sympathies are not with the bondholders in England; they are with the Canadian taxpayers. That is my suggestion, then, as to what should have been done; no sound business man would say otherwise. The way that we are proposing to treat these bondholders in England smells of Max Aitken's pudding; it is simply an abomination.

Mr. MEIGHEN: The hon. gentleman remarked something about our not paying anything on the stocks for a time and then he said that we ought to do something with the Grand Trunk Pacific. I did not catch what he said as to what ought to be done with the Grand Trunk Pacific.

Mr. FOURNIER: I said that if the bondholders would forego their interest for a period of 2 years and allow to continue, say, twenty years, as would be done in any business, an amount of cash would be realized for the Grand Trunk and we could hand back the Grand Trunk Pacific.

Mr. MEIGHEN: Does my hon. friend refer to the bondholders of the Grand Trunk Pacific?

Mr. FOURNIER: No, to the bondholders of the Grand Trunk.

Mr. MEIGHEN: It is the hon. gentleman's suggestion that they should forego their interest for twenty years?

Mr. FOURNIER: That is a business suggestion; that is a business principle.

Mr. MEIGHEN: Well, it is really unfortunate that the hon. member is not Minister of Finance; he could borrow money for nothing. I had my hopes raised—I must say, unnecessarily raised—when the hon. member got up and announced that he had an alternative policy to suggest. For weeks I have been waiting hopefully and anxiously for some such suggestion, and knowing the hon. member to be a courteous gentleman I was quite sure that we were in for something at last that would give us food for thought.

Now, his alternative policy is this: He says first that we should have found out whether the Grand Trunk was bound to the Grand Trunk Pacific. Well, I am glad to be able to inform the hon. member that we did find that out and that we found that they were bound. In fact, we never had any doubt about that since away back in 1903; so on that point the hon. gentleman's soul may rest at ease.

4 p.m.

Then, he says, we should also ascertain whether or not the Government had broken its contract with the Grand Trunk. We found that out also. We found that the Government had broken no contract; that it had fulfilled, and more that fulfilled, all its contracts, but notwithstanding the utmost goodwill and co-operation on the part of the Government the enterprise so unfortunately launched by hon. gentlemen opposite fifteen years ago cannot be saved. So as far as that goes the hon. member and I are on the same ground: All that he asks that we find out was attended to in due time; there rests no doubt whatsoever on the subject.

He says also that the debenture holders —the bondholders, as he describes them— of the Grand Trunk should forego their interest for twenty years. Well, that would be very nice indeed for us. But what reason has the hon. gentleman to think that debenture holders who have drawn their interest every year since the debenture was issued—who drew it even during the last two years of war—would be ready to forego their interest when they know that they can run the system and pay the interest on the bonds? It would be a very happy thing for Canada if we could get people to give us money for nothing or pro-

perty for nothing; if that were the case we would not to-day be trying to float a Victory Loan at five and a half per cent. Of course, another way would be to ask the company to hand us over the road for nothing. That also would be very good, but it was not along lines like that that the hon. gentleman and his friends proceeded in 1903 or 1904, or, indeed, ever in history. In a word, the phantasma that the hon. gentleman has before him does not indicate that he knows the real essence of the solution of a complicated business problem. What has the Government before it in the way of investigation and report? What has it in the way of the opinion of expert men to warrant its saying to those who have the first mortgage on the whole Grand Trunk system: "Stand without your interest for twenty years?" We anchor our policy to an expert report, which hon. gentlemen have been lauding and commending for the last two or three years, including, I think, the hon. member himself (Mr. Fournier). This report says that the debenture holders are entitled to and can collect their interest. It says also that all those above, the holders of the proprietary rights of the company, are entitled to an annual payment from this company of a substantial payment of $3,600,000—which sum they have drawn on an average for ten years—and to an increase of that substantial proportion within a few years by forty or fifty per cent. We base our policy upon that; we do not base it upon any mere miasma; upon any suggestion that people are going to make presents to this country that they do not have to make. We are not actuated by sympathy for the Grand Trunk shareholders or for any one else; we are actuated by principles of decency and justice. We do not feel that we should arbitrarily decide that property owned by other people is worthless. We had a lecture on that subject from my hon. friend (Mr. J. H. Sinclair) last night; he said that such a course would be arbitrary and ruthless, or words to that effect. We feel that when we acquire property which we believe it to be in the interests of the country to acquire under the present unfortunate conditions, we ought to submit to judicial determination, if we are not able to agree upon it, the question of what that property is worth.

Mr. McKENZIE: The Minister of Railways the other night referred to a subject which is worthy of careful thought and consideration—the question of taxation and municipal assessment as affecting this system.

[Mr. Meighen.]

All of the property is assessable in the different cities, towns and villages in Canada through which the road passes, and I should like to know what value for assessment purposes the different assessors have put upon the Grand Trunk itself apart from the Grand Trunk Pacific or the subsidiary companies in the United States and what taxes the Grand Trunk paid last year in the different cities, towns and villages. Clause 3 gives us perhaps wider scope for dealing with the different phases of the transaction than any other clause of the Bill. The minister says that he is going to hold this property in a certain receptacle which he is going to call the Grand Trunk Railway Company, but he says that everything in that receptacle belongs to the Government to all intents and purposes, and he resents the idea that any one should say that it is not absolute government ownership. Although the minister claims that this property belongs to the Government, nevertheless we are going to ignore section 125 of the British North America Act, and we are going to pay taxes on everything in that receptacle belonging to the company. If that is part of the bargain, that is something that the people of Canada who have to pay the taxes ought to know. They ought to know how much taxes they have to pay. They should not pay any, but the minister says that he is going to make a present to all the municipalities through whose lands these roads run. He does not pay the taxes; the Canadian people pay them. We want to know what is the size of the present that he is going to have the people of Canada make to the wealthy city of Montreal, the equally wealthy cities of Toronto and Kingston, and all the other wealthy towns. How much have my poor fishermen in Nova Scotia to contribute to the city of Toronto? How much are the people of Canada going to pay illegally? I say "illegally," because section 125 says that if we own a property as government property, we pay no taxes on it. But the minister broke in the other night to allay a false report as he called it that was going abroad, and he said that the country was to pay taxes on this undertaking. We want to know the extent of his liberality to people who live along the track of the Grand Trunk.

Mr. J. D. REID: I think the question of the hon. member is absurd. He states that the Government intend making a present to these municipalities. The hon. member knows that the Grand Trunk railway system is in exactly the same position as the Canadian

Pacific or the Canadian Northern; it has always paid taxes. Does he mean now to say that we should take away from the municipalities a right that they have had in accordance with the laws of this country that a private corporation should be taxed. This is a private company, the stock of which we are purchasing, so that we are the owners through the stock system. The hon. member thinks it a terrible affair that we are not going now to deprive these municipalities of the taxes the company has been paying and to put this company in a different position from that in which the Canadian Pacific has been in the past. The taxes paid by the Grand Trunk are given in the statistics contained in the blue-book on railway statistics and amount to $799,377.90. The taxes paid by the Grand Trunk Pacific amount to $49,963.19, and those paid by the Grand Trunk Pacific branch lines to $23,794.02. The hon. member thinks it a crime now that we should not act under the British North America Act and deprive these municipalities in the several provinces of these taxes. The Government should carry out the policy of paying the taxes just as the company has done in the past and as it is entitled to do under the law. The company pays taxes just the same as before. The Canadian Northern Railway Company last year paid taxes, as appears on page 73 of the Railway Statistics, amounting to $434,488.02. The hon. member asked as to the assessed value of the Grand Trunk system. I have not that here. I suppose we could get that, but what difference does it make in this transaction? This is not a question of the assessed value.

Mr. McKENZIE: It would be some evidence. So far we have none.

Mr. J. D. REID: I know that the Grand Trunk system as it runs through my constituency is assessed for only a few thousand dollars, whereas it is worth probably ten times as much. That would not be a fair way to value the system. In my constituency all rural land and town land are assessed for only a portion of the value. We have got into this whole railway muddle, as I may call it, simply on account of the action of the Government supported by hon. gentlemen opposite. I do not believe there are in the House many members who do not remember the history of the railway situation. I remember it myself as it was discussed in this House and I have it on Hansard. Let me just give this information to members of this House, who perhaps do not know how this affair started and what position we are in, simply on account of the hon. member for Cape Breton North and Victoria (Mr. McKenzie) and others on that side who supported the Minister of Finance (Mr. Fielding) of that day. I do not blame the members behind him so much for this reason that they had a Finance Minister in whom they had confidence. Let me tell the committee how the matter started when the Minister of Finance made his statement in 1903.

Mr. McKENZIE: What has that to do with this question?

Mr. J. D. REID: It has a great deal to do with it. On August 12, 1903, the then Minister of Finance (Mr. Fielding) said with reference to this transaction:

> If we had a surplus of $13,725,706—and we have it and more—and if, instead of investing that in the various purposes of Government, if, instead of doing the various things which the House has authorized, if, instead of reducing the debt of the Dominion as we shall do during the present year—though I do not make any great boast of that—if, instead of applying this money in any of these ways, you take that sum and give it to a trust company or insurance company accustomed to dealing with annuities, to invest it at 3 per cent per annum payable half-yearly, I undertake to say, on the authority of an actuary, that they could pay every cent of obligation we assume under that contract.

What has happened? On the strength of that what position are we in to-day? The members behind him believed that he had gone into the matter and that he was making a statement that was correct.

Let me explain the position we are in. In the first place we had to complete the Transcontinental railway. That has cost the country up to date including losses on operation $250,000,000. The interest on that even at only four per cent means an annual loss of $10,000,000 to this country. In addition to that, we are losing annually $6,000,000 on the Transcontinental on account of operation. That makes $16,000,000 every year which the people of this country are liable for on that one transaction. In addition to that hon. gentlemen opposite launched out on the Grand Trunk Pacific railway and forced the road to go through to the coast. The Government have up to date advanced to the Grand Trunk Pacific by way of loans and interest on same, advances by the Receiver, and so forth, $64,010,608. In addition to that there is a balance due the Canadian Government railways by Grand Trunk and Grand Trunk Pacific operating accounts of $1,040,346.79. The following table shows what we have invested in the Grand Trunk Pacific:

Total amount in Grand Trunk Pacific up to date, say, Dominion, Government cash, loans, etc.		$ 64,010,608
Guarantees		76,574,181
		140,684,789
Grand Trunk Railway guarantee	72,301,253	
Local Government guarantees	16,786,440	
		229,772,482
Add, implementing		6,263,710
		235,976,198
Subsidy, $6,400 per mile on Lake Superior Branch, 190.70 miles		1,220,480
Advances as per statement		235,976,198
		237,196,678
Grand Trunk Railway say they have also advanced on branch lines		11,019,686
		248,216,364
Development Company, hotels, steamships and lands		11,820,668
		260,037,032
Advances by Grand Trunk Railway to Grand Trunk Pacific Saskatchewan railway		214,500
		260,251,532
Divided as follows:—		
Dominion Government Guarantees and Loans		140,684,789
Local Government		16,786,440
Grand Trunk Pacific		72,301,253
Subsidy from Dominion Government		1,220,480
Advances by Grand Trunk Railway to Grand Trunk Pacific Development Company and branch lines		22,840,354
Implementing		6,203,716
		$260,037,032

So instead of it costing us $13,000,000 as Mr. Fielding announced, the people of Canada have invested $260,037,032 in the Grand Trunk Pacific. The interest on that even at 4 per cent is about $11,000,000. There is also an annual loss on account of operating the system of about $6,000,000 more during the present year. That means the people of this country have to pay $17,000,000 every year on account of the Grand Trunk Pacific. All this money was invested because of the leader of the Liberal Government of that day and his Minister of Finance assuring their followers and the people of this country that the road would cost only $13,000,000.

Mr. RICHARDSON: Do you mean to say they were responsible for all this?

Mr. J. D. REID: The Liberal Government were responsible for every dollar of it. They forced the thing through, and we are in the position we are in to-day in consequence. We are trying to save the wreck that they made of the whole railway situation. We are trying to link up with the Grand Trunk in order that we may have a complete system and stop the losses that are occurring on account of having a jug-handled system through the policy of the leader of the Government and the Minister of Finance of that day. That is the situation. How can we make this road pay if we have not connections in the East, in Ontario and Quebec? Without those connections it is impossible for us to continue. The Grand Trunk system which we are taking over has been able in the past to pay dividends, and is now, and I believe in the future will be able not only to pay the dividends which it has paid in the past, but that the interchange of traffic between what is now the Grand Trunk system and the Canadian National system will not only help the Grand Trunk very materially and the National system, but will decrease the cost of management. Surely the only remedy for the railway situation in which we find ourselves to-day is to take over this road in order, at all events, to make ends meet instead of having to ask Parliament every year to make good an operating loss of $8,000,000 or $10,000.000 on the Grand Trunk Pacific and of at least $6,000,000 on the Transcontinental For the life of me I cannot see any reason why this proposed legislation should not go through, unless the policy of hon. gentlemen opposite is, as I believe it is, and as was advocated by my hon. friend (Mr. McKenzie), to let the road go into the hands of a receiver. He knows just as well as I do that that means the road will go to the Canadian Pacific Railway. If we refuse this offer now, the Grand Trunk can or will make an agreement with the Canadian Pacific Railway, who will take the Grand Trunk over. I have heard this argument made by hon. gentlemen opposite, by the leader of the Opposition, for one, I believe: The Canadian Pacific will have to come to this Parliament for legislation before they can take over the Grand Trunk.

Mr. MACKENZIE KING: Hear, hear.

Mr. J. D. REID: The leader of the Opposition, the real leader of the Opposition, says, Hear, hear. He says the Canadian Pacific could not take over the Grand Trunk without first coming to this Parliament for legislation. Let me tell him that the Canadian Pacific has taken over railway corporations in the past and steamship companies. Public opinion at the time would not stand for it, but the Canadian Pacific managed to get other parties to secure the stock indirectly. Some holding or trust company would secure the stock, and ap-

parently to the outside world the Canadian Pacific would be fighting this holding company which it really controlled. After a while it would leak out that the Canadian Pacific owned and controlled the other company. They have got it, and that is the end of it. The policy of the leader of the Opposition, or of the two leaders of the Opposition at the present time is this: First, wait for time. Now waiting for time means handing over the Grand Trunk to the Canadian Pacific. Secondly, they say: If you cannot do that, let the road go into the hands of a receiver. That also means going into the hands of the Canadian Pacific. I think it would be better if the hon. gentlemen would come out in the open and say: We want these roads to go under the control and operation of the Canadian Pacific.

So far as I am concerned, my position is this: We cannot continue to operate these roads at such a loss. The people of this country would not stand for it. We can only continue to operate the roads we have by taking over the Grand Trunk. By consolidating the roads I am confident we can operate them successfully and in the interests of the public.

Mr. VIEN: At present rates?

Mr. J. D. REID: If we appoint a competent Board of Management comprising men of the highest ability we can operate them at present rates and make just as much money as the Canadian Pacific Railway. The Government should appoint six or eight men who have had an extensive experience in the conduct of railways and who should be given an absolutely free hand, untrammelled by interference either from any private member of Parliament or from outside public, in order to operate the system in the most economical manner possible. Under such a management I have no doubt whatever that the system could be made a success. There can be no difference in the management of the railways as between a private corporation and the Government if men of the same standard of ability and business acumen are appointed in either case.

Mr. EULER: The other evening, in reply to a question from myself, the minister stated that the management of the road would be entirely reorganized. I gathered from that statement, perhaps incorrectly, that new men would be appointed. Probably the minister will now give me a more definite expression of intention when I ask him this question: Does that intended reorganization imply that the men who are now managing the road will be retired altogether, or does it simply mean that there will be some juggling?

Mr. J. D. REID: It is hardly fair to expect me to answer that question offhand. What I do say is that we shall combine in one system the Canadian Northern Railway, the Grand Trunk Railway and the Intercolonial Railway, three large systems, and that there should be appointed at least half a dozen of the very best railway men to operate the combination. Personally, I am sure that from the three systems we should be able to select those men. In any event, their appointment will be decided when the proper time arrives. I do know that on the Intercolonial railway we had a number of excellent men who undoubtedly would be able, from their great experience, to operate a railway system successfully, and I have also come in contact with some of the ablest men in connection with the Canadian Northern railway and the Grand Trunk railway. However, if by any possibility we cannot obtain suitable men from these systems the Government is in a position to secure them no matter from what source they may come. Hon. gentlemen opposite are apprehensive; they think the Government cannot make a success of the system. Well, that is merely a reflection on the members themselves; for, unless there is interference on the part of members of Parliament, there should be absolutely no difference between the management under a private corporation and under the Government if equally competent men are appointed to administer the affairs of the system.

Mr. BURNHAM: Is it not true that in a magnificent speech the minister established the fact that Parliament, by various means, made an appalling mess of the whole situation from the beginning?

Mr. J. D. REID: What I have said in this House is that the appalling mess in connection with the railways was a legacy inherited by this Government from the Government of Sir Wilfrid Laurier, and we are struggling to the utmost of our ability to make the best of the situation. By consolidating the railroads we shall relieve the country from the large annual loss which it has had to bear as a result of the disjointed condition of the Canadian railways. My candid opinion is that by a vigilant oversight of the operations of the system, and under the economical management of competent men who know their business,

freight rates will be kept down, and in future, as the population increases, the people will enjoy cheaper rates instead of suffering, while millions of dollars are made by a private corporation. If we get control of the railway and have a consolidated system there is no doubt that we shall be able to compete with the Canadian Pacific Railway, not injuring that concern, for that would be the last thing I should want to do. They can work harmoniously with our system in the interests of both railways and also of the people at large.

Mr. BURNHAM: Would it not be well for the United Farmers, who will be represented here in a few days, to be consulted in this matter?

Mr. McKENZIE: The section before the committee, Mr. Chairman, is section 3, which consists of five lines. It reads:

> The said agreement shall contain provisions for the defining of the companies, properties and interests, comprised in the Grand Trunk system, and, including the terms and provisions hereinafter set forth, may contain such other terms and conditions as the parties may agree upon.

With all good nature and in a spirit of indulgence, may I ask upon what part of the section the Minister of Railways has been speaking in his lengthy speech?

Mr. J. D. REID: Perhaps the hon. member will allow me—

Mr. McKENZIE: Order. Is there any single particle or line in that section that can justify this harangue to which we have been treated?

Mr J. D. REID: I can justify it for this reason: Last evening the leader of the Opposition asked me if it would be understood that on this or any other clause general questions might be raised or discussions entered into. I said "yes", and for that reason I was, I think, perfectly in order.

Mr. McKENZIE: On that assumption, the minister may continue indefinitely until, according to his own declaration the other night, he will "want to go home." He may be quite willing to go home before he is through with the inquiries that will be made of him. We have heard a speech which was canned from last night, and is being delivered to-day. I wish to call the minister's attention to one paragraph in the speech delivered on the 16th of October by the ex-Minister of Finance. When the Tory party is in a close corner before some committee and want evidence to show that they have no money, they call upon the ex-Minister of Finance to establish the fact. On the other hand, when they come before Parliament and it suits their purpose to say that they have money, they call upon the same hon. gentleman to corroborate them.

We had Sir Thomas White as a witness here the other day proving that they did have money, and in making his speech, at page 1111, he said:

> It is idle to inquire what political party, if any, is responsible for that state of affairs. It is also idle to inquire what share of responsibility should be borne by political parties.

Sir Thomas White says that both parties are responsible for the railway condition existing in Canada to-day. The Minister of Railways cannot shift that responsibility; whatever share of responsibility is to be borne by either party must be borne by it. That was the purpose of the speech of the ex-Minister of Finance; that is what he says. In view of the fact that the ex-Minister of Finance comes here and tells us that it is idle to be talking about the condition of things, why should the Minister of Railways, who heard that speech and who invited this hon. gentleman to come here to help him out, to prove that we have money on this occasion, although a few days ago they called him to prove that we had none, try to put all the responsibility on the Liberal party? The other day I pointed out that every phase, every step of the policy of the Liberal party was submitted to the people of this country and that they had given it their approval. I simply ask the minister if he will take the same course. If he will there will be no criticism. We will let this Bill go right through if he will agree that it shall not go into effect until a general election has taken place and the people have had an opportunity of passing judgment upon it.

Mr. MEIGHEN: Was that done in 1903?

Mr. McKENZIE: Certainly, the agreement was brought down and immediately the House was dissolved and the Government went to the country.

Mr. MEIGHEN: The agreement was passed and the whole deal was considered ahead; everything was completed. That was the beginning of a new project involving outlays—this is merely a union of projects now built.

Mr. McKENZIE: Will the minister say that this does not involve an outlay, an expenditure, the payment of the money of the people?

Mr. MEIGHEN: Outlays that will have to be made in any event.

Mr. McKENZIE: Not at all.

Mr. MEIGHEN: Certainly; this is a union and therefore an economy.

Mr. McKENZIE: There is no necessity for this union. Hon. gentlemen speak as if they had no roads in Ontario. They have two main lines running right through this great province; they have the Canadian Northern and the Transcontinental railway. Will it be said that it is necessary to make a success of Government ownership in Ontario to have three parallel lines with their branches? That is the position that exists here to-day. If the hon. gentleman says it is necessary I never heard any such argument before. There is nobody saying to-day but that the Intercolonial is quite capable of looking after the traffic along that line. There is no need—there cannot be—of adding this particular line to the Intercolonial because the Minister of Railways says that every part of this system is to be used in a business manner. When he is asked if freights are to be routed to St. John or Halifax, he says that will be entirely for the management; the management will have to do all that; I have nothing to do with it. But a few days later he finds that there is an election in Carleton, N.B., that he has a candidate in the field, that he is sending three ministers down there to speak for that candidate. He makes a speech in this House and he says: "I will see to it that traffic is routed to the Maritime Provinces. I would like to see the agent who would go out for Grand Trunk freight and divert it to Portland, if I am alive. I will see to it that he is dismissed, not next day, but that night; I will not wait until next day." The Minister of Railways in one breath is going to put the whole business into the hands of the most competent railway man he can find in America, and in the next breath he says that he must do it himself, that if freight is diverted in the slightest degree he will dismiss the officer of the road who allows it.

The intention of the Minister of Railways is to get one huge railway monopoly under his control entirely for political purposes. But my simple, innocent question was this: "Are we going to be paying taxes on this road after it becomes a Government railway?" He breaks forth in fury over the heterodoxy when I suggest that Government property should stop paying taxes. Does the Intercolonial pay any taxes? He must answer that it does not pay one cent of taxes anywhere from Sydney to Montreal. Wherein does it differ then from any other road that is owned by the Government? The people are going to reason this thing out. The minister will not tolerate for one moment to have it said that the method or practice by which he is getting hold of these roads does not give him Government ownership. This road is either owned by the Government or it is not. If it is owned by the Government it should not pay taxes. If it does not belong to the Government of course it will have to pay taxes. There are parts of the Intercolonial railway that at one time did not belong to the Intercolonial. There was at one time a road called the Eastern Extension owned by a private company running from New Glasgow to the strait of Canso. It was subject to local laws and paid taxes. But somewhere around 1882, 1883, or perhaps as late as 1885, it became the property of the Government and a part of the Intercolonial. Did that section of the road pay any taxes after that? Not one dollar. It was made a part of the Intercolonial and it became free from taxation. That is a case in point exactly. If the Eastern Extension Railway Company ceased to pay taxes when it became the property of the Government, what is the logic by which the Grand Trunk, when it becomes the property of the Government, is to continue to pay taxes? There is no sense in it, there is no law for it and it is absolutely in violation of the constitution if it is done. One would think that I was making this law. It is section 125 of the British North America Act which enacts that any Government property either in a province or the Dominion, shall not pay taxes.

This getting hold of the stock of the Grand Trunk or Canadian Northern is simply a means to an end. We are not buying that stock because we want to have it. We do not want it. It is no good, it does not pay any dividend, it is not an inviting speculation for the Government and they would not buy a dollar's worth of it for the sake of owning the stock. It is a way they take of owning the railway.

Some hon. MEMBERS: Hear, hear.

Mr. McKENZIE: Very good. Then last year they owned the railway, the rolling stock, and everything about it, and they took possession of it. Therefore, if we are to believe their argument, is it not, to all intents and purposes, exactly in the same box as the Intercolonial railway? There

is not a shadow of a difference between them except, as I said before, we are going to hold the Grand Trunk in this receptacle called the Grand Trunk Railway Company, and we are going to hold the Canadian Northern in the receptacle called the Canadian Northern Railway Company; we own everything that is in both those receptacles, according to hon. gentlemen opposite. Therefore, the law that applies to government-owned companies or government-owned property applies here and we should not pay any taxes at all. Now hon. gentlemen try to make a great deal of fuss about conditions on the Intercolonial railway. Those who know the history of this country are aware that Nova Scotia, at all events, was not anxious to come into Confederation and never wanted to do so. People would think that we Nova Scotians shoved ourselves upon Confederation and that we came begging, upon favourable conditions with respect to the Intercolonial railway. Not at all; we were coaxed into Confederation. The Intercolonial was offered as an inducement to come in and we were assured that we would always have certain rights and conditions in regard to that road that would compensate us for what we were losing. Hon. gentlemen know that before Confederation the Maritime Provinces dealt largely with the United States. We sent our coal there free of duty; we sent our fish there free of duty; we had a magnificent trade with the United States. All of that was cut off when we entered Confederation with a tariff wall and we were joined to Quebec and Ontario. In respect to the goods that we sent and received by water we were told that we would have the same convenience back and forth on the Intercolonial. That was the condition under which we came into Confederation and under which that road was built. Now, if the Government of Canada is living up to a certain extent to the terms of Confederation and the terms with regard to the Intercolonial, why should I be told by the President of the Privy Council, when I speak about paying or not paying local rates upon this railway, "Oh, when you beggars in the Maritime Provinces pay your freight rates properly then it will be time enough for you to talk about what is being done on the Intercolonial." That is not common sense from a member of the Government. We are under no obligation and we are looking for no favours in this matter— we are looking for constitutional rights and constitutional privileges. I say to the Government that when millions upon millions of dollars worth of property are owned by the people of the Dominion from the Atlantic to the Pacific and the Canadian Constitution says that that property shall not pay any taxes, the Government has no business to make the people in Nova Scotia, New Brunswick, Prince Edward Island and Quebec pay taxes on other property outside of their own when on like kind of property in their own provinces they pay no taxes at all on government owned property. That is why I asked the minister the question "What taxes shall we have to pay on the Grand Trunk and upon the Canadian Northern?" Hundreds of thousands of dollars, possibly millions of dollars, are to be paid altogether—I do not know how much the Canadian people will have to pay out of their own pocket, out of the earnings of these roads— when the constitution of the country says they shall not pay one cent. What is the Minister of Railways blowing and blustering about as to the cost to the country to build one particular road or another? That is not an answer to my question. I want to know clearly and distinctly how he proposes to get out of the provision of the Constitution which provides we shall not pay any taxes upon government owned property? He says that we shall go on paying those taxes as is now done. If he says we are going to pay the taxes, then he must admit that we do not own the property, because it is a right or a prerogative, of the Crown, if you please, that it shall not be taxed—anyway, the Crown shall not tax itself. There is where the principle came in that government property is exempt from taxation. Wise, or unwise, it is the law, and nobody ever found any fault with it. If that provision is in the Act and if it applies to the Intercolonial railway, I see no good logic, reason or law, why the same principle should not apply to every mile of railway that the Government of Canada will own in this country.

The CHAIRMAN: The attention of the Chair has been called to the fact that an hon. member who spoke a few minutes ago was not in order. I take it for granted that the committee have now arrived at the time when hon. members do not consider that a general discussion of the Bill should be allowed upon every clause. The clause under discussion, as already pointed out, relates to the provisions of the agreement. I hope that hon. members addressing the Chair will follow rule 13 of the House, which reads:

Speeches in Committee of the Whole must be strictly relevant to the item or clause under consideration.

Mr. ROBB: With all due deference, Mr. Chairman, to your ruling, which we do not dispute, the Minister of Railways, who is in charge of the Bill, has just made the statement that it is well understood both sides should, in connection with this clause particularly, have a free and full discussion of the railway situation in Canada.

The CHAIRMAN: It would not be proper for the Chair to enter into a controversy with an hon. member, but I may be permitted to point out to the hon. member for Chateauguay-Huntingdon that it was the leader of the Opposition who drew my attention to the fact that the rule was not being observed. In any event, the Chair and the committee cannot be bound by any agreement made between a minister of the Crown and the leader of the Opposition. The matter is entirely in the hands of the committee and an agreement of that kind could only be carried out by unanimous consent.

Mr. BURNHAM: It seems to me, if I might make the observation, that we are losing sight of the fact that those who take the most vital interest in the provision under discussion are the people of this country. The Canadian people have got to pay the taxes; they are the ones who must bear the burden; and for my part, as a patriotic Canadian and as a man who never expects to get back to this House—

Some hon. MEMBERS; Oh, oh.

Mr. BURNHAM: —I nevertheless unhesitatingly say that although it may mean suicide to myself, we ought to go to the country and let the people speak on this question.

Mr. MACKENZIE KING: Last night I drew the attention of the Minister of the Interior to the extraordinary wording of this section and the unlimited powers which it gives the Government. I should like to read the section and ask if the minister has drafted the amendment which I understood he was to prepare and submit to the House to-day. The section reads:

The said agreement shall contain provisions for the defining of the companies, properties and interests, comprised in the Grand Trunk System, and, including the terms and provisions hereinafter set forth, may contain such other terms and conditions as the parties may agree upon.

In reading that section one would notice that the reference to " terms and provisions hereinafter set forth " is in the nature of a parenthetical clause, and if the sentence were read with that clause transposed it would run as follows:

The said agreement shall contain provisions for the defining of the companies, properties and interests, comprised in the Grand Trunk System, and may contain such other terms and conditions as the parties may agree upon, including the terms and provisions hereinafter set forth.

I think the minister will agree that he is asking Parliament to give the Government far too much latitude in connection with the agreement. Before I propose any change in the clause by the striking out of some of its words, I should be glad to hear whether the minister has an amendment to offer.

Mr. MEIGHEN: I stated yesterday that I thought it might be well to amend the clause by providing that the terms and conditions of the agreement should be consistent with the terms and conditions set forth in the Bill. The intention is that the agreement shall be only so much more complete in detail as is necessary to carry out the strict intent of Parliament, and anything making that effect clearer I should be very glad to accept. I have not prepared an amendment, but I suggest that these words be added:

Such other terms and conditions not to be inconsistent with the provisions of this Bill.

Mr. ROBB: In refusing the request of the leader of the Opposition that the agreement be placed on the Table, the Minister of the Interior is taking a course directly opposite to that which was taken by his leader (Sir Robert Borden) in connection with the Grand Trunk Pacific legislation. On March 14, 1904—I quote from Hansard of that year, volume 1, page 7— Sir Wilfrid Laurier, then Prime Minister, moved:

That the speech of His Excellency the Governor General to both Houses of Parliament of the Dominion of Canada, be taken into consideration on Monday next.

Mr. R. L. Borden, of Halifax, the leader of the Opposition, then said:

Before the motion is adopted I would like to bring to the attention of the right hon. gentleman (Rt. Hon. Sir Wilfrid Laurier) the fact that reference is made in the speech to an agreement between the Government and the Grand Trunk Pacific Railway Company, or gentlemen representing that company; and I would like to know if it is the intention of the Government to place that agreement upon the table of the House before the address is taken into consideration? As this is a subject of considerable importance, I should think it only right that the House should have the advantage of perusing the agreement before we enter into consideration of the speech from the Throne.

My hon. friend will notice that the leader of the Opposition of that day proposed to hold up the Address until the Government had brought down that agreement in detail and laid it on the Table, so that the representatives of the people might see it. Sir Wilfrid Laurier replied as follows to the remarks of the leader of the Opposition:

Sir Wilfrid Laurier: I may inform my hon. friend (Mr. Borden, Halifax) that the message he refers to will be laid on the Table before the end of this sitting.

That is all we are asking to-day; that the agreement be placed before the representatives of the people.

Mr. MEIGHEN: I have not had time to look over that debate, but I am indebted to my hon. friend (Mr. Robb) for bringing the incident up; for it clearly sets out the principle that governed Parliament then and that governs Parliament now. The speech from the Throne was brought down and in it there was a statement that Parliament would be asked to ratify an agreement already entered into by the Government. The leader of the Opposition (Sir Robert Borden) of that day said: "Before we are asked to ratify an agreement which has been entered into, we had better see it, because there is nothing in the speech from the Throne which indicates what the agreement contains." In that case, had the agreement not been brought down, there would have been nothing before Parliament on which to base a discussion—not even the principles of the agreement, to say nothing of its precise terms. It was only common sense that an agreement entered into should be laid before the House if it was to be discussed, because, I repeat, the speech from the Throne embodied nothing at all that could be the basis of a discussion in Parliament. But here we have everything. Here we have what the agreement is to contain, all that is felt to be essential; and there is another great difference as well: Parliament has the privilege of adding anything that it may desire. Everything is before Parliament; the door is open. In that case the door was closed; the agreement had been signed. The difference between the two cases is really so great that they are hardly comparable.

Mr. ROBB: My hon. friend forgets that authority had been given at the previous session of Parliament for the making of a certain agreement. The Grand Trunk people subsequently came before the Government and asked for a change in that agreement and Parliament was called to give the Government authority to ratify the change.

[Mr. Robb.]

Mr. MEIGHEN: Very good; was it not well that Parliament should know what the proposed change was? The speech from the Throne did not say to Parliament what it was. But we say to Parliament, in this Bill, what the agreement is to be; this Bill contains the agreement. It does not contain the necessary details that must be embodied in an agreement, but it contains the essential principles thereof and may contain any detail that Parliament wants it to contain. But in the case the hon. gentleman mentions, Parliament had nothing at all before it to discuss—merely the fact that there was a change in agreement to be brought down. Parliament had been asked to authorize the Government to enter into an agreement and Parliament agreed to do so; is not that just the same as here? Parliament had given the authority, just as Parliament is being asked to give the authority now.

Mr. ROBB: Yes, and the Government of the day refused to change that agreement until they came before the representatives of the people for authority to do so.

Mr. MEIGHEN: Certainly, and when we enter into an agreement under exactly the same conditions, having been authorized by Parliament to do it, not only must we refuse to change or amend it without the authority of Parliament; we absolutely could not do so; we would be legally powerless to change it. So with the Government of that day; any change would have been wholly ineffectual until Parliament had approved. It is just the same in this case; we can make only that agreement which we are authorized to make, just as the Government of that day could make only the agreement that it was authorized to make. Subsequently the agreement was changed, but, as I have said, the alteration was wholly ineffectual until it had been ratified by Parliament.

5 p.m.

Mr. MACKENZIE KING: May I direct the minister's attention to what seems to be an exact parallel? The Treaty of Peace was an agreement drawn and signed by the parties to it. It was thought necessary, after that agreement had been signed, to summon this session of Parliament for the express purpose of ratifying it. There were two distinct acts: First, the act of drawing the agreement and having it signed; second, the calling of Parliament together for the purpose of giving its approval to the agreement. Now, all that gentlemen on this side are asking is that what the Government found it necessary to do in connection with

a treaty relating to questions outside of Canada, they do in regard to this question particularly affecting our own country—one of the most important questions that this Parliament has ever had to consider.

Mr. MEIGHEN: The hon. gentleman's parallel is rather destructive of his argument. Was there any prior authority on the part of Parliament to enter into the Treaty of Peace? Had there been, what would have been the need of ratification? If Parliament, before the Treaty of Peace was made, could have laid down the lines and the essential provisions of the treaty, that would have been a far greater privilege on the part of Parliament than that of subsequent ratification, when alteration would be difficult if not impossible. Here the facilities for alteration are right before us. Have I made it clear? Had Parliament been able to authorize in advance the provisions of that treaty, Parliament would have had a free hand and would have been in a much stronger position than it was in with the mere right of ratification. In this case, there shall be no need of ratification afterwards because we authorize before.

In the case brought up by the hon. member for Chateauguay-Huntingdon (Mr. Robb) where Parliament was asked to authorize making an agreement along certain lines, the Government made the agreement along those lines. Was that a flouting of the people's rights as the hon. gentleman lectured us? Were the people's rights flouted at that time? Having made the agreement along the lines authorized by Parliament, did the Government of that day come before Parliament and ask for ratification of that agreement? They came to Parliament only when they sought authorization; they never came back for ratification of an agreement that they had been authorized to make.

Mr. MACKENZIE KING: I think I read to the hon. gentleman the clause containing the agreement in relation to the National Transcontinental railway. That clause expressly provided that that agreement came into effect only when it was ratified by this Parliament. I suggested a clause in identical terms to be inserted in this particular Bill and an agreement made under it. The minister refused to accept it.

Mr. MEIGHEN: The agreement provided that it came into effect only when ratified by Parliament; it could not provide otherwise. So far as the agreement was made in advance, it could come into effect only when ratified by Parliament. That was done in one case to which the hon. member for Chateauguay-Huntingdon referred in which the agreement was made in advance. There are two ways of doing this, and both have been practised many times, but we must be governed by circumstances. One method is just as good, just as equitable and just as frequently, if not more frequently used than the other. Indeed, the almost universal practice is for Parliament to lay down the main lines and principles, and then the details following out those principles exactly are worked out by the Governor in Council.

Mr. MACKENZIE KING: I should like to draw the minister's attention to the other point of which I spoke last night, namely, that after the agreement had been drawn up by the Government and the Grand Trunk, the Government still reserves to the shareholders of that company the right to ratify that agreement, but the Government denies a similar right to the representatives of the people in this Parliament.

Mr. MEIGHEN: Because we lay down the lines of the agreement. Surely that is a stronger position than being asked to ratify it after it is made. We lay down the lines; the shareholders have not been consulted at all. We lay down the lines of the agreement, everything essential in it and everything we want.

Mr. MACKENZIE KING: There is a difference between laying down lines and general principles and laying down specific terms.

Mr. MEIGHEN: Let the hon. member bring forward any terms he wants to suggest.

Mr. MACKENZIE KING: Everything that is laid down in a general way by this Parliament, everything that is done under this Bill if it becomes law, will be known to the shareholders of the Grand Trunk Railway Company before they are asked to give their consent to that agreement. We on this side contend that if the Government is going to reserve to the Grand Trunk shareholders a right, it should of necessity reserve the same right to the people of Canada. What becomes of Parliament, of responsible government, of any of the provisions which have been made in the constitution for safeguarding the rights of the people, if private shareholders and corporations are to be given privileges that the people's own representatives in Parliament are denied?

Mr. McKENZIE: The very striking difference between the two positions, that

is, between what took place in 1903 and what is taking place now is this, and to my mind it is very important. We are having put through this House now what is called an enabling Bill giving to the Government certain powers to do certain things, for instance, to make an agreement with the Grand Trunk Railway Company, but the terms of the agreement and the agreement itself are not before us at all. We are, therefore, saying to the Government simply: Go and make an agreement, whatever agreement you think proper to make. It is true there are certain general principles laid down in the Bill.

Mr. MEIGHEN: Very definite principles.

Mr. McKENZIE: But we give the Government a free hand to make an agreement, which will come into effect just as soon as the shareholders are willing to accept the conditions.

Mr. MEIGHEN: No free hand about it.

Mr. McKENZIE: The Bill is before the House, and the House can say whether my interpretation of the matter is correct or not. This is an enabling Bill; it is not an agreement; it is giving the Government power to make an agreement, the details of which are in the Bill. When in 1903 the Bill came down, attached to it as a schedule was the agreement itself. Is that not a very striking difference? When, in 1903, this Parliament was dealing with the terms of the Bill, clause by clause, members had before them the full text of the agreement. If the minister wants to have a parallel, he will present this Bill with his agreement attached as a schedule, and hon. gentlemen will have the same opportunity of criticising and analysing the agreement as they have of criticising and analysing the Bill. In 1903, the privilege was given to Parliament of considering not only the Bill and its purport, but the agreement itself, and I cannot see why in this case the agreement was not prepared and submitted to the House. It seems to me that it has been the practice here for years, for instance, when we are ratifying an agreement between two companies which are amalgamating, that a separate Bill is submitted to the House and the agreement is attached as a schedule and we adopt the schedule, that is, the agreement, as we pass the Bill. What is the reason why this agreement is not drafted and attached to the Bill so that we may know exactly where we stand, and the minister may at least have an opportunity of saying: I am doing exactly what was done in 1903, and hon. gentlemen opposite were then satisfied with that practice? We are told that all the conditions are well in hand and understood. The Minister of the Interior (Mr. Meighen), representing the Government, and Sir Alfred Smithers, representing the company, understand each other thoroughly, so why not put this agreement into shape and make it part of the Bill ? If that cannot be done, it must be that there are some further developments of which we know nothing, and that some changes are to be made which are not yet settled between the two parties. If such be the case, that is possibly the reason why this wide latitude is given in clause 3. But if the terms are fixed and settled, with the talent in the way of drafting Bills at the disposal of the Government, there should be no difficulty in drafting this agreement and attaching it as a schedule to the Bill.

Mr. MEIGHEN: I move to amend clause 3 of the Bill by inserting after the word "conditions" in the fifth line of the said clause, the following words: "not inconsistent with the provisions of this Act."

Mr. DEVLIN: That amendment does not mean anything; it means simply that no agreement could be drawn up that would be inconsistent with the provisions of this Bill, or that if any agreement were drawn up inconsistent with the provisions of the Bill, it would not be a legal agreement. It is a huge farce of an amendment. There is no other way of qualifying it.

Mr. MEIGHEN: I may tell my hon. friend that the leader of the Opposition (Mr. McKenzie) said last night that this would be a considerable improvement.

Mr. DEVLIN: If my hon. friend feels happy over anything he may get from the leader of the Opposition, I certainly do not begrudge him his few moments of happiness.

Mr. MEIGHEN: I believe the leader of the Opposition is right on that point, and I am glad to have the opportunity of commending his suggestion.

Mr. DEVLIN: A very happy disposition must be coming over my hon. friend for him to say the leader of the Opposition is right. Surely that must be classed as another improvement. The contention that is made on this side with regard to clause 3, if I have followed the discussion aright, is that the Government should not have the power to put in the agreement other terms

and conditions which may not be known to the people of Canada, and secondly, that the people of Canada have the same right as the shareholders of the Grand Trunk. The minister says: "It is all right. It has been done in the past.' Many things have been done in the past that must not be repeated in the present, and certainly will not be repeated in the future.

Mr. M. CLARK: Hear, hear.

Mr. DEVLIN: My hon. friend agrees with me. Let me put it this way: The Government is acting as solicitor or counsel for the people, charged by the people to draw up the agreement with the Grand Trunk. Another counsel is empowered by the Grand Trunk shareholders to draw up the agreement for them. The Government say to the people, their clients, "We will draw up the agreement according to the powers that you give us, but as your counsel will have the right to put in the agreement other terms and conditions as we may deem wise." The people say to the Government: "But we want to read over that agreement before we attach our signature to it." Counsel, the Government, replies: "No. You are empowering us to sign your name and you will not have the right to read over the agreement. Then the people say, "The shareholders of the Grand Trunk, the other parties to this agreement, will have the right of reading it over before their signatures are affixed to it. Why should we not have that power?" The Government answers, "Because we may require to put in other terms and conditions which we cannot tell you of at present, but which will not be inconsistent with the power you give us to sign your name."

I put it to the Government, is it fair to put their clients, the people of Canada, in that position? Should not the people of Canada be on exactly the same footing as the shareholders of the Grand Trunk, the other parties to the agreement, and have the right to read it over before their signature is attached? I may be wrong, but I take it that that is what was in the mind of the leader of the Opposition when speaking. I can very readily understand him saying that the words suggested "Not inconsistent with the provisions of this Act" are an improvement, because the Government before did not even want to give the people of Canada the right to say that nothing should be put in the agreement except what was consistent with the provisions of this Act. Now the Government say to the people: "We will not put in the agreement any terms and conditions which are not consistent with the powers which you give us, but we will put in other terms and conditions than those perhaps with which you are familiar. We take it that the power you have given us to sign your name empowers us to put in other terms and conditions in the agreement, which you shall not see or know of before you become bound thereby." I think the position which the Government is asking the people of Canada to assume is an unjust position. It is a position that no private individual would be asked to assume, and we should apply the same rule to a body of individuals that we apply to an individual. The body of individuals in this case is the people of Canada.

Mr. MEIGHEN: First, with regard to the amendment. It might conceivably be argued, and I have no doubt that this is what was in the mind of the leader of the Opposition last evening, that as the clause reads at present the power of putting in other terms and conditions, being cumulative, did not forbid terms and conditions even differing from the terms and conditions here. As that might conceivably be argued, possibly not effectually argued, it is certainly an improvement to put those words in. Now the hon. gentleman says that we should have done as was done in connection with the Grand Trunk Pacific in the 1903 case, the only case, as I am informed, but not as was done in the second case—I am looking into that to be sure I am right. He says we should have done what was done in 1903, have had the agreement made, and then brought it down to Parliament for ratification. That is one method; this is another method. Let us examine which is the best from the standpoint of Parliament, and this is very important. When you come down to Parliament with an agreement signed and sealed for ratification what is the function of Parliament? It is to take that agreement as it is or to let that agreement go. Parliament's hands are virtually tied, because the Government of the day is committed. It has signed and sealed all the terms and details and Parliament has no say at all. It is a case of Parliament taking it or leaving it. That was one of the main criticisms levelled at the plan of the Government in 1903. We have no desire to emulate the course pursued in 1903 any further than is constitutionally necessary. In this case we have followed the other plan, which has been frequently adopted. Parliament has everything before it; there is nothing in the world kept from Parliament. Parliament can in-

sert, can add, or subtract. The whole field is before Parliament. We lay down here certain provisions. It is for Parliament to add to them or strike them out. Is that not a far better position to put Parliament in than to come here with a hard-and-fast agreement, with everything cut-and-dried, and say to Parliament: "There is the agreement. We have made it and it is for you to turn us out or leave us in. Take the agreement just as it is, or leave it just as it is." I submit that much the better position to put Parliament in the position Parliament is in to-day, where Parliament has a free hand to insert more clauses than are here or to take from clauses which are provided to be enacted in the agreement.

Mr. FIELDING: Does the hon. gentleman claim that Parliament is absolutely free now to deal with this agreement in any way it pleases other than by dismissing the Government? The hon. gentleman has stated that all the material parts of the agreement are set forth in the correspondence, which amounts to an agreement with the Grand Trunk Company. Does he claim that he can put aside all that correspondence and that we can do anything we like, with the freedom which he suggests? We can only do it by dismissing the Government.

Mr. MEIGHEN: Probably, if the Government could not accept the suggestion of Parliament, it might have to go. But the Government can accept the suggestions of Parliament.

Mr. FIELDING: Not if they are at variance with what the hon. gentleman has already contracted for.

Mr. MEIGHEN: We have entered into nothing binding with the Grand Trunk Company in any sense whatever. There is nothing in the nature of a final agreement such as the hon. member entered into in 1903. Parliament may now make suggestions which may be quite acceptable to the Government. It may make suggestions which might prove quite acceptable to both the Grand Trunk and the Government; or, on the other hand, suggestions which might be acceptable to us and not to the Grand Trunk, and we are at liberty to assert that the Grand Trunk would not be bound to accept them. Parliament is free. It is infinitely freer to-day than it was in 1903. Parliament has the case presented to it in a form which I think it will appreciate, and is in a much better position than it occupied in 1903, when all it could do was to accept the Government's proposition as it was, or let the thing go altogether.

Mr. FIELDING: The hon. gentleman has entirely changed his ground. Throughout the debate he has been telling us that all the essentials of the agreement with the Grand Trunk are before us, and that the Government have come to an understanding with them. Now he practically tells us that there is no understanding with the Grand Trunk and that we are free to do as we like. That is an absolute change of ground.

Mr. MEIGHEN: There is no obduracy on either side. Possibly something can be suggested in the public interest which would be acceptable to them, but no door is shut against them. If Parliament sees fit to make any suggestions it is perfectly at liberty to do so. Is not that a good position for Parliament to be in? We could not come before Parliament any sooner, and we are very glad that we did not come later. We did not go to the extent to which my hon. friend did, and get the thing into such a shape that the pruning knife could not be applied, everything being hard and fast, cut and dried, leaving Parliament with nothing but an option to accept the proposition or let it go altogether. There is no difficulty now in the way of Parliament's making any amendment it deems desirable. Any amendment offered may be acceptable to the Grand Trunk or it may not, and we may insist on it even if it is not acceptable to them. What freer position could Parliament be in? It is true the letter is signed, but that does not say that there cannot be any alteration if Parliament insists upon it, nor that there cannot be any modification that may be acceptable to both sides. That is absolutely the right position for Parliament to be in.

Mr. FIELDING: The minister has repeatedly stated that we have the agreement before us in all its essentials, and now he says that there is no agreement and that we are free to do what we like. I must say that such an entire change in the attitude of the hon. gentleman is astonishing.

Mr. MEIGHEN: There is no change.

Mr. MACKENZIE KING: The minister has divined correctly what was in my mind last night. I suggested that the language here was much too wide. The clause reads:

> The said agreement shall contain provisions for the defining of the companies, properties and interests comprised in the Grand Trunk System, and, including the terms and provision hereinafter set forth, may contain such other terms and conditions as the parties may agree upon.

I pointed out that that gave power to introduce into the agreement any terms irrespective of the provisions of this Bill. The minister has realized the force of that contention and has suggested a modification of the clause by adding the words, "not inconsistent with the provisions of this Act." To that extent there is an improvement. But the hon. member (Mr. Devlin) has also caught what was in my mind and what I think is even more important than the suggestion which the minister has made, and that is, that these words, "may contain such other terms and conditions" together with the minister's addition, are altogether superfluous if the agreement is to be limited to the terms and conditions stated in the Act. The minister tells us that the Bill includes everything that will go into the agreement.

Mr. MEIGHEN: I did not say that; it includes the essentials.

Mr. MACKENZIE KING: Oh, well, there.

Mr. MEIGHEN: There is a contingency covered in the letter which is before Parliament, of October 9, which is not in the Bill but must necessarily go into the agreement. Suppose it is discovered after the arbitration award is made that there has been some undisclosed liability which has later turned up; provision must be made against such an event. That is the sort of detail that goes into the agreement, although it does not require to be set out in the Bill. If this committee thinks it worth while that a clause embodying even that detail should be put into the Bill there is no objection.

Mr. MACKENZIE KING: I think it would be desirable to embody just as much as is necessary. We have two positions. The minister first tells us that the Bill contains all the terms and provisions that will go into the agreement.

Mr. MEIGHEN: The essential ones.

Mr. MACKENZIE KING: He now qualifies it by adding the word, "essential." I should like to know what provisions other than the essential ones are necessary. What is the necessity of putting into the agreement provisions that are not essential?

Mr. MEIGHEN: There are provisions that go to carry out the evident intent of a Bill which Parliament passes, just as regulations are made by a department, approved by the Governor in Council, to carry out the intent of a Bill authorizing that department to do certain things. It is exactly the same thing here. There is no difference either in principle or in method.

Mr. MACKENZIE KING: I think Parliament would be better secured in its rights if the minister would eliminate altogether the unnecessary words in this section: "May contain such other terms and conditions," together with his own suggestion, "not inconsistent with the provisions of this Act."

Mr. MEIGHEN: If that were done the Government would be absolutely precluded from making any provision to safeguard the interests of the country. Take the Canadian Northern agreement which was authorized in the same way. I assure the hon. gentleman that if he goes through the terms of that agreement he will find every detail following out the general authorization of the Act. Every one of those details is inserted to safeguard the interest of the public. Would it have been wise to have forbidden that to be done? That is a matter that can be done after a most careful legal examination of the whole thing. The principles and terms, specific as you wish to make them, are here or can be put here. But it would be surely an act of folly to disarm the Governor in Council from making whatever safeguarding provisions may be necessary in the agreement.

Mr. TRAHAN: The Minister of the Interior the other day, in answer to my hon. friend (Mr. Campbell) said that the agreement would not take effect until every shareholder of the Grand Trunk had surrendered his voting power.

Mr. MEIGHEN: Every guaranteed stock shareholder.

Mr. TRAHAN: Later on, in answer to a question by the hon. member for George Etienne Cartier, he said that no provision had so far been made for granting a delay to the shareholders in surrendering that voting power.

Mr. MEIGHEN: No delay has been provided.

Mr. TRAHAN: No delay has been provided and the hon. gentleman stated that the delay would be a subject to be taken care of in the agreement itself. Is that right?

Mr. MEIGHEN: What page is that?

Mr. TRAHAN: Hansard page 1132. I respectfully submit that the question of the delay which will be granted to the shareholders to surrender their voting power is

an essential part of the agreement. If by the obstinacy of one shareholder the agreemen can be destroyed or impeded, it is essential that this Parliament should put into the Bill specific delay which would be granted the shareholders. It was said to this House that the number of shareholders was very large—more than 100,000. The Government must enter into negotiations through the intermediary of the Grand Trunk to get the surrender of their voting power. It may take a very long time, and the uncertainty as to the control taken by the Government will last very long. I would like to know if they have arrived at any decision upon this question of delay. How long do they wish to allow the shareholders to surrender their voting power? The question to which I refer is quoted at page 1132 of Hansard, second column. The hon. member for Nelson (Mr. Campbell) says:

> What would be the situation if some of them refused to surrender their voting power?
> Mr. Meighen: Until that is done the agreement would not take effect.

Are we to be in the dark as to the time at which the agreement will take effect? Is it not essential for this committee to have a specific clause put into the Bill so that the people will know that at a certain day the bargain will be closed? If this clause is not put into the Bill, there is no bargain and we are without knowledge as to the time when the bargain will be completed. The Governor in Council may grant, one, two, three, four, five, or ten years to the shareholders to surrender their voting power. Without that the agreement will not have effect, according to the words of the Minister of Interior himself and I submit it is an essential part of the agreement.

Mr. MEIGHEN: I am not surprised that the hon. gentleman asks the question because I do not think my statement in answer to the question of the hon. member for Nelson (Mr. Campbell) was in the clearest possible form. The fact is this: The guaranteed shareholders must surrender their voting power but it would seem to me that the legal, effectual, execution of the agreement by the company would constitute this surrender of the voting power. In any event the Government take no risk whatsoever for the reason that in clause 4 there is the following proviso:

> Provided that concurrently with such guarantee of dividends and interest upon the present guaranteed stock and the present debenture stocks, respectively, the voting powers at meetings of shareholders of the Grand Trunk now vested in or exercisable by the holders of the said stocks respectively shall cease and determine absolutely.

Mr. TRAHAN: That is confiscation.

Mr. MEIGHEN: No, there can be no confiscation because they must be parties to the arrangement by the effectual execution of the agreement on the part of the company. As soon as they have agreed that the agreement shall take effect their consent is obtained and immediately we give our guarantee and in pursuance of that agreement their voting power dies at once. They have authorized us to give that guarantee by themselves approving of the agreement. Is that clear to the hon. member?

Mr. TRAHAN: I understand that the agreement must be submitted for the approval of the shareholders and that by a vote of the majority—perhaps you may require two-thirds; I am not sure of that—clause 4 will be applied?

Mr. MEIGHEN: Yes.

Mr. TRAHAN: There is in this clause a sort of confiscation of the vested rights of the shareholders who compose the minority and who may be against the surrendering of their voting power. Supposing there are 30,000 shareholders constituting a minority who do not want to surrender their voting power, does the minister say that by virtue of clause 4 which provides that their rights shall cease absolutely, there is not a sort of confiscation? The minority are against surrendering their rights. The minister says that by clause 4, in view of the position of the minority, their rights will cease absolutely when the majority shareholders have so decided. Is that right; is that just? I respectfully submit that it is not, and that the minister was more nearly right when he said the other day that we should induce the minority to surrender their voting power. He said that this inducement was to be offered in order that the transaction should not be impeded or absolutely destroyed by the obstinacy of some shareholders. Evidently he has changed his mind to-day.

Mr. MORPHY: Is it not the universal practice in every joint stock company or corporation for the by-laws to provide that in voting upon a question the majority shall rule?

If it were not so and the minority were to receive special consideration it would be impossible to carry out an agreement with such a corporation or company. Absolutely the only way, to my mind, that mergers, or unions, or transfers of interests,

can possibly be brought about is by following that principle.

Mr. TRAHAN: I have seen many cases in the courts where the shareholders constituting the minority have taken action to set aside the decision of the majority. The law that a majority shall rule is very well in the case of the administration of public affairs where you have voting at general elections, but when it comes to company law there are provisions which protect the rights of the shareholders constituting the minority.

Mr. MORPHY: Are there such provisions in this company, I would like to ask the hon. gentleman?

Mr. TRAHAN: The general law, the common law, is there.

Mr. MORPHY: Oh, no.

Mr. TRAHAN. You must protect the rights of every one. You cannot, by the common law, force a shareholder to sell his own property; and if by law you take the means of forcing a lot of shareholders to sell their property, that is a sort of confiscation. It is against this injustice that I protest and say that clause 4 is not just. I say that the question of the delay to be granted to the shareholders to surrender their voting powers should be determined in this Bill. Now, has the minister any idea of the delay which the Government intends to grant to the shareholders for the surrendering of their voting power?

Mr. MEIGHEN: The hon. gentleman's point is, first, we have no right to say to the minority shareholders, who may desire to refuse to surrender their voting power (the majority having agreed): "We give our guarantee and your voting power is gone." Well, I submit just what the hon. gentleman (Mr. Morphy) has said, which is the law, as I understand it, applicable to these shareholders and to all others: the shareholder of a company must allow that his rights are circumscribed by the statute governing his company and by the by-laws of that company. Is that not correct? So that if either the statute or the by-laws provide that the minority shareholders are bound by the will of the majority, or the minority to the extent of a third are bound by the will of a two-thirds majority, then if that two-thirds majority or bare majority, as the case may be, decide on a certain course, a minority shareholder has no right to complain, because that was the condition of his taking the stock; he is only doing what he agreed he must do when he became a shareholder. He must submit to the by-laws and the statute governing the company, and if that provides that shareholders shall have a right by majority vote to do a certain thing that is the reason he must do that certain thing and he has no right to complain. The by-laws or the statute must so provide or the agreement cannot be effectually executed, and unless it is effectually executed it amounts to nothing at all. Now, answering the hon. gentleman's second question, he appears to think that because we arbitrarily say: "Your stock amounts to nothing, so far as voting power goes after we give our guarantee," we are asking them to agree to give up something for nothing. I am glad the hon. gentleman mentioned that, and I am glad it occurred to his mind, because it affords me an opportunity to again refer to a point that was raised by way of complaint to the agreement by the hon. member for Shelburne and Queen's (Mr. Fielding), when the subject came up first. That hon. gentleman said: "You have added some appreciation to the guaranteed stock by the impression of the Government's guarantee." That is correct, there is a measure of appreciation, but in return we are getting just what the hon. gentleman (Mr. Trahan) refers to; we are getting a surrender of the voting power.

Mr. TRAHAN: Well?

Mr. MEIGHEN: So in asking them to do that we are not asking to confiscate anything at all. We get a measure of appreciation, but nothing like what the hon. gentleman (Mr. Fielding) said it was, because 4 per cent guaranteed stock to-day could not be argued to be worth more than about 69.

Mr. FIELDING: How much?

Mr. MEIGHEN: About 69. That stock with the Government's direct guarantee, may appreciate 2 to 3 per cent, or possibly more, but we are selling Government 5½ per cent at 100. A 5½ per cent at 100 is just the same as a 4 per cent at 72 and a fraction; if the hon. gentleman will figure it out. Now, the hon. gentleman knows that a Government direct bond is better in the market than a Government guaranteed bond by about 3 points, so there is no way of arguing it would be worth over 69. That is assuming we will be selling Government bonds, for instance, at 100, which we are not doing. Therefore I say there is an appreciation, I always said that frankly to the committee. There is an appreciation; it could not be

avoided, but in return for it we get a quid pro quo—we get a total surrender of the voting power.

Mr. FIELDING: First, with regard to the four per cent guaranteed stock. Within a very recent date in London 4 per cent stocks of colonial governments—and the Canadian Government is a good colonial Government notwithstanding the persons who compose it at this moment; the Canadian Government stands well financially and we all desire it shall be so—colonial governments' 4 per cents have been quoted in the London market within a recent date—I am not giving the exact date—as high as 90, and even as high as 93 and 94. The second point in the hon. gentleman's argument is, that if we do not pass this transaction in the shape in which he proposes it we cannot get possession of the voting stock of these people. If it is a vital matter that we get the voting stock there is a very easy way to get it: let us offer a reasonable settlement to the Grand Trunk people, a fair and just and generous settlement—for I again say I do not desire to see them squeezed—and if they decline to accept it, there is the very simple process open of putting them into liquidation, and in that case there is good justification for doing so.

Mr. MEIGHEN: The hon. gentleman says it is only recently that four per cent colonial government stock stood at 90. Similarly, it is only recently this four per cent guaranteed stock, without any government guarantees, stood at over 100.

Mr. FIELDING: I venture to say that if my hon. friend will look up the stock exchange quotations of the latest date, he will find there are some colonial government stocks bearing four per cent interest which are quoted as high as 90. I quite agree there is a distinction between government stock direct and government guaranteed stock. My hon. friend is right, there is a little difference, but making allowance for that, this guaranteed stock is going to be worth a great deal more than my hon. friend admits.

Mr. MEIGHEN: We would be very foolish to sell five and a half per cents at 100 if we could sell four per cents at anything above 72.

Mr. FIELDING: We are dealing with the stock quotations in the London market. The stock we are dealing with now is not being sold in Montreal or Ottawa; it is stock quoted in the London market and the quotations of colonial government four per cents in that market are perfectly fair for the purposes of analogy.

Mr. MACKENZIE KING: Before this clause carries let us see just what it is proposed that we should enact. Getting rid of all superfluous words, we find that this is the purport of the section:

> The said agreement . . . . may contain such other terms and conditions not inconsistent with the provisions of this Act.

Who is to determine whether these "other terms and conditions" are or are not inconsistent with the provisions of the Act?

Mr. MEIGHEN: The Governor in Council.

Mr. MACKENZIE KING: In other words, the Governor in Council reserves that right to himself, but is unwilling to permit Parliament to express any opinion in the matter.

Mr. MEIGHEN: We are absolutely willing; we are inviting the hon. gentleman to give us a term and a condition.

Mr. MACKENZIE KING: Is the minister prepared to say that before this agreement goes into force he will have it presented to Parliament, either at this or at a subsequent session, and allow Parliament to determine whether or not the conditions it contains are inconsistent with the provisions of this Bill?

Mr. MEIGHEN: I have fully and carefully stated my position on that point.

Mr. MACKENZIE KING: Will the minister state it again so there may be no misunderstanding?

Mr. TRAHAN: The minister has not answered the question that I put to him. I asked whether it was the intention to insert in this Bill a special clause specifying the length of the period within which the voting power could be surrendered by the shareholders.

Mr. MEIGHEN: No; in that respect my answer to the member for Nelson (Mr. Campbell) could not be said to be quite right. I do not think that we need provide any period of delay or any reference to this matter in the agreement, because the moment the agreement is executed and the guarantee given, the voting power falls by virtue of the statutory enactment; it is gone.

Mr. TRAHAN: It is confiscated, then.

Mr. MEIGHEN: It is all gone.

Mr. MACKENZIE KING: The minister was to re-state his position on the matter? to which I referred; will he do so now?

Mr. MEIGHEN: I can only say that we cannot bring the agreement down until it is complete, and I do not know when it will be complete. When it is, there will certainly be no delay in bringing it down.

Mr. McKENZIE: The letter which the Minister of the Interior read to the House on the 10th of October is said to contain all the terms of the bargain. In reply to that letter the president of the road wrote the following under date of October 10:

I have taken communication of your letter of the 9th instant, relative to the proposed acquisition by the Government of Canada of the control of the Grand Trunk Railway system, which correctly embodies our understanding on the subject.

Everything that is in the bargain as agreed upon between these two gentlemen is found in the letter of the Minister of the Interior bearing date October 9, which is replied to by the letter which I have just read. All the terms of the bargain, then, were known to both parties on the 10th of October last; why is it now necessary to give to the Governor in Council power under this section to make other terms that are not set forth in this correspondence? That is the effect of this section of the Bill. The last line and a quarter of the section is a distinct and separate sentence by itself; you must import the word "agreement" before the word "may," so that it will read:

The agreement may contain such other terms and conditions as the parties may agree upon.

Now, why do we open the door to other conditions or terms of agreement than those mentioned in the letter read by the minister on October 10, and of which we know nothing? The minister should agree to strike out all the words after the word "forth" in the second last line; then we would have a clear and distinct enactment enabling us to carry out an agreement the terms of which are set forth in the letter to which I have referred.

At six o'clock the House resumed and then took recess.

After Recess.

The House resumed at eight o'clock, and went again into Committee on Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system.—Mr. Boivin in the Chair.

The CHAIRMAN: When the committee rose at six o'clock, the House was considering clause 3 and a proposed amendment by the Minister of the Interior (Mr. Meighen), which reads:

That clause 3 of the Bill be amended by inserting after the word "conditions" in the fifth line of the said clause, the following words: "not inconsistent with the provisions of this Act."

Mr. McKENZIE: I do not know whether I am in order, but I wish to move as an amendment to the amendment to strike out all the words after the word "forth" in the fourth line of the clause, as well as the words of the proposed amendment. The clause would then terminate with the word " forth."

Mr. J. D. REID: I think the hon. member was present when the Minister of the Interior explained that it would be impossible to accept an amendment of that kind; that it would not be in the interest of the Government to do so, and one of the reasons given was this. In the agreement that may be made, the Government intend inserting a clause similar to that stated in the letter, as follows:

Should the Government, within three months after the making of the award, claim that there existed any liabilities of the Grand Trunk or of any company comprised in the Grand Trunk system which were not disclosed to the Board of Arbitrators prior to the making of their award, the Government may within such period of three months, apply to the Board of Arbitrators to amend their award, and the board may thereupon decide whether such liabilities existed and were disclosed to them, whether the amount of their award would or would not have been affected thereby, and the amount of the deduction, if any, to be made in respect thereof; and may amend their award accordingly.

In other words, without the words that are in that clause, the award would be final as soon as it was made. There is nothing in the clause that would allow the arbitrators to increase the award, but that clause was inserted in the letter as a protection to the Government. Some liabilities might turn up that were not disclosed before the arbitrators made their award and which, had the arbitrators known of them at the time, would have led to a lower award being given. If the Government are able within three months to show that there are further liabilities which would reduce the award, they have the right to go to the arbitrators and ask for a reduction of the award. If the amendment of the hon. member is accepted and these words are stricken out, the award would be final, and the country might suffer

a serious loss in consequence. The clause refers only to deductions in the award and not to increases.

Mr. McKENZIE: I quite agree that there should be in the Bill a condition just exactly to the effect of the clause read from the letter, because it appears to be a concise condition that can be embodied in legislation. That condition is, that if anything is discovered within so many days after the filing of the award, that was omitted or overlooked, it is possible to go back for an amendment of the award. I see no reason why that should not be in the Bill if it is intended to be of any service at all, and I would agree at once if it was necessary to have a clause added covering that ground. Then we would know precisely what we are dealing with. What we are objecting to is to have used in the Bill any loose language which may involve more than the committee contemplates. My amendment is simply that the clause shall read thus:

> The said agreement shall contain provisions for the defining of the company's properties and interests, comprised in the Grand Trunk system, and, including the terms and provisions hereinafter set forth.

I intend that the clause should stop there. I have no objection to embodying the terms set forth in the letter as a part of the arrangement because we have the letter and we know what it contains. But I object to saying to this Parliament and to the people of Canada that this agreement "may contain such other terms and conditions as the parties may agree upon." That does not seem sensible. What is the good of coming to us for terms, and then put in the Bill a provision that no matter what we may say in the Bill, the agreement "may contain such other terms and conditions as the parties may agree upon"? That is not restricting the parties in any way, and they can do just as they please without coming to Parliament. That is why I am moving to strike out the words which give that wide latitude to the parties after they leave Parliament altogether.

Mr. MOWAT: I would have hoped that my hon. friend would not find it necessary to move this amendment because it seems to me a direct challenge or dispute of the good faith of the Government. The only way we can carry on business is by a certain amount of trust amongst honourable men, and this clause appears to me fairly good drafting because it is giving power to plenipotentiaries so to speak, the executive, the Government, to carry out this agreement in accordance with the general terms of the Bill. Any objections which my hon. friend now expresses seem to be got over by the amendment moved by the Minister of the Interior, that is to say, that the agreement shall not be inconsistent with the terms of the Act. In all agreements made by governments it is essential that an executive body should be appointed to carry out the terms. Parliament is not sitting from day to day, Parliament adjourns for months at a time; and the whole thing might be held up by reason of the amendment which my hon. friend moved. That is to say, the plenipotentiaries, the ministers, would not be clothed with proper power, but rather with a scant language which might hamper them in carrying out the agreement. Everybody in this House knows that when a man gives a power of attorney to his friend or his banker, that power of attorney, in order to allow business to be carried out as it is intended and without restrictions and unnecessary limitations, goes very much further in its terms than is absolutely essential. In mining matters, for instance, and in all essentially big business affairs, a person who is given power of attorney will not act nowadays unless the power of attorney is in ample terms, although if it was carried out in bad faith some one might say the person giving the power of attorney would be almost selling his soul. But here we have a very important public agreement with power given to the Governor in Council to carry it out, and it is inconceivable to me that the Government should add anything that was not agreed to by Parliament if this Bill becomes law. To add to the Bill the terms proposed is a direct challenge of the good faith of the Government and I, for my part, hope that the amendment will not carry.

Mr. TRAHAN: The Minister of Railways has given an example of the other terms and conditions which may be put in the agreement. He referred to a provision mentioned in the latter relating to reduction of the award. Are these the only other terms contemplated by the Government?

Mr. MEIGHEN: My hon. friend wants to know if the terms contained in the letter are all that are contemplated?

Mr. TRAHAN: Yes.

Mr. MEIGHEN: Not necessarily. I cannot say, because I do not presume to be the draftsman of the agreement. I cannot mention any special thing that is contemplated nor any special thing that is not. Anything contemplated is merely to cover some

specific contingency or event not specifically provided for in the general terms; just as is done, for example, when Parliament authorized a guarantee of bonds upon the security of a trust deed to be entered into between the parties and containing terms and provisions that are appropriate in the circumstance. I doubt if there has been a year since Parliament opened when a similar authority has not been given. If the hon. gentleman will look at the legislation passed previous to 1911 by the Government that, I suppose, he admired, he will find that the bonds of the Canadian Northern railway running from Winnipeg through Northern Ontario, amounting to $35,000,000, were guaranteed by Parliament and that the legislation authorized the Government to enter into a trust deed agreement for the security of the bonds, the whole terms of the agreement to be made satisfactory to the Governor in Council. Does that strike the hon. gentleman dumb?

Mr. TRAHAN: It is not the same thing.

Mr. MEIGHEN: No, it is far more general. No terms were laid down there at all, the whole thing being left to the Governor in Council. There are other examples of that kind, but it is not worth while hunting them up, they are so numerous. In 1910 the whole terms that protected the Government were authorized to be left to the Governor in Council by Parliament. In the legislation before us only the details are left to the Governor in Council, so that wherever something has been left out or is not adequately covered or safeguarded it can be embodied in the agreement. There is nothing at all in that inconsistent with the terms of the Bill, which are the essential guiding principles of the agreement. If the hon. gentleman will look at chapter 7 of the statutes of 1903, which happens to be before me, he will find another example of the kind I have mentioned: "The kind of securities to be guaranteed as aforesaid," it says—this was providing for a guarantee of the Canadian Northern railway in that year by the Government of the late Sir Wilfrid Laurier—"and the forms thereof and the forms of the mortgage." Everything upon which the whole loan rests was left to the Governor in Council. What is the hon. gentleman smiling about? Does he mean to say that a mortgage security for millions of dollars is not an agreement of importance? It could scarcely be more so. The terms of it, the care with which it is drafted, the caution with which every possible defect is guarded against—nothing could be of more consequence than these matters but they are all left to the Governor in Council without even a guiding principle. Yet the hon. gentleman stands aghast because after laying down guiding principles in this case we leave the details to be worked out by the Governor in Council.

Mr. McKENZIE: The Minister of the Interior has told us repeatedly that the negotiations in connection with the taking over of the Grand Trunk have been in progress for the last two years or more, and that no member on this side of the House should be surprised at the terms because they have been well known for the last two years and there is nothing new about them. If it be true that for the last two years the Government have been negotiating for this purchase and that on the ninth day of this month they sat down after two years' deliberation and put the terms of agreement in a letter I think we on this side of the House have a right to suppose that the terms are really there. We are told by the minister who wrote the letter and who drafted the terms after two years' deliberation that the terms are there and that the president of the company, the other party to the agreement, writes on the 10th of October: "Yes, I have read your letter," and it is implied that he has examined the terms, that he knows all about them, and that the letter of the minister does contain all the terms. Now, that Government which has carried on these negotiations and embodied the terms in a letter comes to this Parliament for authority to carry out those terms. We would expect them just to ask for power to carry through the agreement which they have reached and put in writing and to which they have subscribed their name. There could be no great objection to their asking for that power, but they are not satisfied with that. Not only do they ask for power to carry out that agreement, but they say: You will give us power not only to carry out this agreement, but also to make any other kind of agreement that we like that may be arrived at between the two parties. The Government are not satisfied to stand by the agreement signed on the 9th of October and submitted to this House on the following day. They say: We want full latitude to change our minds and make other agreements and other terms altogether, and we want power in reserve to make that agreement on the strength of the carte blanche that is given to us by this Parliament." Now, we are not satisfied with that. We say that in a big and critical transaction such as this, involving almost

incomprehensible money liabilities for the country, involving payments of money every year, the people of Canada, who pay the money, should know exactly what sort of an agreement they are entering into, and should know it through the voice of their representatives in Parliament.

That is why we on this side say that the power should be specific and that there should be no room for speculation. If the ministers have something further let them take time to consider it and come before Parliament when they have reached a definite understanding as to what powers they do require. Let them put it in the form of legislation and we will consider it. It is futile for us to spend our time deciding what the powers shall be and at the conclusion of our labours leave unlimited scope to the Government to do whatever they please. According to the argument of the minister and my hon. friend (Mr. Mowat) we might as well say in half a dozen lines: The Government of Canada shall have power to purchase the Grand Trunk railway on such terms and conditions as they may deem advisable. After all the verbiage that we have in this Act, we wind up section 3 by saying that the agreement may contain "such other terms and conditions as the parties may agree upon." If it is the intention of Parliament to restrict the agreement within certain bounds, the legislation should state so specifically. But it does not, because the Bill gives them wide latitude. When this Bill is passed the world is before them and they can make such terms as they deem fit. I think we should so frame the measure as to keep the bargain within the terms of the letter. It is not unreasonable to say, after two years of negotiation both in the Old Country and in Canada, that the Government have reached an understanding, not hurriedly but as a result of mature consideration, and we have the right to assume that everything they agreed upon is contained in that letter. We have been discussing this subject for some ten days and if there has occurred to the ministers anything that is not in the letter and which should be in it, we have the right to know what it is. The Minister of Railways since eight o'clock has told us something in regard to the letter, about some mistake that might occur in connection with the hearing before the arbitrators, and that there must be power to go back of the arbitrators for ratification of the award if necessary. I think that that should be in the Bill and in the agreement based upon the Bill. It is certainly a matter of very substantial importance. If the award is to be opened after the arbitration has been closed, there should be some statutory authority for that course. I am sure there would be very strenuous opposition on the part of the company to opening the award if it were satisfactory to them, and there should be no question about the authority for that action. If that proposition is in the letter and is not embodied in the Bill it could very well be argued afterwards that the letter was never intended to be acted upon, otherwise it would have been carried into the Bill. I know of no argument that would appear stronger to a court. If the Minister of Railways lays any store by the proposition he made a moment ago he should put it in the Bill and it would free the legislation, so far as that particular point is concerned, from its present looseness.

Mr. VIEN: The example cited by the Minister of the Interior is hardly similar to the clause under consideration. He told us that similar legislation had been enacted in 1903 in respect of aid to the Canadian Northern railway. In the statute cited by him the nature of the security that was to be given for the bonds, the part of the line which was to be mortgaged in security for the bonds, the lien and the rank of the lien, and everything else, was provided for. Nothing was left to the decision of the Governor in Council except the form of the trust deed. It was simply a matter of wording. In this Bill not only the wording of the agreement is left to the Governor in Council, but the Bill says that the agreement shall contain provisions for the defining of the companies, properties and interests comprised in the Grand Trunk system. So that the Governor in Council and the company may decide as to what will be transferred to the Government. Thus there is a vast difference between the legislation in 1903 and this Bill. While I am on this subject, I may ask the Minister of Railways to inform the committee who owns the Toronto Terminals Company. Is it part of the Grand Trunk Railway system and will it be transferred to the Government by the proposed agreement?

Mr. MEIGHEN: I do not see much relation between the latter part of the hon. gentleman's speech and the first part of it.

Mr. VIEN: It is just one instance.

Mr. MEIGHEN: My information is that the Toronto Terminals Company is owned by the Canadian Pacific railway and the

Grand Trunk jointly. So much for that. The hon. member professes to find a vast difference between the instance that happened to be under my eye when I spoke, of Parliament giving the Governor in Council authority to insert terms and provisions in an agreement, and this instance. He says that in the agreement of 1903 there was stated in the Act the line that was to be mortgaged. Well, in this case, the whole subject matter is here, namely the properties of the Grand Trunk system. That is what we get, and we cannot alter the agreement in that respect. But a dozen or two dozen other provisions including sub-provisions must be embodied in the agreement. The only difference is that in 1903 the power granted the Governor in Council was infinitely more ample and much less circumscribed than this. And the 1903 case does not stand alone. I challenge the hon. gentleman to produce a single statute since then that does not include the same thing. I have the statute of 1908, passed by the Government of Sir Wilfrid Laurier, granting if anything wider powers than were given in 1903. There is no use in argument if the hon. gentleman does not see that the authority is far more ample in those cases than in the one immediately under review. I am not finding fault with the statutes of those years. Similar statutes have been passed since the Government of Sir Wilfrid Laurier went out of power, and I doubt if there is a year since that time that similar statutes have not been passed.

It is the custom, and usually the power is much more ample than is asked for here. But hon. gentlemen want something to complain of and they have kept this House all afternoon and evening professing themselves to be shocked because Parliament is asked that the Governor in Council be empowered to make such subsidiary and auxiliary terms and provisions as are consistent with the terms and provisions herein set out and which are necessary to carry out these terms and provisions. Does my hon. friend imagine that there are terms in a trust deed that are not set out and provided for in the statute authorizing the trust deed? Did he ever see a trust deed? A trust deed is as thick through as your little finger. It is filled with terms and provisions from beginning to end none of which is even mentioned or referred to in the authorizing statute.

Mr. VIEN: Notwithstanding the information given by the minister, I maintain that the Bill under consideration is altogether different from the statute passed in 1903. The minister has a way of discussing things. He indulges in sneers. He was very much vexed the other day because we had ventilated suspicions that were widely circulated among the public, and he accused us of casting slurs on the members of the Government. The minister can hardly get on his feet without sneering at hon. members —not alone at gentlemen sitting on this side; I remember that last session he said to one of the hon. members for Ottawa: Surely the hon. gentleman's power of reasoning must have deserted him. Yet he was addressing one of his friends. Now he asks me: "Did you ever see a trust deed?" I will not venture to say that I am as intelligent, as clever, as well trained in law or business as the minister. I will not boast of such things, but I hope I can discuss intelligently a measure before this House without being sneered at by the minister. It is a habit of his; it is second nature with him.

Mr. MEIGHEN: Will the hon. gentleman be good enough to tell me what my words were from which he deduces a sneer? I want to be courteous to the hon. gentleman.

Mr. VIEN: You asked me with a smile—

Some hon. MEMBERS: Oh, oh.

Mr. VIEN: There is no joke in that. I find that some of the applause behind the minister is the applause that welcomed remarks of the Minister of Railways the other night that were not worthy of any applause. I am now telling the minister that he asked me with a sneering smile whether I had ever seen a trust deed. I believe that any serious man in this House would take that as a sneer. There is nobody in this House who has had any training in business, and particularly a lawyer with a certain number of years practice, but has seen a trust deed and knows what a trust deed is. I have seen a number of trust deeds. I know what they are and I will tell the minister that, notwithstanding his sneers, if he will patiently listen and look carefully into the matter, he will find a certain difference between the statute of 1903 and the Bill now under consideration. That statute determines the rank of the mortgage on the property, determines that it shall be a mortgage on certain parts of the line, determines everything that is necessary to provide a first-class security for the bonds which are given up to the Government as security for its guarantee. Then, in so far as the form of the trust deed is concerned, it was left to the Governor in Council to deter-

mine, namely, the date of the guarantee as authorized, and the forms thereof; the forms and terms of the mortgage and the time and the manner of issue. These are the conditions ordinarily contained in a trust deed. We determine when the obligations are going to be repaid, what shall be the rate of interest and various other clauses which the trust deed shall contain. In 1903 these matters were left to the Governor in Council. But the Governor in Council could not say that only one part of the line would be mortgaged. That was provided for by statute. The Governor in Council could not say that there would be a second mortgage when the statute said that it should be a first mortgage. Everything essential to the security of the Government was absolutely provided for, leaving the wording and the ordinary clauses, which are the consequence of the trust deed, to be determined by the Governor in Council later on, so as not to relate in the statute everything contained in the trust deed which is as bulky as the minister has mentioned. But here in this Bill there is very much more than the form, the terms of the mortgage, the time of issue of the security, and the form and manner of the guarantee. Section 3 provides:

> The said agreement shall contain provisions for the defining of the companies, properties and interests, comprised in the Grand Trunk system.

I contend, Sir, that before many courts of justice this can be interpreted as giving to the parties to the agreement the right to determine which companies or properties or interests shall be handed over by the company and shall become the property of the Government. If we have the right to determine and define which companies, properties and interests are comprised in the Grand Trunk Railway system, the same right is given to determine and define which properties, companies or interests shall not form a part of that system. It was in connection with this that I asked the minister a question as to the terminals of the Grand Trunk in Toronto. Everybody was led to believe that the terminals in Toronto were being built by the Grand Trunk and that the Canadian Pacific had some arrangement with the Grand Trunk for using them as a union station. The House has not been told what interests are going to be defined as being transferred to the Government at the same time as the Grand Trunk Railway system. The minister appeared to think that it was irrelevant to the matter now under consideration. I maintain that if you provide in a section of the Bill now before the committee that the Government and the company shall have the right to define what companies, what properties, and interests are handed over with the Grand Trunk system, it is absolutely relevant to ask if the Toronto terminals are going to be transferred with the other properties and defined as forming part of the Grand Trunk railway system. The minister declares, "I do not know, but my information is that the Toronto terminals are jointly owned by the Canadian Pacific and the Grand Trunk". We are desirous of knowing what will be defined as forming part of the Grand Trunk railway system and whether it would not be feasible to insert in the Bill a full definition, so that nothing will be left to haphazard in any agreements which may be entered into, which may have the result of eliminating part of that system. For example, a short time ago, I think it was yesterday, the point was discussed why the Grand Trunk Company had not included in their financial statement for the last few years the receipts and the net earnings of the Canadian Transfer Company. I understand that that company, although it is owned by the Grand Trunk, is left as a separate concern, and the results of its operations were not shown in the Grand Trunk financial statement. I do not see that there would be any great difficulty in the Government so defining the Grand Trunk Railway system in this Bill that the public will know what it contains and nothing will be left for further definition by the Government and the company in any subsequent agreement.

Mr. MACKENZIE KING: I should like to supplement the remarks of the hon. member (Mr. Vien) in reference to the repeated comments from hon. gentlemen opposite as to the absence of legal understanding on this side. I would like to say to the ministry that the people of Canada are growing a little fearful of cabinets that are composed so exclusively of lawyers; and if it is a little difficult for members on this side to appreciate all the legal technicalities that appear in this Bill, they will please remember that to the average man legal technicalities are in the nature of barbed wire entanglements which conceal the real intent and meaning. What we on this side are anxious to do is to get the real meaning of this transaction before the country. We want to get that meaning in a form which

the people will be able to appreciate, and the circumstance that we on this side are not mostly lawyers, as hon. gentlemen opposite are, is one which I think the ministry will be well advised to omit mentioning in the future.

Mr. VIEN: Will the Minister of Railways tell us what the share of the Grand Trunk in the Toronto Terminals is, and what share belongs to the Canadian Pacific?

Mr. MEIGHEN: The shares are equal, and the information is already set forth in the statement to be found on page 1446 of Hansard.

The CHAIRMAN: Is the committee ready for the question?

Some hon. MEMBERS: Question.

Mr. TRAHAN: I wish to return to the question which was discussed before recess concerning the fixing of a delay to be granted to the shareholders of the company to surrender their voting power.

The CHAIRMAN: The hon. member's question would be much more in order when clause 4 is reached. In asking his question this afternoon the hon. gentleman referred to clause 4 and he would be perfectly in order when that clause is taken up.

Mr. TRAHAN: I do not want to discuss your ruling, Mr. Chairman, but I may state it was the Minister of the Interior, in answer to a question of mine, who referred to clause 4.

Mr. MEIGHEN: I had to do that.

Mr TRAHAN: The question I desire to put to the minister is whether the fixing of the delay to be granted to the shareholders to surrender their voting power is to be contained in the "other terms and conditions that the parties may agree upon"? The minister, in his reply, told the committee that the Government did not intend to insert such a clause in the agreement. The reason he gave was that according to clause 4, as soon as the agreement was approved by the majority shareholders "the voting power of the shareholders of the Grand Trunk now vested or exercisable by the holders of the said stock respectively shall cease and determine absolutely." I wish to say that there is quite a difference between the interpretation given this afternoon by the Minister of the Interior and the one which he gave the other day. In my humble judgment the minister was right the other day and was not so correct in his statement this afternoon. If the committee will look at the proviso of clause 4—

The CHAIRMAN: Order. I understood the hon. gentleman a few minutes ago to accept the ruling of the Chair, but he is once more discussing clause 4 which is not yet before the committee.

Mr. TRAHAN: I am not discussing clause 4 at all.

The CHAIRMAN: Order. The hon. gentleman should submit to the ruling of the Chair.

Mr. TRAHAN: I am trying to establish this point: That it is necessary to insert a clause fixing the delay to be granted to the shareholders to enable them to surrender their voting power.

The CHAIRMAN: Order. If the hon. member proposes to add a clause to the Bill or desires that a clause be added, the rules of the House are very clear. All new clauses should be proposed when the clauses already contained in the Bill are disposed of. So that even on that ground he would not be in order.

Mr. TRAHAN: I will say——

The CHAIRMAN: Order. I would not like to be obliged to name the hon. gentleman.

Mr. TRAHAN: The Chairman does not know what I am going to say, and yet he declares he will have to name me.

The CHAIRMAN: Order.

Mr. TRAHAN: This is the point I wish to make: We are discussing clause 3 under which it is provided that the agreement shall contain provisions for the defining of the companies, properties and interests comprised in the Grand Trunk system, and including the terms and provisions hereinafter set forth. It is provided also that the agreement shall include "the terms and provisions hereinafter set forth," and that it "may contain such other terms and conditions as the parties may agree upon." What I wish to know is whether the words "such other terms and conditions as the parties may agree upon" involve the fixing of a period of delay to be granted to the shareholders for the surrender of their voting powers. In this connection I wish to quote from page 1132 of Hansard for the purpose of reminding the committee of what the Minister of the Interior said on a previous occasion regarding this point:

Mr. Campbell: What would be the position if some of them—

Referring to the shareholders.

—refused to surrender their voting power?

Mr. Meighen: Until that is done the agreement would not take effect. As I apprehend the legal position, it must all be surrendered before the agreement can take effect. We could not agree that we would go ahead and guarantee in respect of those who surrender their voting power and leave others in partial control of the road.

Mr. Campbell: One man might hold up the whole deal?

Mr. Meighen: He might, but I do not think it is probable.

Mr. Jacobs: Is provision made for any delay?

Mr. Meighen: Not yet, but that will be a subject to be taken care of in the agreement itself.

So that in the opinion of the Minister of the Interior himself the question of fixing a period of delay must be taken care of in the agreement. Has the Government come to any decision on that point? The action of the Government in giving guarantee is concurrent with the surrender of voting power on the part of the shareholders. There are more than 180,000 shareholders, and if one of them might hold up the agreement, is it not reasonable that we should in this Bill prescribe the time within which the agreement should be completed? The Minister was right when he said the other day that the matter of delay should be taken care of in the agreement. What will be the length of this period of delay? Will it be one year, two years, three years, ten years? Is the country to be left in uncertainty as to whether they have complete control of the Grand Trunk system or whether the agreement now proposed has been completed? The question of the right to private property or the ownership of private property is never long left in uncertainty; that is a principle which is universally recognized; and that principle applies even more strongly when it is a question of public property such as this Grand Trunk system.

Mr. MEIGHEN: I can only say what I said this afternoon; that as I read the Bill there need be no provision for delay or fixing of the time of delay for surrender of voting power on the part of the guaranteed stockholders. At the time I was asked the question by the member for Nelson (Mr. Campbell) I answered it substantially correctly; it is right to say that the guaranteed stock must all be surrendered before the agreement takes effect. I thought at the time that possibly some delay should be allowed for the guaranteed stockholders to act, and I said that that would be taken care of in the agreement. A reference, however, to section 4 of the Bill shows that there need be no delay; that the guaranteed stockholders do not need to act separately, because immediately the agreement is executed by both sides the Governor in Council can give the guarantee and by the very act of giving the guarantee the voting power falls and is no more.

9 p.m.

[Mr. Trahan.]

Mr. GAUVREAU: I regret to see that members of Parliament who are absent from the House for a time—for good cause, may be—come back here and, without reading what was said while they were away, ask questions that have already been asked and answered twenty times, thus making us stay here longer than we should. I protest against such tactics as that, and if it happens again I will call the attention of the chairman to the rule which deals with the situation where the same question is repeated indefinitely.

Mr. L. A. LAPOINTE: I agree with my hon. friend (Mr. Gauvreau); it seems to me that we are simply losing time. I advise the Government to cut this Bill very short; and I will show them how they can do it. Section 2 of the Bill reads as follows:

Subject to the provisions of this Act, His Majesty the King, represented by the Minister of Railways and Canals of Canada, acting under the authority of the Governor in Council (hereinafter called the "Government") may enter into an agreement (hereinafter called the "said agreement") with the Grand Trunk Railway Company of Canada (hereinafter called the "Grand Trunk") and with such other companies and interests as the Government may think necessary—

It is recognized that "shall" is the legal interpretation of the word "may" when used in such cases as above.

—for the acquisition by the Government of the entire capital stock of the Grand Trunk, except the four per cent (4%) guaranteed stock of the Grand Trunk amounting to £12,500,000, the latter being hereinafter called the "present guaranteed stock."

Why not stop there? Why go any further? Do the Government want more power? By clause 2 the Governor in Council is authorized to do whatever he likes. Why go any further? I am asking these lawyers, these friends of mine, why they should be wasting time for nothing. I am not a lawyer, but I say that under the provisions of clause 2 already adopted, the Government can do anything they like. Then why insert in clause 3 the phrase:

May contain such other terms and conditions as the parties may agree upon.

I think it would be wise to cut that out, because tre Government have already sufficient power in clause 2, and I think we should go home soon because it seems unnecessary for us to stay here seeing that the Government are determined, in spite of everything, to pass this Bill. Before I sit down, I challenge hon. members opposite, particularly the ministers of the Crown, to point to any expression of approval by any association, board of trade or city, when they say that they represent the people. Let the Government name any bodies of any kind that have sent them resolutions approving this proposition. Where are they? Right in Montreal the new Minister of Finance (Sir Henry Drayton) could not speak in regard to the Victory Loan without the president of the Canadian Pacific voicing his opposition to this proposed transaction.

Mr. MEIGHEN: Was there not a resolution by the labour men of Montreal?

Mr. L. A. LAPOINTE: I have read the resolution of the labour men of Montreal and I respect their opinion, but they only say that they are in favour of public ownership at the proper time. They do not petition the Government of the day to put through this transaction as the Government are doing to-day, and I challenge the Government to prove the contrary.

Mr. MEIGHEN: What is the proper time?

Mr. L. A. LAPOINTE: Not the present moment. They say that they are and have been for many years in favour of public ownership, so that it is not a surprise to my hon. friend that they should be in favour of public ownership, but now that they have an idea of the financial condition of the country, they do not press this so much to-day, and I do not think they have sent a resolution to the Government. I challenge the Government to show one resolution in favour of this proposition and I will sit down.

Sub-amendment (Mr. McKenzie) negatived.

Amendment agreed to, and section as amended agreed to.

On section 4—Government may guarantee payment of dividends upon present guaranteed stock, interest upon present debenture stocks, and dividends upon an issue of non-voting capital stock of amount determined by board of arbitrators:

Mr. CASGRAIN: As I read this clause, the very first two words strike me forcibly. The clause reads:

As part of the consideration for such an acquisition.

That seems to say that we have a part there which is explained in paragraphs (a), (b) and (c), but it might convey to certain people the impression that there is some other consideration than those that may be explained in this clause and succeeding clauses of the Bill, a consideration that may be given by the Government in further payment for acquisition of the road. I should like to have from the minister some explanation as to what the words "as part of the consideration" means. It seems by this that we bind ourselves to pay as part of the consideration such and such dividends. What is the other part?

Mr. MEIGHEN: The hon. member's suggestion is worthy of consideration. Although I have not had the matter before me except while he has been speaking, I am inclined at the moment to think that the word "and" should be inserted just immediately prior to paragraph (c) of this clause. What the draftsman had in mind was that the guaranteeing of (a) and (b) which come prior to the words "these guarantees" and so on, was the guaranteeing of those two sets as part consideration, the remaining consideration being paragraph (c). I will, however, give the matter some thought while the discussion progresses.

Mr. McKENZIE: This clause guarantees the payment of dividends, payable half-yearly, at 4 per cent per annum upon the present guaranteed stock. I understand that the present guaranteed stock is the £12,500,000. Is that correct?

Mr. MEIGHEN: Yes.

Mr. McKENZIE: At page 88 of the Drayton-Acworth report, section 40, the commission tells the House and the Government:

We recommend that the entire share capital of the Grand Trunk, guaranteed, preference and ordinary, be surrendered to the trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years; and that this annuity should increase by forty or fifty per cent after the first seven years.

Will the Minister of Railways or the Minister of the Interior explain this departure? Why did the Government not follow the entire proposal contained in section 40 and leave all the stocks to be dealt with as proposed by the Drayton-Acworth report?

But in this Bill they single out this guaranteed stock of £12,500,000 and put it in a class by itself, guaranteeing the interest on it practically for all time to come, which is a very much better bargain for the company than section 40 of the Drayton-Acworth report proposes. That is not the only respect in which the bargain now before us is better for the Grand Trunk than the bargain proposed in section 40, but this is a distinct part of the bargain which can be discussed now. Will the Government tell the committee why they singled out this stock and said it should not be arbitrated on, but should have its interest guaranteed, thus making it a fixed permanent charge against the country? Why was it not allowed to take its chance with the other stocks as proposed by the Drayton-Acworth report?

Mr. MEIGHEN: With further reference to the remarks of my hon. friend (Mr. Casgrain) I think on reflection that the clause is right as it stands. This clause merely provides the power to guarantee. Clause 6 provides the power to issue a new stock to take the place of the three preference stocks and the common stock after the arbitrators' award; so the execution of the power to guarantee is in a sense a partial payment, the balance being the issue of the new stock. Of course, the whole liability is the guarantee; that is true. I really do not see very much use for the words, but I think that what the draftsman had in mind was that clause 6 provided for the issuing of a new stock which took the place of and was payment for other stocks.

I have answered the question of the leader of the Opposition this afternoon, and I am sure I cannot improve on the explanation I then gave.

Mr. McKENZIE: I do not remember any explanation at all. We were talking about it, it is true. I really think this question is of importance. We are told by the Government that they are relying entirely for information on the Drayton-Acworth report. The Prime Minister in that cable in the blue-book which I have frequently quoted said that the Government should not take any steps in connection with acquiring the Grand Trunk property without some basis for every step they took. Now when we on this side of the House take that position, the Government say: We have the Drayton-Acworth report. Now the section of the Drayton-Acworth report which I read a few moments ago specifically says that five classes of stocks will be satisfied or paid for by the division between them of a substantial part of $3,600,000 for the first seven years—from now on, say,—which amount could be added to as justified by conditions. Now that is not what is being done. The five stocks are not treated together. We are not going to pay the company merely a substantial portion of $3,600,000, but a great deal more, and when I ask why one of the stocks was taken out of the plan suggested by the Drayton-Acworth Commission, and 4 per cent interest guaranteed on it for all time to come, which alone gives the company more than is recommended in section 40, I can get no answer from the minister. I want to know for myself, and I think for the people I represent, what is the cause of this change of mind on the part of the Government. During the whole course of the negotiations up to the time the Prime Minister sent the cablegram to the High Commissioner in which he said the Government did not have any other information except the Drayton-Acworth report, and since, the Government have been relying entirely upon that report. Now they are travelling outside of that report and making a different bargain altogether, and when I ask what I regard as a serious question entitled to a proper explanation I am told by the Minister of the Interior that he said something about it this afternoon. Surely there must be some good reason why the Government departed from the recommendations of the Drayton-Acworth report, and made a different proposal which is not supported by any report from anybody. We are told It is all right. You can ask as many questions as you like. But we do not get any explanation. There is no explanation for this, except that the Government is making a very much better bargain for the Grand Trunk than the Drayton-Acworth report recommends. For some mysterious reason the Government finds it necessary to call on the people of this country to pay more money to the owners of the Grand Trunk than was recommended by the Drayton-Acworth Commission of experts whom we appointed and paid to inform us what we should pay for this road. The Government might as well be honest about it and admit at once that they are travelling entirely outside the Drayton-Acworth report and are acting on their own information and on their judgment. Do not let it be said any more that they are following the recommendations of the Drayton-Acworth Commission,

because they are absolutely departing from the section I have read. It does not require any profound lawyer to see the difference, nor any profound knowledge of the manipulations of stocks and bonds. When we on this side of the House ask why things are not explainable we are told: "Oh, you are not familiar with the manipulation of stocks and bonds. If you were you would understand all about it." I believe I know as much about stocks and bonds as the ordinary citizen of this country. The farmers, the miners, the lumbermen, and the general public do not know very much about stocks and bonds, but they do know when they are making a fair deal and a good bargain. I submit to the minister that he is not making the bargain which the Drayton-Acworth Commission recommended, or we would not be in the position we are in to-day. I do not think the Grand Trunk would think of accepting the proposal of the Drayton-Acworth Commission. They played their cards very much better, and are getting a lot of money out of this country for which they are giving no adequate return. As the minister refuses to give me any answer I can only submit to the people of the country that the bargain the Government is now making is a new departure which finds no justification in the report which they quote as an authority.

Mr. VIEN: Clause 4 makes no provision for the taking over of the whole of the capital stock of the Grand Trunk before the Government undertakes to guarantee the interest on the bonds, on the guaranteed stock, and on the new guaranteed stock. Is it to be understood that the Government will guarantee interest in proportion to the amount of stock turned in, or has the entire capital stock to be handed over before anything will be done under this clause?

Mr. MEIGHEN: I do not know if I have accurately caught what is in the hon. gentleman's mind, but if I have, the answer is this. So far as the guaranteed stock is concerned, it is fully provided for in this clause. That is to say, the surrender of its voting power is all that is to be done on the part of the shareholders. That takes effect immediately the guarantee is given. As regards the preference stocks, the provision for their handing over is contained in clause 9 of the Bill, particularly subclause B, and also in clause 11. I do not apprehend that it will be of advantage to the committee to discuss that phase of the hon. gentleman's question at this juncture.

Mr. VIEN: I want to know whether the Government at present has assurance that the whole of the guaranteed stock as well as all of the preferential and common stock can be handed over to the Government, or will any of it remain outstanding?

Mr. MEIGHEN: It can all be handed over, of course. The agreement must provide that it shall be.

Mr. VIEN: I do not see any clause in the Bill to that effect. Section 2 says:

> For the acquisition by the Government of the entire capital stock of the Grand Trunk, except the four per cent guaranteed stock of the Grand Trunk, etc.

This gives the Government power to acquire the entire capital stock, but it does not say that they can exercise that power in respect of a portion of the stock.

Mr. MEIGHEN: Clause 11 covers the matter fully. Certainly what the Government has to do is to acquire all. There is no power to acquire merely a part and let it go at that. Clause 11 enables the Government to execute that authority which Parliament now vests in them.

> Any orders of the Governor in Council which the Government may deem requisite to vest in the Government any of the preference or common stocks not transferred to the Government or its nominees under the terms of this Act, or requisite to vacate any office of director, or otherwise to carry into effect the terms and provisions of the said agreement may be made and passed with the effect specified in any such Order in Council.

That is to say, if after the arbitrators have given their award some shareholders hang back and do not send in their stock to be exchanged for the new non-voting certificate, all that the Government has to do is to pass an Order in Council, declaring it all vested in the Governor in Council, and then it becomes of no value whatsoever in the hands of the owners except for the purposes of surrender.

Mr. MACKENZIE KING: The first preference five per cent stock amounts to £3,420,000; second preference five per cent stock, £2,530,000; third preference four per cent stock, £7,168,055; and the common stock £23,955,436. These several stocks, I understand, are to be valued by the arbitrators, and the Government will take the stocks at the valuation fixed upon them. Is that correct?

Mr. MEIGHEN: No. We do not take the stocks at the valuation fixed. The stocks are surrendered and a new non-voting stock bearing four per cent is issued in its stead.

The holders get that instead in such proportion as the arbitrators decide.

Mr. MACKENZIE KING: The Government gets the stock surrendered?

Mr. J. D. REID: Yes.

Mr. MACKENZIE KING: Who issues the stock that is to bear the four per cent?

Mr. MEIGHEN: The company.

Mr. MACKENZIE KING: The Government get the stock that is surrendered and the company issue the new stock that the Government guarantees.

Mr. MEIGHEN: Yes.

Mr. MACKENZIE KING: That is different from the impression created by the remarks by the President of the Privy Council (Mr. Rowell) as reported on page 1403 of Hansard, October 24. A question was asked by an hon. member as to this stock, and the President of the Privy Council replied:

Mr. Rowell: It is not watered stock. It is stock got and paid for by issuing what is called a new four per cent guaranteed stock. That is the Government security which we issue in payment, rather than paying cash.

"We," if it means anything, means the Government and not the company, unless the Government and the company are one and the same thing. The minister proceeds:

The stock which we take in and deposit in the treasury is the stock which controls the road, and it will retain the standing it has to-day.

Mr. Euler: But it would have no actual and inherent value because new stock, to the actual inherent value of the system as determined by the arbitrators, is to be issued to the present holders.

Mr. Rowell: It has whatever value we pay for it, presuming, of course, that the arbitrators fix a fair value.

This is the sentence to which I wish particularly to direct attention: The minister says, "We pay for that stock by issuing a new security." I contend that the impression of that language upon the mind of any one is that the Government issues new security. Now I understand from the Minister of the Interior that it is not the Government but the Grand Trunk that issues that stock. Am I right?

Mr. MEIGHEN: What I said is precisely correct. It is the Grand Trunk that issues the security guaranteed by the Government. The leader of the Opposition will, I know, reflect with sorrow, as I do, that many members of the Opposition get the two confused and refer to the Company as the Government, claiming that because the Company owns the property we own it. No doubt the use of loose language of that kind on the part of the Opposition may possibly for the moment have misled the President of the Privy Council.

Mr. CASGRAIN: I understood the Minister of the Interior, in reply to my hon. friend (Mr. Vien) to say that if certain stock was not handed in at a stated time an Order in Council would be passed declaring it to be the property of the Government. This procedure would appear to me to be in the nature of expropriation or confiscation. But the ministers who have charge of this Bill have all along stated that it was not the intention of the Government to confiscate any stock. In any event, how could an Order in Council passed by this Government be made effective as against people holding stock in a foreign country, England for instance? I understand that most of the shareholders reside in England, and if I mistake not the head office of the company is situated there. We may legislate for ourselves even by Order in Council—a method which has been abused within the past four or five years —but I do not think that our jurisdiction will go further. Legislation may emanate from the Imperial parliament in certain cases affecting ourselves, and we have suffered in this respect in the past. But I do not think it is within the power of this Parliament to pass Orders in Council affecting people outside of this country.

Mr. MEIGHEN: It is somewhat amusing, of course, to have to answer charges of over-generosity one minute and of confiscation the next, but I shall try to adjust myself as well as I can to the circumstances. The Grand Trunk Company is a Canadian company, notwithstanding the fact that its head office is in England. I am sure the hon. gentleman would not for a moment suggest that a Canadian company, merely by moving its head office out of Canada, could escape from the requirements of Canadian law. The stock of any Canadian company is subject to the jurisdiction of the proper constitutional authority in this country.

The railway company is subject to our jurisdiction if the company is incorporated by the Parliament of Canada. There is no confiscation in respect of an order declaring the stock of a Canadian company to be the property of the Crown, provided the owners of that stock by legal process agree that such may be done. They do so agree by legal methods when they execute the ar-

bitration agreement which is to be prepared.

Mr. VIEN: Where is the transfer office for the shares of the Grand Trunk?

Mr. MEIGHEN: The quotations are made in New York and London and I presume they have transfer offices in both places. I heard a few moments ago the charge that one of us had said that the Opposition knew nothing about stocks and bonds. It was a mistake. I said I did not know much about stock markets myself. I was in that charging myself with ignorance so that I hope I will be forgiven.

Mr. VIEN: Does the minister say that an Order in Council passed under the authority of this Act could vest in the Crown shares held and transferred in the books of the company in England?

Mr. MEIGHEN: In any event they agree to do it in advance under the agreement. But even should they not, if I am asked my opinion—and I give it in all humility—I would say that the Parliament of Canada in that regard would be supreme.

Mr. VIEN: I have the greatest respect for the opinion of the minister as a lawyer, but I differ from him in that regard. I think that the Canadian Parliament could not vest in the Crown the authority which the Bill purports to give and that if an Order in Council should issue vesting in the Crown the shares of the shareholders who refuse to hand over their shares when such transfer is made in England—and the head office of the company is in England—such Order in Council could not be effective. The purpose of my question is to know whether the Government has the assurance now that all the shareholders of the company will be willing to hand over their shares. I understand that Sir Alfred Smithers has had several meetings of his shareholders in England. He probably has had conversations or communications with the shareholders. I would like to have that assurance. I do not think it would be feasible to give to the Governor in Council authority to pass an Order in Council to practically expropriate such shares. I do not say it would be an abuse because if we admit the principle of the Bill I think we must admit all the powers which are necessary to put it into effect. If the Bill goes through I would sooner have the authority vested in the Crown, if we can give it, because I do not think it would be in the interests of the country to have a certain number of shares vested in the Crown and a certain number still outstanding in the hands of shareholders. But I have serious doubts as to our constitutional right, by Order in Council to expropriate— for it is tantamount to expropriation—the shares of those who refuse to hand their shares over.

Mr. J. H. SINCLAIR: When this matter was under discussion the other night I ventured to ask the Minister of the Interior some questions about it. I pointed out to him that I had seen in the press that there are some 180,000 shareholders of the Grand Trunk holding preferred, common and guaranteed shares. These shareholders are not all in England; some are in Holland and other countries on the continent of Europe. It is very important that the Government should have some distinct understanding with the Grand Trunk that they would be in a position to deliver these shares when the Government was ready to hand over the guarantees provided for in this Bill. We have had no assurance so far from the minister that the Grand Trunk has given any understanding of that kind to the Government. We learned from the minister the other day that he did not have any such understanding. What strikes me very forcibly is the difference between the opinion which my hon. friend expressed the other day when we discussed this same question and the opinion he expresses now. He now tells us that this Government can secure this stock by Order in Council, which is equivalent to confiscation. That is not what he said the other day when I raised the question. I pointed out to him that these shareholders might not surrender their stock and that part of the property might stand in the name of shareholders located in different European countries. I also said that I did not think that the confiscation of these shares would be tolerated by the governments of the European countries in which these stockholders live. My hon. friend made this reply:

> I am very glad to hear the sentiments in general that animate the hon. gentleman. I thoroughly agree with him that it would be entirely wrong on the part of this Parliament to pass a law which would confiscate the property of any person simply because we, or, indeed, some institution or commission appointed by us, declared that stock was of no value.

That was the opinion of my hon. friend two days ago. But to-night he informs the committee that if this difficulty does arise the Government will pass an Order in Council to practically confiscate the stock.

Mr. MEIGHEN: No, I do not change one hair's breadth from what I said on that occasion. The hon. gentleman was perfectly right then and I expressed my concurrence with the opinion that we should not, because we come to that conclusion ourselves, or because of some commission appointed by us, comes to the conclusion, arbitrarily declare that the stock is of no value. I have heard that suggested many times by more or less irresponsible hon. gentlemen but never by the hon. member (Mr. Sinclair). I took occasion to commend the sentiment that he expressed. We are not doing that now. We are not doing anything of the kind. If we are doing it now we did it in the Canadian Northern case, because we took exactly the same power, and exercised the same power in that case. There were some stocks in that case which were outstanding, which the parties did not bring in and we had the power to declare them our property and that power was exercised in regard to certain shares. There was no confiscation there and there will be none here. The Companies Act provides as respects ordinary Acts coming within that statute, that where there is a resolution of the shareholders passed in accordance with the provisions of that Act the other shareholders must abide by the terms of the resolution. There are similar clauses either in the chartering statute or in the by-laws passed under the chartering statute providing that the majority of the shareholders—possibly a two-thirds majority—may bind the rest of the shareholders. We shall ask them to do so in this agreement and we shall ask them to legally execute this agreement In that case, just as in similar cases, the minority shareholders are bound. Consequently there can be nothing in the way of an arbitrary deciding of values, nothing—far from it—in the way of confiscation, because what we do is by them agreed to in accordance with the provisions of the law defining what shall be an agreement on their part. I stated before, and I state again, we merely provide for the case of shares, perhaps in the hands of persons who never attended a meeting, but there is nothing done that the company does not agree to and that each shareholder does not agree to, in so far as his agreement is necessary by the law under which he holds his shares.

Mr. J. H. SINCLAIR: I presume the minister has examined the Grand Trunk charter and the law to which he refers that will enable a majority meeting of the stockholders of the Grand Trunk to pass that resolution. Will the minister give us the section in the charter of the Grand Trunk Company that authorizes that step to be taken?

Mr. MEIGHEN: No, I could not give the section; it may possibly be in the by-law under an authorizing power of the statute. There must necessarily be such or the company cannot execute the agreement, and they contemplate dealing with it. Surely they would not do so unless they had the power to deal with it.

Mr. J. H. SINCLAIR: The minister is not certain there is such a section.

Mr. MEIGHEN: Oh, there must be.

Mr. J. H. SINCLAIR: The minister thinks there must be, but he does not know?

Mr. MEIGHEN: I cannot give the number of the section, but there certainly must be one. The company would be absolutely powerless in many circumstances if they did not have such a statutory power as that.

Mr. TRAHAN: Does the minister assert that there is a provision in the company law which authorizes the corporation to force one of the shareholders to transfer his shares? If so, what is the section?

Mr. MEIGHEN: I would rather not say that as a matter of law the majority shareholders can compel other shareholders to transfer their shares. I cannot see that it is of very great importance; it may be that they can. Very frequently that is provided for by by-laws which the company themselves enact. But whether they can or not in any event the arguments of hon. gentlemen merely show that this is the only way to go about it. The object we have in view is to establish a tribunal to determine the value, and having determined the value in a fair and square way, then to give the Governor in Council the power to carry out the exchange on that value. There is nothing confiscatory, nothing arbitrary, about it at all. The shareholders are given what the stock is worth. We are protected, because immediately the determination is made we have the power to declare that that stock is ours and the shareholder becomes entitled to his dividends on the voting certificates that are issued in exchange.

Mr. TRAHAN: Suppose a majority of the shareholders of the Grand Trunk vote the agreement and the matter goes to arbitration, but the minority shareholders do not wish to exchange their shares for the amount of the award. Can the Government

compel those minority shareholders to transfer their shares?

Mr. MEIGHEN: Yes, I have expressed that opinion previously and I repeat it now. Nor do I think it is unfair on the part of the Government to so compel, because we are getting a fair value established by arbitration.

Mr. McKENZIE: We are dealing with a very important point of law and with property rights. The minister says that we can compel the transfer of these shares. We are taking for granted that many of these shareholders live beyond Canada. At all events, for the purpose of my argument, I am presuming that some of these shareholders live in England, Scotland and Ireland. Some of them perhaps live in France, and may refuse to transfer their shares. Let us say there is only one shareholder in France and that he has a thousand shares. He hears of this agreement but he holds on to his stock and refuses to transfer it. I ask the minister what can we do in this Parliament that would have any binding effect upon that citizen of France who owns a part of this property? So far as I have any knowledge we have no control over his person at all. This question is as old as the hills and it has always been enforced by the courts in England, in the event of the person who owned the property living in the country, that they would subject him to contempt, and would bring an action for specific performance. In that case, all the powers of the court can be exercised because the person lives in the country and is within the jurisdiction of Parliament and of the courts. But if the citizen who owned the property was beyond its jurisdiction, the court would be absolutely helpless—there would be nothing to do except agree with the man. Now here we are passing legislation which we say is going to expropriate the shares of a man who lives beyond the jurisdiction of this Parliament and beyond the jurisdiction of our courts, and we decree that an action shall be brought for specific performance. Our legislation enables the Minister of Railways, representing the Crown, to bring an action for specific performance; but we could not give any such authority as against the man beyond the confines of Canada. Our legislation would be absolutely without power; we could not authorize the courts to do that and we cannot do it ourselves. The principle is that we can exercise jurisdiction over the person of the man who owns property while he is within the jurisdiction of our courts and within the jurisdiction of Parliament; but when he is beyond those confines and his property with him, we are absolutely hopeless, as I understand the law, except to have recourse to negotiation and agreement.

Mr. MEIGHEN: The question the hon. member discusses is, of course, purely a legal one, and both he and I should apologize to the leader of the Opposition for taking up the time of the House upon it; but I will venture again to express, with all deference, what I myself regard, as the law on the point. He says that the owners of these shares are outside of Canada, they are domiciled in England, or in Holland, or in some other part of Europe; consequently, there is no way by which we can enforce a surrender of the shares. He is quite right, I think, in saying that we have no remedy as against the owner of the shares—that is, no remedy, as we call it, in persona. But we have a remedy in this, that what we wish to attach to ourselves, and release from the shareholder, is Canadian property.

Mr. McKENZIE: The share is not Canadian property.

Mr. MEIGHEN: Oh yes, because it is a share of a Canadian company.

Mr. McKENZIE: We do not agree in that. I submit that when a share is issued and the stock paid for and passed to the person concerned, it is as much his property as a twenty-pound note.

Mr. MEIGHEN: Certainly it is his property; that is to say, he is the owner of it, but it is a Canadian property. For example, were he the owner of a piece of land along the right of way of a railway that we were projecting, the property would be Canadian property owned by this man who is over in Holland. But the hon. member would scarcely argue that in such a case we could not have the right of way because we could not expropriate property owned by a man in Holland. It is just the same here only that the property is a share certificate issued by a Canadian company and consequently as a property is subject to the jurisdiction of Canadian laws. We exercise that jurisdiction in rem by saying: We may declare that that voting certificate of a Canadian company is our property, and we pay to the man in Holland or in England such sum for it as the award of the board of arbitration may warrant.

10 p.m.

Mr. TRAHAN: There is a difference, Mr. Chairman, between real estate and personal property. I submit that the shares of a

company are either real estate or personal property. If they are personal property, there is an axiom of law which says that personal property follows the person—mobilia sequuntur personam. I fancy that that rule applies to property of this kind; it applies to shares which are personal property.

Mr. MEIGHEN: Assuming that the share certificates are personal property, that is, that the proprietary ownership of the company is personal property—assuming that—the property is, nevertheless, Canadian personal property. What represents it may be held corporeally over in Holland, but the stuff is here. Suppose there is a personal property here, say some furniture, and the bill of sale or whatever may represent it is over in Holland; that personal property here is subject to the jurisdiction of the proper legislature in this country. Similarly, the ownership of the share, that personal property represented by the certificate is subject to our jurisdiction though the man who holds the paper representing the ownership of that property is in Holland. The share certificates of a Canadian company are subject to Canadian jurisdiction. I venture to think that the hon. member, with the training that he has had and the predisposition that he has in the matter of safeguarding Canadian autonomy and Canadian rights, would be about the last to argue that either the Canadian Federal Parliament or a Canadian Provincial Parliament should be powerless with regard to the disposition of property in a Canadian company.

Mr. COCKSHUTT: A large amount of revenue is derived by the Grand Trunk system through the operation on its lines of Pullman sleeping cars. Whether the Pullman people are shareholders in the Grand Trunk or whether they get their profits on a mileage basis or otherwise, certainly a proportion of the earnings of the road are required to pay them for the operation of these cars. I understand that the Canadian Northern, the Intercolonial and the Canadian Pacific own and operate their own sleeping cars, but the Grand Trunk Railway Company operate Pullman cars which are the property of a company in the United States. These cars are operated over all the lines of the Grand Trunk, and I believe that fares are collected upon them by the servants of the Pullman Company, though I am not sure as to that. It would be interesting to the committee to have a statement as to what arrangement there is between the Grand Trunk and the Pullman people; how the revenues derived from the operation of these cars are distributed, and how long the arrangement has been in existence. If we know exactly how these revenues are disposed of, complications may be avoided later.

Mr. J. D. REID: Just at the moment I cannot give the hon. member the information, although I have in mind what I understand to be the arrangement. However, if the hon. member will let the matter stand for the present, I believe that I will have the information within the next few minutes and I will take an opportunity of giving it to him.

Mr. CASGRAIN (Translation): Mr. Chairman, we have been here for over a week discussing this extremely important Bill, one of the most momentous that has been laid before this House and stirred public opinion for many years. We have heard explanations from every minister of the Crown and some of their followers who came to their rescue. The hon. Minister of Railways and the hon. Minister of the Interior, in turn, as well as the President of the Privy Council and the Minister of Finance, all tried to persuade the House and the people that this Bill was absolutely necessary and in the best interests of the country. We have been acquainted with the details of this measure and the expenses which will necessarily be incurred on account of that undertaking.

Yet, we want to get further and more precise information and to be apprised of every detail relating to this measure, so as to consider it according to its merits and to be convinced of its fairness in order to vote knowingly.

Mr. Chairman, we have been discussing for a whole week, putting questions to the minister in the best possible way, and now we have this evening a striking example of the inability of the Government to deal with this matter.

We have heard the Minister of Railways' reply to a most important query from the hon. member from Brantford: "I shall give you an answer later on." Mr. Chairman, I raise my voice against such a demeanour and I call it iniquitous on the part of members of the Government under whose rule we are. Public opinion may well be shocked, as it has already been shocked all over the country, especially in Québec and the Maritime Provinces. We have even heard protests against the taking over of

this railway in the Western provinces, particularly in the city of Regina.

After all we have seen, all we have heard from the Government during this debate, we notice an undue haste, an unusual insistence; we feel that something mysterious surrounds this transaction, this famous Bill.

In perusing the English press, the Montreal Gazette (which is one of the newspapers under the management of a follower of this Government) and also the Star, in looking over the files of the Gazette and of the Star, of Montreal, we notice that every day for the last three weeks appeared in both most important editorials in condemnation of this measure.

They oppose the taking over of this railway; they call upon the Government not to hurry so much, and I venture to say that there are behind the Government schemers and other people who are endeavouring to draw the chestnuts out of the fire, and make money through that transaction. If the Gazette and the Star can try....

The CHAIRMAN (Mr. Morphy): Order. I should like to direct the attention of the hon. member to subsection 5 of rule 13, which says:

Speeches in Committee of the Whole must be strictly relevant to the item or clause under consideration.

I have listened very patiently to the hon. member; I think I have understood pretty well the force of his remarks, and I do not think it is compatible with that rule that he should discourse for a long time about the opinions of newspapers and that sort of thing on the general question and not at all touch the question before the House at the present time. I would ask him in his future remarks to confine himself as closely as possible within the meaning of the rule.

Mr. CASGRAIN (Translation): Mr. Chairman, I have to bow to your ruling, but I shall take the liberty of asking you this: Considering the question the hon. member from Brantford (Mr. Cockshutt) has put, am I not allowed to answer him and to call upon the Government for some reasons, some explanations....

The CHAIRMAN (Mr. Morphy): Order. I do not think the question asked by the hon. member for Brantford (Mr. Cockshutt) was really in order, and so I would request that it be not too far pursued; otherwise, I shall have also to ask the hon. member to be short in his remarks and to come to the question.

Mr. CASGRAIN (Translation): Are we to understand that the hon. Minister of Railways, having answered the question put by the hon. member from Brantford in the manner he did, holds that no member of this House has the right to protest against the course of the Government, particularly the hon. Minister of Railways, against his inefficiency, his lack of capacity, I would even say his lack of knowledge as to the subject matter of this discussion. That is what I am coming to.

I stated that the hon. Minister of Railways was unable at this stage to give the necessary explanations which we have the right to expect from him. Even the friends of the Government, his own followers, think they are themselves fairly and conscientiously entitled to call upon him to give those explanations.

I was saying a moment ago that friends of the Government, partisan newspapers, the Gazette and the Star, in Montreal, as well as their confederates, protest against the taking over of that railway by the Government on account of the large increase in the public debt which it will entail, and that, under such circumstances, the Government should not proceed any further nor set public opinion at defiance. What happened in the province of Quebec, in 1914, when certain charges were made against the Government of that time by Messrs. Beck, McNab and Nichol, who were then managers of a newspaper in Montreal? When those accusations were levelled at the Government charging them with embezzlement, they brought the accusers before the bar of the House and compelled them to prove their charges.

Should not the Government do likewise to-day and compel the editors of those newspapers to substantiate the charges set forth or implied in the editorials which we have read?

It would be interesting to get explanations upon that print at the bar of this House from Lord Atholstan and hon. Senator White, as well as from other friends of the Government who caused their advent to power in 1911 and 1917; it would also be interesting to peep behind the scenes and to get the names of all those concerned, of all the friends of the Government who are so insistent upon the passing of this measure as soon as possible.

If the Government do not dare to let us know, it is because they are afraid those charges are well founded, they are fearful of their judgment and of public opinion.

Mr. MEIGHEN: The House will be perhaps somewhat amazed to know that one portion of the hon. gentleman's speech was a complaint that we were making too rapid progress with this Bill.

The CHAIRMAN (Mr. Morphy): Carried.

Mr. DENIS: I was up, Sir, when you said "carried."

The CHAIRMAN (Mr. Morphy): I will let the hon. gentleman say what he wants to say on the next clause. Does the hon. member wish to discuss clause 4?

Mr. DENIS: Yes. I beg to say that I was up when the word "carried" was pronounced, but you did not see me.

The CHAIRMAN (Mr. Morphy): I will wipe out the word.

Mr. DENIS: I should like to have some information from the Government with regard to paragraph (c) of clause 4 and the working out of that paragraph. It is provided in this Bill, and especially in clause 4 that the Grand Trunk Railway Company of Canada will issue new stock in exchange for the old stock, the value of which is going to be appraised by the Board of Arbitrators. The actual holders, those who will hold the actual stock after the award has been given, will, if I understand rightly, give to the Grand Trunk the shares they now hold and will receive in exchange from the Grand Trunk new stock which will be called "the new guaranteed stock." Consequently the Grand Trunk is going to issue new stock to an amount which is not known now, but which will be the amount of the award of the arbitrators. The Grand Trunk will be responsible for that stock; it will owe that stock because it will be the stock of the company issued by the company. But in the meantime the Government intervenes to guarantee that new stock. The company takes the old stock and hands it over to the Government, and the Government keeps the old stock. As I understand the transaction—and this is where I am seeking information—the liabilities of the company through this transaction, or this manipulation of stock, would be increased by the amount of new stock issued. If a company exchanges new stock against old stock and gets into possession of and keeps the old stock, destroys the old stock, prevents the old stock from getting into circulation, then the company does not increase its liabilities because the transaction is simply an exchange of stock. I could say the same thing about a bank which is issuing new bank notes in exchange for old bank notes. The old notes are returned to the bank and are destroyed, and because they are destroyed, and this is merely an exchange, the bank does not increase its liabilities. But if the bank should issue new bills, exchange them against old bills and then take the old bills and give them to a third party, I say that the liabilities of the bank would be increased by the amount of the new bills issued because there would be in circulation so many more bills for which the bank would be liable. Of course, I do not contend for a minute that while the company is receiving absolutely nothing in the way of assets, that its liabilities should be increased in issuing that stock, but prima facie it looks as if the liabilities of the company should be increased. Then when the balance sheet is made up the actual amount of stock that will be received in exchange by the company and given to the Government should figure in the liabilities, and the new stock, which is the stock of the company, should also appear in the liabilities, and therefore the liabilities, on paper at all events, would be increased by the amount of the new stock. What is the company getting for it? The company is not getting anything. It is issuing this new stock, but gets nothing in return, because the shareholders who hold the old stock are receiving in exchange the Government-guaranteed stock which will be distributed to them. The company, however, does not receive anything for issuing this new guaranteed stock. I should like to have an explanation from the Government on this point.

Mr. MEIGHEN: What the hon. gentleman says will take place is precisely right. The old stockholders, the holders of the three preference and common stocks, hand over their stock to the Government of Canada. In lieu thereof the company issues to them a new stock, but only to the amount of the arbitrators' award. That new stock is guaranteed by the Government of Canada. Looking at it one way, that constitutes, I suppose, a liability of the company in that the company issue the stock rather than the Government issuing a bond direct. I presume it might be proper to call it a book liability, but it seems to me only proper in so far as the country may be out of pocket should the arbitrators give an award above the $2,500,000, that that should appear as a charge against the company, so that after the company has earned interest on the debenture stock, the next charge should

be interest on the guaranteed stock issued in substitution of the three preference and common stocks. I think that would be the proper way of looking at it and a proper way to have it appear in the books, and that is just the effect of this Bill as it stands. We could, of course, issue a bond direct, but it seems to me only right that whatever we pay should appear as a charge against the company, so that the first obligation of the company after payment of prior charges shall be dividends upon that stock.

Mr. DENIS: If the liabilities of the company are not to be increased by the amount of the new stock, we must admit either that the new stock should be looked upon as having no value, except in so far as title in the actual shareholders is concerned, or else we must recognize that the old stock which will be handed to the Government will cease to have its value. If the new stock is a liability against the company, and if the old stock also remains a liability against the company, we cannot escape the conclusion that the liabilities of the company are increased by the amount of the new stock.

Mr. MEIGHEN: The old stock is no liability against the company; it appears as a book-keeping entry on the liability side, but the stock of the company is not a liability of the company in the sense that it must pay anything. As long as the hon. gentleman knows what is being done, it matters very little about the mere charging of it. The fact of the matter is that the owners of all these stocks, the three preference and common, will get instead of their shares whatever value the arbitrators determine they are worth, and they get that value in the shape of Government-guaranteed stock. That is all there is to it.

Mr. DENIS: To make my point more clear——

Mr. MEIGHEN: I see the point all right. There is a big addition to the stock issue. We could, of course, cancel all the stock that comes to us, but that would not put us any further ahead or any further behind. We have the old stock, and what we pay for it is a charge against the company.

Mr. DENIS: Let us suppose that in years to come the company's earnings are sufficient to pay interest on all the stocks, common stock included. Is it not true that at that particular time the liabilities of the company will have increased, because it will have to pay interest on all the stocks actually outstanding as well as on the new guaranteed stock?

Mr. MEIGHEN: That is all right. After interest has been paid on the new guaranteed stock, if there is anything left, interest is paid on the stock that we have, and to that extent the whole transaction is clear profit to the country. What better way could it be?

Mr. DENIS: I do not see what benefit it would be to the country.

Mr. MEIGHEN: Because the country will be out nothing. Its guaranteed stock is all taken care of by the company, and the country will "be in" to the amount of the dividends it receives on the stock. All we give in this matter is a guarantee, but if the interest is taken care of by the primary debtor, the company, anything that we get after that by way of interest on the old stock that we own is just so much velvet, as the saying is.

Mr. VIEN: The question has not yet been settled whether the guaranteed stock can or cannot receive further dividends beyond the 4 per cent guarantee. Would it share in whatever additional profits of dividends might be distributed? There is nothing in the Bill to say that the shareholders shall be deprived of any further dividends if the road earns them.

Mr. MEIGHEN: The guaranteed stockholders?

Mr. VIEN: The new guaranteed stockholders.

Mr. MEIGHEN: The new guaranteed stockholders cannot get anything beyond the four per cent. What would give them a right to anything further? Subclause (c) of clause 4 says clearly that that is all their stock calls for, and that is all they can get. The stock we issue in exchange represents no voting power and no ownership; the voting power and the ownership remain entirely with the Government.

Mr. DENIS: I think we established last night, and even before, that the Government on account of committing itself to $216,000,000 and over in this transaction has a direct interest in this company and that forever in the future it will have to back up the company should that backing be needed, and that the concern will practically belong to the Government when this transaction is consummated. Technically it may not be right to say that the road will be the property of the Government, but

practically it will, because the Government will have to back it up whenever it is necessary to do so. Consequently the assets and liabilities of the road are the assets and liabilities of the Government, and we are interested to know whether or not the company is increasing its liabilities by issuing this new stock. Apparently the liabilities are increased, because the old stock which is now a current liability will remain in the future, as it is now, an obligation for which the company will be responsible. Then, in addition to this old stock, we shall have new guaranteed stock. The minister says that stocks are not liabilities of a company.

Mr. A. K. MACLEAN: What would the hon. member do with the common and preferred stock?

Mr. DENIS: I would have the Government issue bonds to the people to the amount of the award, and the bonds could be exchanged against the stock. The Government would give its bonds, and the stock of the company would remain the same.

Mr. A. K. MACLEAN: This is practically a bond that the present holders are receiving. It is stock which will rank prior to common shares.

Mr. DENIS: I do not know why the Government is taking this devious course instead of simply exchanging the bonds of the Government against the stock. For we are buying the stock; we are buying the first, second and third preferred stock for the amount of the award.

Mr. A. K. MACLEAN: And issuing what is a guaranteed stock for it.

Mr. DENIS: I would issue the bonds of the Government.

Mr. A. K. MACLEAN: There is no difference between bonds and guaranteed stock.

Mr. FIELDING: If this were a transaction between two railway companies it would be quite clear that the Bill is loading up the concern with a lot of watered stock. You are going to take $180,000,000 of old stock and buy it up at a reduced price, let us hope, and issue new stock for it. They both represent the same thing, and if you leave both stocks afloat, then you are watering the stock in a huge way. If it were simply a transaction between two railway companies it could not be allowed. I do not think it makes any difference, because when the Government gets the stock, whether they cancel it or put in the safe, the result is the same. If they cancelled it, of course, that would be the end of it, and it would also be practically the end of it if they put it in the safe, for there is no reasonable probability that it would pay a dividend, and if it did the Government would get the dividend.

Mr. A. K. MACLEAN: If it were cancelled there would have to be some means of issuing new common stock to give the voting power to the company.

Mr. FIELDING: It is quite evident that there are two sets of stock representing the same property. You are going to buy $180,000,000 of preference and common stock by issuing another stock. If you let them both stand you are loading up the company with watered stock, and if it were a transaction between two companies it could not be done. But practically speaking, this stock that is called in, whether cancelled or not, does not really amount to anything in the result. It is a mere matter of accounting. It may stand as a liability. If it ever earns dividends the Government, being the owners of the stock, will get the dividends. I do not think we need be alarmed about that aspect of the question.

Mr. J. H. SINCLAIR: Clause 4 strikes me as being the most objectionable clause in the whole Bill. The Government represented to the House and the committee that the Grand Trunk Company had to come to them for assistance, and that it was necessary to introduce this Bill to save the company and continue the operations of these railways. If this Bill were not introduced, it was said, there would be a financial collapse of the Grand Trunk. Now, I submit that it was not necessary for the Government to take $60,000,000 of common stock, largely watered, and place their stamp on it, making it worth four per cent perpetually. Why was it done? No minister has given the House an intelligent reason for that action. It was not done in order to get the contract, because the Government had ample means of forcing the contract. The Grand Trunk Company was indebted to the Government. They were unable to implement their guarantee in respect of the Grand Trunk Pacific, and the Government could have put them into liquidation if it chose. The Government cannot therefore claim that they were forced to guarantee $60,000,000 of worthless stock and put their stamp on it, making it perpetual bonds at the rate of four per cent. I do not say the stock was altogether watered, but we know that it was largely so.

Mr. MEIGHEN: Will the hon. gentleman give some reason for saying that the stock was watered in any degree whatever?

Mr. J. H. SINCLAIR: My hon. friend has not told the committee what it sold for in the first place.

Mr. MEIGHEN: It sold at par and over par. The first stock was issued for the Great Northern Western railway, amounting to about $5,000,000. The rest sold at par and over par, and there is not one drop of water in all the stock. The hon. gentleman is merely talking at random.

Mr. J. H. SINCLAIR: It has not been worth par for many years. If my hon. friend would refer to the stock quotations to be found in the reading room of the House he would find that not long ago it was selling at 45 and a few days ago at, I think, 50.

Mr. MEIGHEN: What difference does it make what it re-sells at? Stock that originally sells for cash at par can have no water in it. The money goes into the company. It may be that because the dividend rate changes the stock goes down in value, but that does not put water into the stock. So that the hon. gentleman is talking without the book and at random in trying to convey the impression that there is any water whatever in the stock.

Mr. J. H. SINCLAIR: This is the first time the minister has made that statement.

Mr. MEIGHEN: No, no.

Mr. J. H. SINCLAIR: The guaranteed stock of the Grand Trunk was under 50.

Mr. MEIGHEN: The hon. gentleman is referring to the guaranteed stock. We did not have any question about the guaranteed stock at all. There was no water in that. It was sold in the open market and I do not know of any being sold below par. The whole of the money went into the company, so there cannot be any talk about water in it.

Mr. J. H. SINCLAIR: I accept the minister's statement in that particular. But I say that at the time he made this contract this stock was selling at less than 50. Does he deny that?

Mr. MEIGHEN: I do deny that.

Mr. J. H. SINCLAIR: This statement is based on a quotation in the Economist published in September. I think the minister will accept that as being very good authority.

Mr. MEIGHEN: It was down, but not below 50.

Mr. J. H. SINCLAIR: When this stock was selling a few weeks ago in London at 50, why should the Government step in and guarantee it at the rate of four per cent perpetually? What is the reason that this should be done? My principal objection to this clause is that we are involving the country in a perpetual guarantee for $60,000,000 of this stock. It is quite true that it had the guarantee of the Grand Trunk, but it had no guarantee that gave it the position of bonds. It had not paid any dividends for the last two years because dividends were not earned by the company. If the company continued to fail to earn dividends the stock with the Grand Trunk guarantee would not be worth any more in the market than it was worth at that date.

My hon. friend has constantly impressed upon the House the Drayton-Acworth report, and we have been told repeatedly by him that the Government is proceeding on the recommendations made in that report. We find at page 65 of the report the following statement:

> We regard the entire share capital of the company as being intrinsically of but small value at the present time. On the basis of present value of maintainable income the fair compensation would be very small.

In the face of that opinion my hon. friend undertakes to give the guarantee of the country to a stock which he admits himself is only worth 50 cents on the dollar, and he proposes to make it worth 80 or 90. On that question of value my hon. friend made a statement this afternoon that four per cents were only worth 72½ in the London market. I took occasion subsequently to look at some of the London papers to see whether that statement was correct or not. I found the following in a paper called "Canada" dated September 20, 1919:

> Canadian Finances.
>
> Among the Canadian securities business has been fairly brisk. The gilt-edged issues of the Dominion have been maintained. The 4½ per cents hold at 95 and the fours at 78. The 3½ per cents are steady at 71.

My hon. friend told us this afternoon that 4 per cents were holding at about 72½ whereas the London papers say they are holding steadily at 78. There is a considerable difference between the statement of the Minister of the Interior and the statements which I find in the London papers. We can argue then that this 4 per cent guarantee given by the Government makes this stock worth 78 in the London market, and if that is so in the case of $60,000,000 worth of stock, we are incurring a very heavy liability amounting to many

millions of dollars which we are placing on the backs of the people unnecessarily. It should not be done. Therefore, I propose an amendment. The section reads:

As part of the consideration for such acquisition, the Government may agree to guarantee the payment of:—

(a) dividends payable half-yearly, at 4 per cent per annum, upon the present guaranteed stock.

I move:

That section 4 be amended by striking therefrom subclause (a).

Mr. MEIGHEN: I am sorry the hon. member (Mr. Sinclair) has taken so little the significant warning of the hon. member for Temiscouata (Mr. Gauvreau) who sits beside him. This has been answered until I know the House is completely tired of it, but I suppose that I shall have to inflict myself again upon the House. I did give the House—it must be over a week ago—the quotations that were before me at the time showing what the guaranteed stock was selling for then. My recollection is that it was 55 but I am not quite certain. I stated then, and I state again, that the present guarantee necessarily does appreciate the value of the stock. I stated this afternoon that the direct 4 per cent bond issue would sell at 72 on the basis of our Victory loan issues. I reckoned that the guaranteed bond issue would be three or four points lower, so that we could not say it would be worth more than 68 or 69. That is absolutely right. The hon. gentleman says that he has quotations of 4 per cent bonds in London selling at 78. That is quite possible. There are many things that these depend on. One important feature is the date of maturity, and these bonds may be near their maturity. The nearer they get to maturity the more they go up in value.

Mr. J. H. SINCLAIR: This is perpetual.

Mr. MEIGHEN: But is there one the hon. gentleman quotes perpetual?

Mr. J. H. SINCLAIR: That would raise the value of it.

Mr. MEIGHEN: No, it would diminish the value.

Mr. J. H. SINCLAIR: Not at all.

Mr. MEIGHEN: Suppose a four per cent bond is within a year of maturity, and money it worth 5½ per cent, would not that 4 per cent bond be worth 95, 96 or 97?

Mr. J. H. SINCLAIR: Not as much as if it had ten years to run. My hon. friend can look at the present quotations of the 5½ per cent Government bonds of Canada and he will find that the bonds which are to be payable in 1933 are selling at a higher price than the ones which are coming due earlier.

Mr. MEIGHEN: Because the rate is higher. I do not want the hon. gentleman to get unnecessarily into a hole and he should not be too positive. If you take a low rate of interest, below the normal rate, below the rate that brings the stock to par, money is worth about 5½ per cent, and a Canadian bond issue is worth 72½, that means that a 5½ per cent bond will sell at 100. Take another bond issue at a lower rate, say 4, or 3 per cent, the longer that bond issue the less it is worth; the shorter the bond issue the more it is worth. If it is within a year of maturity it is worth nearly par. But if you have a 7 per cent bond issue, the longer it has to run the more it is worth, and the shorter it has to run the less it is worth.

It is only because the hon. gentleman did not think the matter out that he ventured to contradict what I said. I do not know what the hon. gentleman was quoting, but it is very probably a bond issue and if it is anything at all but a perpetual bond it has likely only a short time to run.

Mr. J. H. SINCLAIR: I may tell the minister that the information is not given in the quotation but I would be glad to give it to him.

Mr. MEIGHEN: It is likely of the character I have mentioned, because if the hon. gentleman will take his pencil and figure out if a 5½ per cent is worth 100—and mind you, you have to create a tremendous organization and carry out a great campaign indeed to get it sold at that figure, but suppose it is really worth 100 in the market—then a 4 per cent will be worth 72 and a fraction just as I said this afternoon. If the bond is of short date it will be worth more, but we are giving our perpetual security here and our perpetual security, issued at four per cent, could not sell at more, even if it were a direct security, than 72 and a fraction. But it is indirect and could not be worth more than 68 or 69. The other issue was sold at I think, about 55. The difference is appreciation, it is true, but there is no way of avoiding it because any payment at all on the stock must be first applied on that bond issue, because they have priority—priority as to principal in the event of liquidation, and priority as to interest all the time as a charge against revenue. Now that being so, once it is agreed that $2,500,-

000 shall be paid for the whole five years on guaranteed, the three preference stocks, and common, that means that the guaranteed stock must get the whole thing; it could not be avoided. But we get something in return, we get from the holders of these guaranteed stocks a surrender of their voting power. Why, it is only three or four hours since we were charged by an hon. member opposite with confiscation—that was the complaint against the Government in connection with this transaction. I defended the measure by saying that the impression of the guarantee of the Government caused an appreciation in the value which the shareholders got in lieu of the surrender of the voting power, so that taking it all in all it was fair and no more than fair. The point the hon. gentleman raises was fully considered, the difficulty he has intimated was carefully reviewed, but as we had undertaken to pay $2,500,000—an offer which they turned aside and refused for a year and-a-half—and as the owners of these bonds had to get all the first money, and as we were, in making that offer, carrying out strictly the Drayton-Acworth report, there was no way of avoiding that appreciation. We would have preferred not to do anything to appreciate the value of anything that we do not get consideration for, but we do not suffer directly or indirectly —it is only a fair payment made in accordance with the Drayton-Acworth report.

Mr. FIELDING: I have been over this point so often that I must apologize for alluding to it again, but I must make an observation or two in reply to what the hon. gentleman has just said. There are a few facts here which we should clearly bear in mind. In the first place, it is evident, and has been stated repeatedly, that this guaranteed stock was quoted on the London Stock Exchange a short time ago at forty-five. I gave a quotation of forty-eight on the 18th day of September, and it was stated that there had been a "burst," to use a stock market expression, which had advanced it to that point. Now, if any private individual had wanted that stock he would have gone about it in a simple way. He would have gone to the holders and made them a public offer through brokers and said: "This stock is worth forty-five and we are willing to give you something more than that figure. We will be liberal and give you something even higher than that, something over the market value, as an inducement to sell." The hon. gentleman might very fairly say: "But they will not sell." Very well, all the Government had to do was to leave the stock with them and say: "We do not want to confiscate your stock. We offered you something over the market value, we offered you a premium. If you do not want to sell it, all right; keep it and we will protect you in your present rights. Whatever interest, whatever dividend, is earned on that stock you will get and if no dividend is earned you will not get it." When I raised that point the hon. gentleman said—and I am sorry I have to repeat the same argument,—"In that case there could not be a merger of the various interests." He was entirely wrong, as I pointed out at the time. All these companies have subsidiary organizations. Why, the Grand Trunk Pacific, as he knows, is a separate company from the Grand Trunk, and there has to be a separate accounting for its earnings. He knows that the Central Vermont, with which we are dealing, is a subsidiary of the Grand Trunk and there has to be a separate account kept of its earnings. It is a common thing in the history of railroading to keep account of the earnings of one branch of the railway separate from another. There is nothing remarkable about it. The Minister of Railways to-day has an agreement with the Government of New Brunswick, in connection with the national system of railroads, under which a certain percentage of the earnings is taken for the provincial government and a certain percentage for the Dominion Government. Therefore the argument that under the arrangement I propose, you could not create a merger, is entirely wrong. There is nothing in that argument—any railroad man in the world would tell you that. There may be some little difficulty in doing it, but it is a common thing in the history of railroading to keep separate accounts for different branches or different sections of a road. Now if the owners of that stock were not content to sell it, were not content to take the market value and even take a handsome premium on the market value, it would have been the easiest thing in the world to have said, "All right, keep the stock, and if there are any earnings coming to you, you will get them." That would have been a fair businesslike proposal and that is what would have been done if it had been a transaction between private individuals. Now we come to the question of the value of the stock. I have said that in my judgment—not at the moment but when financial matters are readjusted—the stock on which we impress

the guarantee of the Government of Canada will be advanced from 45 to 85 or 90. There is at present a financial depression and I do not say that you could sell it for 90 to-day; but I believe I am fairly within the mark, and gentlemen familiar with London financial affairs will say, that at no distant day when things get settled down, that stock will be worth 85 or 90. But suppose it is not going to be worth that? Suppose it is only going to be worth about 70? The difference between 45 and 70 is 25 points. Twenty-five points on $60,000,000 means a clear sheer waste of the public money of the Dominion of $15,000,000. There is no escape from that; it is absolutely beyond argument. If any argument could be put up against that I have yet to hear it. The merger argument is answered; my hon. friend must see that was wrong. "Ah," he says, "but there is the voting power." That implies that we were dependent upon the Grand Trunk people to get the voting power. That is not the situation. The Grand Trunk Company is—I do not want to say a bankrupt company, that is a harsh phrase—in default with the Government, and the Government are not bound to be dictated to by the company. The Government are bound to be fair to the Grand Trunk and then say, "If you are not content with a fair arrangement all we can do is to have you go into the hands of a receiver," and where would their voting power be then? So that on every point it seems to me this is a most wasteful and improvident transaction. In my judgment it is clearly a sheer waste of at least twenty-five or thirty millions of dollars of the money of the people of Canada; and even accepting the statement of the hon. gentleman himself it is a sheer waste of at least $15,000,000 of the money of the Dominion, no penny of which was necessary to be paid.

Mr. MEIGHEN: The hon. gentleman presents his old theory as an alternative?

Mr. FIELDING: Surely.

Mr. MEIGHEN: When we have made the Grand Trunk shareholders an offer, leave them with their stock if they did not accept it?

How would the offer be made? How would he reach the hundred thousand shareholders? In the next place, presuming that we reached the alternative, that they did not take it, and we left them with their shares, have they not the voting power? They are part proprietors. In the first announcement that went out as to the transaction that was arranged certain newspapers got the idea that just that thing was done. The Toronto Globe, fearing that the guaranteed stock was being left in the hands of these tens of thousands of people with whom we were going into partnership in the running of the Grand Trunk, published a denunciatory article. So did a western paper. But it was not done The hon. gentleman thinks it would be all right for the Government of Canada to share proprietorship of the road with thousands upon thousands of shareholders over in England; to share control with them; to be compellable to send them notices of meetings and all that before we could do anything in connection with the road. A more absurd position could scarcely be conceived.

Now, I repeat with all the emphasis in my power that merger is absolutely impossible if we have to account to the shareholders of the Grand Trunk. It may be possible with a single road, because that is not merger at all; that is not what merger means. For example, only part of the stock of the Duluth and Western is owned by the Canadian Northern system, of which we own the stock; consequently there has to be a separate accounting of the operations of the Duluth and Western. But that is an easy matter; that is just one single little line. We are not closing off anything in connection with it; we are operating it just like any other, and of course, we are doing justice to the minority shareholders of that line. The Central Vermont is in virtually the same position in respect of the Grand Trunk; it is one single line and the Grand Trunk accounts to the minority shareholders of that line—there is no difficulty there. But here is a whole system, the whole Grand Trunk system. It is true that we can keep account of its operations; that is not the difficulty, and I have never pointed that out as a difficulty. The difficulty is this: Suppose we decided that it was in the interests of economy, now that we are owners of the Grand Trunk, to close the line between Toronto and Ottawa, would we be able to do it? We find at the end of the year that we have no four per cent for the guaranteed stockholders, and they ask us: "How is this?" "Well," we tell them, "we did not earn it. Here are the accounts; we did not earn it on your system." But they say:: "You closed off that line and you diverted all its earnings into the Canadian Northern, the competitor of the Grand Trunk between Ottawa and Toronto. It is very easy for you to tell us that you have no

dividends for us when you closed off our line in order that your other lines might pay better." That is one illustration. That is what merger means; that is the advantage of merger—and all that we throw away, deny ourselves the right to do, if we are under an accounting obligation to the shareholders of the Grand Trunk. Nothing could be clearer than that. It is very different when you start to merge a system. The merging of a system means the lopping off if lines where the whole combined system can be made to pay better as a result; it is the utilization of the facilities of one for the benefit of the other. That is impossible if you must fairly account to the shareholders of the system merged.

Mr. FIELDING:: I do not think my hon. friend will succeed in persuading any experienced railway man that there is any serious distinction as a matter of principle between the keeping of accounts of a road seven miles in length and the keeping of accounts of a road one thousand miles in length; as a matter of principle it makes no difference.

Mr. MEIGHEN: No difference at all so far as keeping the accounts is concerned; there is no difficulty in that.

Mr. FIELDING:: Well, keeping the accounts is all that is necessary in order to render to the stockholders the dividends that they earn. My hon. friend introduces into the matter the Toronto Globe article. It would have been just as appropriate if I had introduced the interesting articles from the Montreal Gazette and the Montreal Star, but if I did so my hon. friend would say that my remarks were not to the point. I have not done it, but my hon. friend drags in the Toronto Globe and says that it has said something about how the Grand Trunk might be treated. I am not responsible for the Toronto Globe; I propose to discuss this question simply and solely as a business proposition and on its merits.

When the hon. gentleman speaks of all these difficulties of accounting I say that his argument is absolutely unwarranted. Every large railway concern in Canada has its subsidiary companies; and while I do not say that there is no difficulty, I do say that the difficulty is easily overcome. I again remind my hon. friend that sitting beside him is the Minister of Railways, who is pledged to render a separate accounting of the St. John Valley railway, taking for the Government of Canada only a cerain percentage and giving a certain percentage to the stockholders, who are the Government of New Brunswick. If it is possible to do it in that case, it is possible to do it in a larger way; that is plain.

The hon. gentleman talks about injustice being done the shareholders. Surely there can be no injustice if you offer these people the market price and more than the market price. If they do not want it, and you say: "Well, gentlemen, we leave it in your hands and we will protect your interests," I cannot see any injustice in that. If the Grand Trunk shareholders are unreasonable; if they demand things which are utterly unfair and unjust, the hon. member has his remedy. We are the creditors of the Grand Trunk Railway Company, and upon application the Grand Trunk Railway Company can be put in the hands of a receiver just as easily as the Grand Trunk Pacific was put in the hands of a receiver. That done, what becomes of all this voting power? Why do we need to make sacrifices to get the voting power, when we could get it by the other method? I am not advising that the Grand Trunk be put in the hands of a receiver, but I say that it is a perfectly open coures for us. If the Grand Trunk people were not willing to be fair; if they would not receive a generous and fair offer in the right spirit, then we would be justified in putting the road in the hands of a receiver.

Mr. MIGHEN: I hope the committee will permit me again to direct the attention of the hon. gentleman to what I thought I had emphasized and made clear—that I did not contend for a moment that there was any difficulty in accounting. Keeping the accounts is a very easy matter; the difficulty is in the operation. We could easily account and show what the profits were, but the answer might come: "You operated the road to serve other roads"—that is what merger means.

Mr. FIELDING: If you put them in the hands of a receiver, they would cease to have the power to make difficulty at all; the receiver would deal with the matter.

Mr. MEIGHEN: Now, we are at the point exactly; it is a case between receivership, and no receivership and the hon. gentleman can take whichever horn of the dilemma he chooses. Certainly the remedy of receivership is always open, but the road of receivership is the road to the Canadian Pacific. Would the hon. gentleman argue for a moment that the Government of Canada could buy at receiver's sale?

Mr. FIELDING: That is a legal question; I am not going to answer it.

Mr. MEIGHEN: It is more than a legal question. Where would the Government of Canada be if the Grand Trunk was in the hands of a receiver and went to sale? In the first place there would be several sales. There are, I suppose, fifty different companies; there would be fifty different receiverships, some of them in the United States. What is the position of the Government of Canada so far as buying at a receiver's sale in the United States is concerned? Is the Government going to ask Parliament for a blank cheque in order to go to that sale and bid whatever sum a competitor may run him up to? Would the hon. gentleman be ready to give that blank cheque to the Government? What a howl would go up from hon. gentlemen opposite if such a thing were proposed—and a howl that would have the right to be heard in the country, because I never heard of a Government asking for such authority as that; there must be a limitation. Well, now, if we cannot go and buy there, who else will? Just whoever wants the lines. And who is likely to want the lines?

Mr. J. H. SINCLAIR: Why does the hon. gentleman say that a number of receivers would be required? I understand that the Grand Trunk Railway Company own stock of certain subsidiary companies, but that stock is an asset of the Grand Trunk which would go into the hands of the receiver of the Grand Trunk. If the Grand Trunk owns a thousand shares in the Central Vermont and you were winding up the Grand Trunk, it would not follow that you would wind up also the Central Vermont.

Mr. MEIGHEN: Exactly; it would not follow at all; the bondholders of the Central Vermont would wind up the Central Vermont.

Mr. J. H. SINCLAIR: They might.

Mr. MEIGHEN: They might? They would have to. Who would take care of the bonds? The Central Vermont, then, is wound up. Another subsidiary company in Canada is not taken care of because the Grand Trunk cannot take care of it, and it is wound up. That means another receivership, and we have receiverships here, there and everywhere throughout Canada and the country to the south, and we are expected to go with blank cheques signed by Parliament with authority to bid whatever a competitor, in collusion possibly with the Grand Trunk, may run the price up to. The whole thing is impracticable. That is the end of receivership; that is where a receivership brings us into the jaws of the Canadian Pacific.

Mr. FIELDING: Whenever the minister drags in the Canadian Pacific I know how utterly hopeless he feels as to the effect of his argument. I know he would not bring in the Canadian Pacific if he felt he had a strong position. In reply to that we have only to state that the Canadian Pacific Railway Company cannot get possession of this road unless it comes to the Parliament and gets authority.

Mr. MEIGHEN: All right.

Mr. FIELDING: All right. Then why does the minister say again and again: If we do not do this thing, the Canadian Pacific is going to get possession of the Grand Trunk? He knows that that is an unsound argument, founded neither in fact nor in reason.

Mr. MEIGHEN: I mean that the hon. gentleman is right in stating that we have to come to Parliament. That may be the case if they come and buy in their own name, but that is not the case if they form a subsidiary company, as they have done frequently and as many a firm does. In that case, they do not need the authority of Parliament. But presuming that they do and they say that they are ready to bid and the Grand Trunk says that they are ready to sell and Parliament says, "We will not let you," what in that event is the duty of Parliament? To take the Grand Trunk at its own price? To stand between a buyer and a seller and say: We will not let the one buy and we will not let the other sell, but we will take the property ourselves at whatever we say it is worth? Is that the duty of Parliament? Therefore, any other result of a receivership such as government purchase, becomes impossible, and Canadian Pacific absorption is the only result. No, hon. gentlemen do not like this reference to the Canadian Pacific. They do not like the Canadian Pacific mentioned in connection with this matter, but the Canadian Pacific is the great Canadian entity that could undoubtedly use this road to advantage, and if we refuse to negotiate and allow it to go the way of receivership, it goes to the Canadian Pacific, and the bald truth has to be stated.

Mr. FIELDING: I am glad to be in agreement with the minister in his statement that we have driven him to the Canadian Pacific argument. We have driven

him to it because on the merits of the question the Government cannot argue the case at all, but they have to drag in the Canadian Pacific. There is one great patent fact which will stand before the country, namely, that the Canadian Pacific railway cannot get possession of one mile of the Grand Trunk railway except through the intervention of this legislature approached in the proper manner.

Mr. MEIGHEN: Or a subsidiary company.

Mr. FIELDING: Or a subsidiary company. A subsidiary company cannot get control of the Grand Trunk unless it comes here and gets legislation. You cannot handle these enterprises without legislation. My hon. friend says that it is a question between ownership and receivership. It is not a question between ownership and receivership; it is a question between buying a certain volume of stock at its fair market value or something better and buying it at a much higher price which will put from $15,000,000 to $20,000,000 into the hands of speculators in London at the expense of the Canadian people.

Mr. MICHAEL CLARK: If for no other purpose than to give the doughty duellists a rest, I should like to offer a remark or two on an aspect of the case that does not seem to me to appear to the hon. member for Shelburne and Queen's (Mr. Fielding) nor to the hon. member for Guysborough (Mr. J. H. Sinclair) who has moved this amendment. Might I say that the hon. member for Guysborough is a very old friend of mine, and I admire his zeal in the service of the people of Canada and I also have a great deal of confidence in the general uprightness and fairness of his mind. I do not know so much about the technicalities of this question as hon. gentlemen on both sides of the House who have been entertaining and instructing us; but if I do understand the question, there is a higher aspect of it that has been noticed in the somewhat prolonged interchanges to which we have just been listening. I was surprised to hear the hon. member for Guysborough refer to all this stock as "water." I do not know about the stock of the Grand Trunk Railway Company, but I know something about the stock of English railroads. I know many English railroads into which the investors put up to £160 per share which can be bought at the present day on the British market for away below £100, and I should conceive that the conditions which have led to the depreciation of the stocks of British railroads are precisely the conditions which have led to the depreciation of the stocks of the Grand Trunk with which we are now dealing. If I am right in that conclusion, the bald fact is that, debating in the Parliament of a country which we all believe to be great and which we hope to see much greater, we should surely not approach this question as the worst type of a Jew would, but we should try to approach it with some element of statesmanship. If it be a fact that English investors, in many cases, perhaps, widows, elderly people, made investments at a much higher rate than the stocks are at the present moment standing at; upon what ground did they make those investments? They made them upon their faith in an enterprise within the Dominion of Canada which is the country that we have to govern here. I should say that if we approach this question with the eyes and mind of a statesman we should say that, in justice to those investors who had apparently more belief in our country than some hon. gentlemen in this House have in it, we shall approach this thing in a somewhat generous frame of mind, not to mention justice. That is one aspect of the case that I should like to bring before the hon. member for Shelburne and Queen's, and I bring it with considerable confidence that it will appeal to a mind of the fine order which we all know him to possess.

There is another aspect of the case. We shall need British investments again in this country, and Britain will have those investments to make. It is a question not only of keeping our country's standing high as to the past, but of keeping our country's standing high as to the future. If we are looking for future investments from the Old Country, if we want Canada to stand as high as she does to-day in the estimation of Old Country investors and of the statesmen and people of that country, we have to ask ourselves this question: Are we going to increase the good opinion of the old country people; are we going to increase our standing in the eyes of the world and of the Empire if we drive what I venture to call a Jewish bargain instead of trying to look at this with the eyes of statesmen. If what many people were agitating for were to be brought about in Britain at the present moment, that is, nationalization of railways, does anybody suggest that the British nation, dealing with its own citizens, would deal with them in this harsh manner? If I read history aright, and if I know anything about these questions, I know that nation is always generous to the individual, and it can afford to be, it

must be. It is the great mother of all the individual citizens. That is the invariable rule of a nation in dealing with individuals. If that be so, if that were so—and I know it would be if the Old Country were having a transaction with her own citizens in this manner—I contend that we are big enough to follow that splendid example and to look at this thing not from the narrow point of view of the price of the stock in the market, but from the point of view of those who invested in this undertaking because they believed in Canada's good faith, and from the narrower point of view of our own self-interest in the future. I put that before my hon. friend (Mr. Fielding) as an argument in which the Canadian Pacific at least does not participate. As to this talk of $15,000,000 or $20,000,000 being wasted, I want to tell him that if it was $120,000,000 that was necessary to be spent to keep up the good name of Canada, that would not be waste from my point of view. I want to appeal further to my hon. friend. I heard with the greatest pleasure his expression of a belief which was in absolute accord with the belief which I myself had expressed in a session not long ago that in time this great country will be big enough to sustain these roads. He defended, and I sympathized with him in his defence, what the Government did of which he was a member. I share with him absolutely that faith in the future of Canada, but I should lose that faith if I allowed myself to descend to this niggling method of bargaining with those who very often are widows and need their dividends to keep them going. Investments made on the good faith of our country require that we should approach them in a mood of justice, yes, of justice, but of fairness, and I would even add of generosity.

Mr. FIELDING: With nearly everything my hon. friend has said I can cordially agree, but let us come down from the clouds and be practical. The English business man, especially the Englishman in the London market, is a very practical person, and the widows and orphans who have bought this stock in by-gone years have probably passed away. The stock, I venture to say, in the past six months has fallen largely into the hands of some of those Jews in London, whom my hon. friend would not have us take as models to follow in bargaining. Therefore, I think that the $15,000,000 or $20,000,000, or possibly $25,000,000, of money which is going to be wasted in this case will not go into the hands of the widows and orphans, but into the hands of the London speculators who have been buying this stock at low market rates and waiting for the Government of Canada to put the stamp of the Government guarantee upon it, which will give them all this money.

There is one other point I wish to make. My hon. friend speaks of a niggling proposal. My suggestion was that we should not tie these people down to the market value of the stock, though there would be no injustice in that. The Englishman does not expect any "baby act" in the average business transaction. He does not expect more than the market value in anything. My proposal was that we should offer these people five or ten points above the market value. What would that mean? It would mean a clean gift of $6,000,000 of the people's money over and above what the market value demanded, and my hon. friend says that is a niggling policy.

Mr. M. CLARK: I only rise to point out, in a single sentence, that among the other defects of my hon. friend's present attitude of mind, there is very gross inconsistency because, after all, if it be the good faith and the credit of Canada that we are bargaining for, there is not much difference between the price of $6,000,000 that he puts on that and the $15,000,000 or $20,000,000 which he alleges that I do.

Mr. MEIGHEN: It should be added in justice to the stockholders that it is altogether unfair, altogether erroneous, and I think worse, to allege that the stock has changed hands as the result of anything that has gone on in this country. Stock in Great Britain is bought for purposes of investment, and not for purposes of exchange on the stock market. Only such stock goes on the market as somebody has to sell as occasion demands. I have endeavoured to find out the amount that has changed hands, and it is very, very small. There necessarily are quotations because some little amount reaches the market, but the stock is held in the main just where it has been held, in some cases for the last ten, twenty, thirty and even forty years. That is the information from the directors of the company. The percentage that changes hands is almost negligible, and the percentage that has changed hands recently, I venture to say, and will confirm it later, is practically negligible. All this impression sought to be made by my hon. friend (Mr. Fielding) and others that there is stock jobbing by some persons near the Govern-

ment to any extent whatever is a false impression, an unworthy impression, and I am sorry my hon. friend (Mr. Fielding) is associated with it.

Mr. FIELDING: This is the second time that the hon. gentleman without a shadow of foundation has represented me as saying that persons near the Government have been engaged in stock jobbing. He has no shadow of foundation for that statement, but he has made it in this debate as he has made so many others just to bolster up a case which cannot be defended on its merits.

Mr. MEIGHEN: At all events, stock jobbing by some persons somewhere.

Mr. FIELDING: I made no reflection on the Government except as to the improvidence of their bargain. I am the last man in this House who would cast any reflection on the integrity of any minister. I had no thought of anything of the sort. I say that this transaction has afforded an opportunity for speculation. The hon. gentleman says that stocks are bought in London, not for speculation but for investment. My hon. friend is certainly dreaming. In the London market, as in every other market, wherever there is an opportunity of making money stock is changing hands. I do not know what amount has been bought recently, but I venture to say that once this thing is through and the Government stamp is on this four per cent guarantee the stocks will be sold. Nevertheless, whether they are sold or remain in the hands of these people, there is no doubt the Government are paying for these stocks millions of dollars beyond a fair market value.

Mr. L. A. LAPOINTE: In view of the persistency of my hon. friend (Mr. Meighen) in stating that the Canadian Pacific is behind any opposition to this legislation, I should like to call his attention to a speech made by the president of that company, Mr. Beatty, in the presence of Lord Shaughnessy and all the great millionaires of the city of Montreal at the opening of the Victory Loan campaign in this city last week. After Sir Henry Drayton had spoken on the Victory Loan, Mr. Beatty stated that the Canadian Pacific railway had absolutely nothing to do with the opposition to this legislation, and I accept his word. He stated that the Canadian Pacific could not buy the Grand Trunk railway without the permission of the Government, and in any case they did not want it, because it would mean that in many places they would be simply paralleling their own lines, and in a way setting up an opposition to themselves. Speaking rather sarcastically of the Drayton-Acworth report Mr. Beatty expressed his surprise that a great lawyer like Sir Henry Drayton had produced no better arguments in his report. He then went on to say that they were not there to discuss railway matters but the Victory Loan, and to show that the Canadian Pacific wanted to help the country meet its obligations he announced that that company was going to take $20,000,000 of bonds; which they have done.

When the Government refuses to pay any attention to the president of the Canadian Pacific I am bound to ask myself if there are not outside interests behind this transaction. It is said that the Canadian Pacific Railway Company was anxious that the receiver should be appointed, but the ministers have given no proof in support of this assertion. Does it not appear to you, Mr. Chairman, that the Minister of the Interior should realize that one receiver would be quite competent to deal with the whole system? Of course, he does, but he endeavours to make us believe, if we were so credulous, that fifty or seventy-five receivers, or as many as there are lines, are necessary. He said also that it would be impossible to keep the operating accounts of these several lines. Well, if that be so, it only proves that his employers are incapable, and should be summarily dismissed. Now, Mr. Chairman, I desire to have it distinctly understood that the Canadian Pacific Railway Company exercises no influence on me, and so far as the ownership of Canadian railways is concerned, I may say that when the Government undertook to acquire the Canadian Northern, I stated that I would be in favour of public ownership on condition that all the railways were acquired at the same time and operated under government control. I think that that would have been infinitely better than acquiring the railways piecemeal. In regard to the Canadian Northern stock, I expressed the opinion that the Government should buy the majority of the stock. Instead of doing that, they referred to arbitrators the question of the value of this stock. The result was that the country had to pay $10,800,000 for stock which was valueless. And they are proposing the same thing in this case. The Minister of Finance (Sir Henry Drayton) is well acquainted with transactions of this kind, and he knows very well that this Bill is so drawn as to afford opportunities of speculation to those who are behind this transaction. It is framed in such a

way as to give the greatest benefit to the shareholders of the Grand Trunk. It is for this reason that the Government have encountered opposition from the Board of Trade of Montreal, who decided that there was nothing further to be done in the matter since the Government was determined to put this legislation through. The delegation that waited upon the Government is now before the Senate, and I trust its representations will be more successful. I hope that the Senate at the proper time will deal with the Bill in such an effective way as to show to the members in this House who are bound to support it here that it is an ill-considered measure.

Amendment negatived. Section agreed to.

Mr. McKENZIE: Does the minister not think that we ought to rise now, after having sat so late last night?

Some hon. MEMBERS: No; go on.

Mr. McKENZIE: Well, see how much progress you will make.

Mr. J. D. REID: As it is getting late, I think perhaps we had better rise.

Progress reported.

On the motion of Hon. Mr. Meighen, the House adjourned at 11.35 p.m.

Wednesday, October 29, 1919.

The House met at Three o'clock.

IMMIGRATION ACT AMENDMENT.

IMMIGRATION OFFICERS TO GET FREE TRANSPORTATION ON TRAINS.

Hon. J. A. CALDER (Minister of Immigration and Colonization) moved for leave to introduce Bill No. 38, to amend the Immigration Act.

Some hon. MEMBERS: Explain.

Mr. CALDER: The Bill is a very short one. It contains only one section, providing that transportation companies shall furnish free to immigration officers such transportation as is necessary to enable them to carry on their duties. It will be remembered that last session a provision was inserted in the Railway Act doing away with passes. Now we have along the border from the Atlantic to the Pacific a large number of immigration officers whose duties require them to travel upon trains practically every day, and unless we make the necessary provision the Government will have to pay for their transportation. A similar provision to the one now proposed is contained in the Customs Act with respect to customs officials.

[Mr. L. A. Lapointe.]

Motion agreed to, and Bill read the first time.

QUESTIONS.

(Questions answered orally are indicated by an asterisk.)

THE REPATRIATION COMMITTEE.

Mr. DUFF:

1. What are the names and addresses of the members of the Repatriation Committee?
2. Is the said committee still in existence, and if so, what work is it doing?
3. Has any money been paid to any member of the said committee? If so, to whom, how much, and for what work or service?
4. How much has the said committee cost the country to date?

Hon. Mr. CALDER:

1. The President of the Privy Council, and the Ministers of the Interior, Labour, Soldiers' Civil Re-Establishment, and Immigration and Colonization Departments.
2. Yes. Maintains an Advisory Committee of the Great War Veterans' Association and a field secretary for each province. This Advisory Committee assists in the adjustment of the difficulties of individual soldiers, in co-operation with the various departments of the Government.
3. No.
4. $194,309.08.

THE WAR BONUS.

Mr. PARENT:

1. Have the employees of the Dominion Arsenal, Quebec city, been paid the war bonus? If not, why?
2. Have the employees of the Marine Department, Quebec city, received the war bonus? If not, why?

Hon. Mr. GUTHRIE:

1. The employees of the Dominion Arsenal who are entitled to the Cost of Living bonus for 1919-20 have been paid.
2. Yes, the staff at Agency have been paid their bonus monthly. The mechanics and labourers have been paid in part and balance will be paid in due course.

THRIFT STAMP SALES.

Mr. DUFF:

1. What amount has been derived from the sale of Thrift Stamps since the system was inaugurated?
2. What amounts have been paid for printing, advertising, salaries, and other expenses, respectively?
3. What is the total surplus derived from the sale of said Thrift Stamps?

Hon. Mr. MACLEAN: The figures taken from the books of the Department of Finance up to October 23, 1919, are:

1. Amount received from the sale of War Saving and Thrift Stamps by the National War Savings Committee, $2,792,558.74; less redemption of War Savings and Thrift Stamps, $287,717.14; balance outstanding. October 23, 1919, $2,504,841.60.

2. Amount expended by the National War Savings Committee, $459,422.71.

3. To October 23, 1919, $2,045,418.89.

TREASURY RESTRICTIONS IN ENGLAND.

Mr. DEMERS:

1. Is it true that the treasury restrictions in England are such that it is impossible to invest British capital in Canada, but that such investments can be made in United States?

2. If so, did the Canadian Government make representations to the Imperial Government, and with what results?

Hon. Mr. MACLEAN: No information that such treasury restrictions exist.

IMPORTATION RESTRICTIONS AGAINST GERMANY AND AUSTRIA.

Mr. PARENT:

1. Are there any restrictions actually in force to prevent the importation into Canada of goods and merchandises coming from Germany and from Austria? If so, what do they consist of?

2. Does the Government propose to abolish them? If so, at what date?

3. Are the trade relations between Canada and Germany, and Canada and Austria, actually the same as they were before the war? If not, why not?

Sir GEORGE FOSTER:

1. Import licenses are required for goods from any enemy country where such goods were restricted during the war, but no licenses have been refused in respect of Germany and Austria.

2. Upon and after the ratification of the Peace Treaties, there will be no restrictions upon import from or export to these countries with whom these Treaties have been ratified, other than those imposed by the laws of Canada.

3. Import trade is as stated in answer to No. 1. Exports to Germany are as unrestricted as to any other foreign country. Exports to Austria are under license but no export licenses have been refused. This import and export control arose out of enemy trading regulations made during the war, and is being removed as rapidly as is found practicable. The payment of pre-war debts will be subject to the stipulations of the Peace Treaty.

DEPARTMENT OF PUBLIC INFORMATION.

*Mr. DUFF:

1. How much has the Department of Public Information cost the country to date?

2. How many persons were employed in the said department?

3. Is the said department still in operation? If so, what public work does it do?

Hon. Mr. GUTHRIE:

1. From the inception of the department, December, 1917, to September 30, 1919, approximately $168,000, including the cost of all printing.

2. The highest number employed at any time, 25; number now employed, 12.

3. Yes. The facilities employed by the department during the war for disseminating information have since been largely devoted to the problems of reconstruction and repatriation. Booklets and pamphlets bearing on these questions have been prepared and distributed throughout Canada. Attention has been given to the work of placing before the people of Canada the achievements of the Canadian Expeditionary Army. The department has assisted in the distribution of a considerable quantity of this literature and publications dealing with the closing phases of the war are in course of preparation.

To assist in the work of enlarging markets for Canadian products and advertising Canadian resources generally the department is carrying on extensive publicity work in Great Britain in co-operation with Canadian Trade Mission. It is also co-operating with the Dominion Government Bureau of Information recently opened in New York.

The department supervises the production of a weekly news film designed to give Canadian activities a greater prominence in the motion picture houses of the country. It is the duty of the department to see that the objects aimed at in this motion picture enterprise are attained and that the terms of the contract are carried out.

The department is closely associated with the committee which has in hand the publicity work of the Victory Loan Campaign. Its work embraces a number of important activities of a routine character.

MR. H. P. HILL, M.P.P.

Mr. d'ANJOU:

1. Of how many commissions was Mr. H. P. Hill, an Ottawa barrister, a member from 1914 to 1919?

2. What salary did he receive from the Government for services rendered as a member of these divers commissions from 1914 to 1919?

3. What was the nature of such services in each case?

Hon. Mr. GUTHRIE:

From Labour Department:

1, 2, and 3. Mr. H. P. Hill was not a member of any commission issued through the Department of Labour from 1914 to 1919. He was, however, chairman of eight Boards of Conciliation and Investigation appointed to inquire into various industrial disputes under the Industrial Disputes Investigation Act, 1907. The total amount paid to Mr. Hill for salary and expenses during the sittings of the various boards was $945.11.

From the Public Works Department:

1. Two commissions.

2. $745.

3. Investigating charges laid against Supt. J. L. Nelson re purchase of coal for dredging plant in British Columbia, and investigating work of piling at Pier No. 16, West St. John.

AIRCRAFT EQUIPMENT — IMPERIAL MUNITIONS BOARD.

Mr. MACKIE (Edmonton):

1. Is it true that shortly following the signing of the Armistice between five and seven million dollars' worth of aircraft, spares and equipment in use by the R.A.F. in Canada was disposed of by the Imperial Munitions Board?

2. If so, were tenders asked for and were they published in the press of Canada prior to disposal of the said equipment? If not, why not?

3. Was the said sale, amounting to between five and seven million dollars' worth of this equipment aforesaid sanctioned by the Canadian Government or by the Imperial Munitions Board? If so, by whom?

4. What portion of the said equipment so valued was sold to Frithof G. Ericson or business associates of his at and for what amount?

5. Is it not true that the said equipment valued at between five and seven million dollars was actually sold to the said Frithof G. Ericson for the sum of approximately $75,000?

6. If so, on what terms?

7. Is the Government aware that the said sale of said equipment included: (a) Approximately four hundred new or practically new J.N. 4 Curtiss type aeroplanes valued at approximately $8,000 each; (b) Five and six hundred Curtiss motors valued at several thousand dollars each; (c) Thousands of spare wings valued at several hundred dollars each; (d) Spares in such quantities as would assemble from certain parts so designated as spares, at least six hundred aeroplanes; (e) Wireless and photographic equipment worth thousands of dollars?

8. Is not the said Frithof G. Ericson a foreigner of Swedish descent?

9. Is the Government aware that the said Frithof G. Ericson and his business associates have resold to the Americans large quantities of said aircraft, spares and equipment so purchased at excessive profits?

[Mr. d'Anjou.]

10. Why did not the Canadian Government take steps, if in fact they did not, to acquire from the Imperial Munitions Board, the said aircraft, spares and equipment for the benefit of the Canadian people?

11. Is the Government aware that several Canadians (private individuals), made inquiries from the Imperial Munitions Board as to the sale and disposal of the said aircraft, spares and equipment with a view of purchasing same and that they were informed by the Imperial Munitions Board that they were not for sale?

12. Did the Canadian Government or any minister of the Crown have any knowledge of the disposal to or the negotiation by the said Frithof G. Ericson for the purchase of the said aircraft, spares and equipment?

13. Was the said Frithof G. Ericson or any of his business associates in the employ of the Imperial Munitions Board at the time the transaction was completed, or just prior thereto?

14. At what price were the said aircraft, spares and equipment sold to Canadian airmen by the said Ericson?

15. How many said machines and equipment have been disposed of by the said Ericson and his associates and for what price?

16. What percentage of the sales have taken place in Canada and the United States and elsewhere, respectively?

17. How much of the said equipment still remains in his possession and control in Canada?

18. Does the Canadian Government intend to inquire as to the whole transaction and what, if any, parties besides the said Frithof G. Ericson figure in the same, in order to relieve itself from the criticism which is levelled at the Government on account of the same?

Hon. Mr. DOHERTY:

1 to 9 inclusive. The Imperial Munitions Board was appointed by the Imperial Government and is not responsible to, nor does it report to, the Government of Canada. The Government therefore has no information as to the details mentioned.

10. The Imperial Munitions Board offered to sell the aircraft, spares and equipment held by them to the Canadian Government, but as the Government was of the opinion that they could not be usefully employed by the Government in the public service, and as the Government is not engaged, nor desirous of engaging in, the business of purchase and re-sale, the Government intimated to the Imperial Munitions Board that they did not desire to purchase them.

11 and 12. The Imperial Munitions Board intimated that if the Government of Canada did not care to purchase aircraft and supplies on hand they would sell to others. The Government had no knowledge of the proposed purchaser.

13 to 17 inclusive. The Government has no information.

18. No, the Government has no jurisdiction over, and is in no way responsible for the action of the Imperial Munitions Board,

which is solely responsible to the Imperial Government.

GRAND TRUNK PACIFIC AND SASKATCHEWAN GOVERNMENT.

On the Orders of the Day:

Mr. E. T. W. MYERS (Kindersley): I wish to draw the Government's attention to a press despatch appearing in this morning's edition of the Ottawa Journal, as follows:

> That the Government of the province of Saskatchewan will foreclose and take over the lines of the Grand Trunk Pacific railway unless Saskatchewan is refunded every dollar paid in interest on the bonded indebtedness secured under provincial guarantees, is the statement of Premier Martin. This in answer to press reports quoting Hon. Arthur Meighen and Hon. J. D. Reid as having said the province would still remain liable on its bonds despite the proposed federal legislation to take over the Grand Trunk and Grand Trunk Pacific.

I should like to know if it is possible to have these claims settled owing to the fact that the Grand Trunk Pacific is now in the hands of a receiver. When the Grand Trunk Pacific branch lines are taken over under the legislation now before the House, is it not quite likely that the claims of the Saskatchewan Government will not be arranged for?

Hon. J. D. REID (Minister of Railways): The Grand Trunk Pacific branch lines are now in the hands of a receiver. The receiver cannot pay the interest that is now overdue. Both the Dominion Government and the Provincial Governments are responsible for that interest, and it will have to be paid in the meantime. When the road is finally disposed of the claim of the bondholders will be dealt with.

COMMITTEE ON SOLDIERS' CIVIL RE-ESTABLISHMENT.

PREMATURE DISCLOSURE OF INFORMATION.

On the Orders of the Day:

Mr. D. D. McKENZIE: Mr. Speaker, may I direct the attention of the Minister of Immigration and Colonization to some reports appearing in the press this morning in respect of the report of the committee of which he is chairman. I desire to ask him if his report has yet been tabled and, if not, when will it be brought down? Further, I would ask him how it is that very important sections of his supposed report have reached the public press before the report itself has been submitted to the House of Commons.

Hon. Mr. CALDER: The hon. gentleman has as much information as I have as to the manner in which the report which appeared in the press this morning got there. As a matter of fact, every member of the committee is very much disturbed by the fact that in some way or other some of the recommendations which we have been considering have reached the press. We are having a meeting of the committee this afternoon at half past three or four o'clock when doubtless the matter will be considered, and it is possible that some action may have to be taken in connection with the disclosure. The committee has not yet reached its final finding. We have one more meeting before our report will have been finally approved. That meeting will be held this afternoon, and any representations that are made to the press by any one until our report is finally reached are consequently without any accredited foundation. We have gone over all our work and have tentatively reached our finding. The whole matter is in the hands of the press, and if the printing can be finished we expect to have the report ready for presentation to the House probably this evening or at least to-morrow. It seems to me that the House should take cognizance of the fact that some of the committee's recommendations which were under consideration have been obtained by some means and used by one of the papers in the city as practically intimating what our findings are before they have been absolutely settled by the committee.

Mr. MICHAEL CLARK: Would the minister consider the advisability of calming public feeling by giving the House the assurance that if the nefarious pressman who did the "scoop" is discovered he will be brought before the bar of the House?

Mr. CALDER: I hardly feel called upon at the present time to give any such assurance, but I certainly think that the matter is worthy of consideration by the committee, and probably subsequently by the House itself.

THE NEW PARLIAMENT BUILDINGS.

On the Orders of the Day:

Mr. D. D. McKENZIE: Before the Orders of the Day are called I should like to direct the serious attention—and I emphasize the word "serious"—of the Minister of Public Works to a question which I wish to put in regard to the progress towards the completion of the new Parliament Buildings, and to ask him what he thinks of the pros-

pect of our being housed there at the next session of Parliament. We all hope that the Minister of Public Works will do all that he can in that direction.

Hon. A. L. SIFTON (Minister of Public Works): In order to obviate future questions of this kind, of which there have been a number, let me say that the building of the new Houses of Parliament was put by this Parliament into the hands of some one other than the Minister of Public Works, who is not responsible for the conduct of that work.

Hon. W. L. MACKENZIE KING (Prince): May I ask the minister who is leading the House if he can inform us who can speak in the name of the Government as to when it will be possible for Parliament to meet in the new buildings?

Sir GEORGE FOSTER (Acting Prime Minister): I have no personal information in reference to this matter. My recollection is that the House appointed a committee comprised of members from both sides who were to have to a certain extent supervision of the construction of the new buildings, and they were concerned with the internal plans and arrangements. They are responsible to the House which appointed them, I suppose, but as to what particular minister can inform the hon. gentleman on the subject, if my opinion is worth anything, I should father that committee on the Minister of Public Works.

FRENCH AND BELGIAN IMMIGRANTS.

On the Orders of the Day:

Mr. GEORGE PARENT (Quebec, W. Riding): I have recently been informed that immigrants coming to Canada from Belgium and France on taking train at New York en route to this country have been subjected to a questionnaire entirely in English. These people do not understand English, and in coming to Canada they assume that both languages are official. Will the Minister of Immigration and Colonization make such arrangements as will remedy this state of affairs, so that questionnaires that are put to French and Belgian immigrants shall be printed in French?

Mr. J. A. CALDER: I could not quite hear the hon. gentleman's question. If I understood it correctly, it is that certain passengers landing from Belgium and France—

Mr. PARENT: Landing in New York.

Mr. CALDER: —are subjected to certain inquiries in English, which they do not understand. I shall inquire into the matter and give the hon. gentleman a further answer as to what is the practice of the department in that respect.

Mr. PARENT: So that I may be perfectly understood, I shall repeat my question. Certain immigrants coming from France and Belgium, landing at New York, are subjected on the train, by Canadian immigration officials, to a certain questionnaire filled out entirely in English, although they are coming to a country where both English and French are supposed to be official. I submit that these questionnaires should be printed in both languages, and I ask the minister to take steps to remedy the situation. Is that clear?

Mr. CALDER: I can assure the hon. gentleman that the matter will be taken into consideration with a view to seeing if it is possible to carry out his suggestion.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House again in Committee on Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system, Mr. Boivin in the Chair.

The CHAIRMAN: When the Committee rose last night the first four clauses of the Bill had been adopted.

On section 5—Government may call in or redeem present guaranteed stock and new guaranteed stock:

Mr. MACKENZIE KING: At whose instance are the words "thirty years" inserted? Is it at the request of the Grand Trunk railway?

Mr. J. D. REID: That was the time agreed upon after the matter had been discussed.

Mr. MACKENZIE KING: This clause seems to bear out my contention made the other day that this measure is really one in the nature of an option to purchase the Grand Trunk at the end of thirty years. As a result of this clause it becomes impossible for the Government, if it should so desire, to own the railroad before that time. The merit of government ownership from the point of view of those who are advocates of it is that it does away with service for profit and substitutes therefor service for use. The advocates of government ownership seek to avoid the obligation of diverting a part of the proceeds of the road to private shareholders in the form of dividends. Under this Bill dividends remain payable

to private shareholders, not only for a period of thirty years, but indefinitely. This clause makes it impossible within thirty years to get rid of that enormous obligation. Loading up the whole undertaking with onerous fixed charges of this character makes impossible the realization of any hope of a reduction in the cost of transportation, either freight or passenger, or of any reduction in the cost of living through government ownership.

Under the circumstances, I think that the Government ought at least to leave the way open for the country to acquire the road, if it desires to do so, at any period between now and the expiration of thirty years, and not make it impossible for the country to have a system of Government-owned roads. I would therefore move to amend clause 5 by striking out the words " thirty years from."

Mr. J. D. REID: I cannot see very much in the argument of the hon. the leader of the Opposition (Mr. Mackenzie King). He takes issue with the Government as to really owning the Grand Trunk so long as we do not take over the guaranteed stock and pay for it. There is no doubt that the holders of the guaranteed stock would be very glad if we would pay them the money now and take the stock over. I do not believe that this, or any future, Government will want to take over this stock within thirty years, or for years afterwards, so long as they can get the money at four per cent. If we were to purchase the stock now we would have to borrow money at 5½ or 6 per cent. But we have shorn this stock of some of its value to the shareholders by reason of having taken away the voting power, placing it merely as a liability and allowing them to hold the stock as security for the guarantee given by the Government. I do not think it would be at all serious if we leave it as it is. We thought it was in our interest to have a limit, but that the period should be an extended one when the money was invested at so low a rate of interest. I cannot see that it will be any advantage to the Government to take over the stock before that time. I do not see that it affects public ownership for the reason that all the other stock, the first, second and third preference and the common stock, is transferred to the Government. We have $180,000,000 worth of scrip handed over in the vault. Out of $240,000,000, we have $180,000,000 and they still hold $60,000,000 worth of scrip without any voting powers as security for the guarantee. I cannot see any advantage in the amendment of the hon. gentleman.

Mr. MACKENZIE KING: The minister's argument to the effect that the country is really saving money by not making the purchase at the present time since if the purchase were made now the Government would have to borrow the money at five and-a-half per cent is very largely fictitious when you look at the exact nature of this transaction. The minister does not direct the attention of the House to the fact that what the Government proposes to do is to guarantee this stock based on par at four per cent. At the present time the stock could be purchased at its market value. The guarantee which the Government propose to give this stock will double its value and the purchase price will be equivalent to a purchase with money at eight per cent instead of five and-a-half per cent, the rate which the minister suggests would have to be paid to-day. I do not think any one would argue that the Government ought to attempt to purchase this stock at the present time. This is not the time to incur additional liabilities, but we hope that in some years to come, five, ten, fifteen, twenty or twenty-five, conditions will be very much improved. It seems unfair to the Governments that may follow later, and to the people of the next generation in this country that they should be deprived of the opportunity of acquiring this stock should they wish to do so, at any period before the expiration of the thirty years, and thereby keep the road under a perpetual liability for these four per cent dividends which are guaranteed by the Government. I think that point is clear. It must be apparent to the minister that the whole virtue of Government ownership from the point of view of those who are advocating it is that it gets rid of the necessity of paying private shareholders dividends on their stock. Under this proposal the shareholders will have to have dividends, but hereafter they will be guaranteed by the Government instead of payable if possible by the company.

Mr. J. D. REID: I always understoood that you could only get rid of a liability and stop paying dividends when you paid the money for the stock you were getting. Therefore those who borrow the money in the future to pay for this stock will have to pay interest upon it. The statement was made last evening by the hon. member for Guysborough (Mr. Sinclair) that this stock was all water. I made inquiries in refer-

ence to this stock. For the greater portion of it the public paid par and the money all went into the road.

Mr. J. H. SINCLAIR: I admitted that in regard to the guaranteed stock. The common stock was the stock that I referred to as being nearly all water. It is not all water, because the minister has shown that $30,000,000 was paid on the common stock.

Mr. J. D. REID: Perhaps it would not be any harm to tell the committee that for the larger portion of the $60,000,000 of guaranteed stock they paid par, for another portion ninety-eight, and for a small portion ninety-five, at the time it was issued. For all the stock that we are talking about now the people in England practically paid par. Therefore, any person holding any idea different from that is wrong in his view. With reference to the purchasing of the stock at the present time we all know it would be absurd for the Government, or any person, to go on the market now and purchase the stock at whatever figure it is quoted at. There might be a little stock on the market that some person must sell, and it is owing to the high rate of interest that the stock is lower than it would be in normal times. But let me say to the hon. gentleman that prior to the war this stock was selling at from, I think, about 95 to 105. When times improve and money becomes cheaper, as the hon. gentleman suggests, up will go the price of this stock. I believe that when times again become normal this stock will likely go above par and that is the reason we wish to purchase at par. By doing so we will protect ourselves to that extent, and if interest rates drop the price of the stock will of course rise.

Mr. MACKENZIE KING: Why fix a time which prevents you from making the purchase within thirty years? Why not reserve to the Government the right to make the purchase at any time it is obviously apparent they should make it?

Mr. J. D. REID: This is practically a bond and there should be a time limit on it.

Mr. MACKENZIE KING: Why?

Mr. J. D. REID: We do not sell bonds on the understanding that we can take them up at any time. They must be held for a certain time and the period of 30 years is the period that was agreed upon.

Mr. FIELDING: The question of watered stock is an interesting one in its place; the question of the market value of these stocks is also an interesting one in its place; but neither of these questions is concerned in the present clause or in the amendment before the House. I entirely agree with the hon. gentleman that it would not be wise for us to buy this stock now at par, and I do not want to enter again into the question of its market value, but here is the situation: The minister is proceding on the assumption that we are asking that the stock shall be taken over by the Government at some particular early time, and that that is the motion of the hon. member from Prince. The Minister of Railways says that money just now is worth more than four per cent. Certainly, we have no inducement to buy the stock at the present moment; but money may be worth less than four per cent within a much shorter period than thirty years. If the war has depreciated the value of securities or enhanced the rate of interest on money, that is not a condition that is going to be enduring. We have borrowed money before the war at three per cent and three and a quarter per cent; and in the happy days of another government we borrowed money at two and three-quarters per cent. I do not think we are going to have an immediate return to these rates, but it is not unreasonable to suppose that in much less than thirty years the Government of Canada will be able to borrow money at less than four per cent; and if at any time, no matter when it may occur, that happy condition of the market arises, why should we keep on paying four per cent to these people when money is only worth three or three and a half per cent? We are not, by this amendment, asking that the Government shall at any particular time be obliged to take this stock; we simply say the Government shall have the option to take it. If it does not suit them to take it to-day it may suit them to take it next year, or five or ten years hence. Then why in the world should we say, no matter what may be the improved condition of the money market, we are going to continue to pay four per cent on this stock for a period of thirty years? I think the argument of my hon. friend is based on a misconception, and he ought to support this amendment.

Mr. MEIGHEN: The hon. gentleman himself does not support it because the amendment itself does not say we shall redeem the stock in five, ten, or twenty years; if it did it would be more reasonable. The hon. gentleman should remember that this stock is perpetual stock that never matures; it also has voting power. The shareholders are being asked, first, to give up the voting power—a point we have already discussed.

In the second place, they are being asked to give up the perpetual character of the stock and to give us the option of redeeming it. The reason thirty years was fixed was that it was felt to be highly improbable that we could look for a lower rate than four per cent money within that time owing to the state of the world to-day and the tremendous obligations that all countries and all money markets are under. Furthermore, a bond must be a bond; it is wholly unreasonable to ask people to put their bonds into such a position that they cease to be bonds at all. If a bond is to be redeemable at any time then, as the hon. member will see at a glance, that takes it out of the category of bonds altogether—it is something wholly unknown in the markets so far as I have any knowledge of it, and so far as the hon. gentleman has. It might be—I do not think I am very much of a judge; I do not think that anybody is just now—it might be possible that it would pay the Government to redeem inside of thirty years. It might be possible that there would come a period within that time that it would be fair to do so if the Government have an opportunity of redeeming, providing a fixed time were allowed so that the bond would still remain a bond, or a security, of the character it is intended it shall be, and not a mere fleeting document that could be taken up at any time and consequently be unsaleable. It might be wise that the thirty years should be limited—I do not know whether there would be any difficulty in arranging that or not, I should not presume there would be; but I think the hon. gentleman, if he is apprehensive that money will be less than four per cent before thirty years, will agree that the right way to go about it is to reduce that thirty years to a shorter term. I think it would be wholly unreasonable to simply leave the matter in such a state that no one would know that he would have his bond or that he would have his money.

Mr. FIELDING: There is only one sense in which this can be called a bond—in the sense that we are taking a weak security and giving it the character of a government guarantee. In that way, you can call it a bond; however, I do not want to enlarge on that aspect of the question. There is nothing unusual in issuing bonds to run for thirty years with a right to call them in in less than that time. In that case you are engaging in a transaction, you are offering something to the public and inducing them to buy, and you have to make your terms as attractive as you can. That is not the case here. We are not offering something to the public and trying to coax them to buy it. We are being coaxed to buy at par stock which is only worth 45 or 50. I cannot see any reason in the world why we should not have the absolute option of redeeming this stock at any time. Surely, if we are going to take stock which is worth a very low figure to-day and to take upon ourselves the obligation either to pay four per cent in perpetuity or redeem it, we ought to have the right to redeem it at any time that it suits us. If five years hence we wish to pay off the stock, what harm will come to the holders? They had something which was worth 40 or 45 and we are paying them 100. To be told that we must keep on paying that four per cent interest for thirty years is not reasonable. I think on reflection hon. gentlemen opposite will see the weakness of their own viewpoint. We ought to have the option of redeeming this stock at any time or of buying it in any time it suits us to do it. If it does not suit us to do that now it may suit us next year, or five, or ten years hence. Why should we have to pay four per cent either in perpetuity or for the long period of thirty years?

Mr. MEIGHEN: I think it is only fair and rational that a time period should be fixed.

Mr. FIELDING: No.

Mr. MEIGHEN: The hon. gentleman argues that this bond should be redeemable at any time at all. I do not think there is any advantage to the country in that; if there was any advantage, it might be accepted. But what advantage is it to us to have the privilege of redeeming a four per cent bond? No one, I think, could honestly say that there is any possibility of advantage, at all events inside of five, ten or fifteen years; if my opinion is worth anything there is no possibility of advantage inside of twenty or possibly thirty years. There is no use in demanding an exaction that can be of no possible advantage to us and that is a disadvantage to someone else. I am ready, however, to let the clause stand and see if a shorter term than thirty years can be arranged.

Mr. FIELDING: We are not dealing with possibilities or probabilities; we do not need to deal with either. Here is a case where we are going to accept an obligation to assume these stocks. If we agree to do so we can pay the stock off to-day at par; beyond all

question we would have a right to do it. Now, if we have that right to-day, why should we not keep that right for to-morrow, the next day or any other day. Would it be wrong for us to-day, if we had the money and it suited our convenience to do so, to pay over to these lucky mortals one hundred cents for what is now worth only forty-five? If we have the right to pay it to them to-day, why should we not have the same right to-morrow? Why should we limit our right? Why should we not have the option instead of these lucky holders?

Mr. J. D. REID: The hon. member knows that at present the people of the country are purchasing bonds at five and a half per cent for fifteen years.

Mr. FIELDING: What has that to do with it?

Mr. J. D. REID: That shows that we believe that the interest rate will not come down for a good many years. Corporations are selling four per cent bonds at fifty years; so that the feeling of the people is that there is not much danger of the interest rate going down below four per cent within at least thirty years. However, as the Minister of the Interior said, it might be advisable, if there is any question about it, to shorten the time; for that reason, I suggest that the clause stand so that we may consider that matter. I do not think, however, that it would be fair to have no limit at all.

Mr. PARENT: The preamble of the Bill states:

> Whereas it is expedient that His Majesty should acquire the whole of the capital stock of the Grand Trunk Railway of Canada except the four per cent guaranteed stock above referred to.

The preamble, therefore, declares very clearly that the four per cent guaranteed stock is not to be acquired, but under the section which we are now discussing we find that the Government is to acquire that stock. The preamble ought to be corrected so as to make it consistent with the clause that is now under discussion. There is another point: Am I correct in assuming that the new guaranteed stock is what is going to replace the present guaranteed stock?

Mr. J. D. REID: No, it is going to replace the first, second and third preference stocks and the common stock.

On motion of Hon. J. D. Reid, the consideration of section 5 and the proposed amendment thereto was postponed.

On section 6—Board of Arbitrators to be appointed to determine value of preference and common stock:

Mr. CAHILL: If the shareholders do not agree as to the distribution of the award of the arbitrators, will they be bound to accept the award? Is there any arrangement on the part of the Government as to how the award is to be distributed?

Mr. MEIGHEN: There is no agreement or understanding as to how the award, if any, will be distributed. Of course, we are not concerned with how it is distributed. We are concerned with the devising of some method of distributing it; otherwise it is ineffective. What we take care of is that some effective way shall be found so that we shall be rid of all responsibility. The representatives of the company thought that it might be very difficult for any definite agreement to be arrived at among these classes of shareholders. The common stockholders have got nothing at all, but they have their voting strength just the same and they might be averse to signing off all possibility of ever getting anything, and getting nothing for the signing off. All these questions are, of course, anticipated, but it was thought they would agree that the arbitrators should decide how whatever award was made should be distributed. So far as we are concerned, we are safe, because, unless they do agree that that should be the case by the execution in legal and binding form of the agreement, then we are not bound at all. As soon as the agreement is executed in legal and binding form all shareholders are bound to take whatever distribution the Board of Arbitrators make.

Mr. CAHILL: In the event of a dispute between the shareholders after the award is made, are we bound to the guarantee of the $60,000,000?

Mr. MEIGHEN: No.

Mr. CAHILL: What is the basis of the voting strength of the different stocks?

Mr. MEIGHEN: Unless they execute the agreement which binds them to abide by the award, as to its amount and its distribution, then there is no guarantee on the Government's part; we are not bound to anything. If they do, however, then all is over; we have no more concern about it. If the hon. gentleman will look at page 57 of the blue-book he will find there a statement setting forth the voting power of the stock. In respect of the four per cent guaranteed stock, the first, second and third preference stocks,

the voting power is four votes per £100. As to the debenture stock, the statement shows that the voting power in respect of the five per cent Grand Trunk is four per £100, of the four per cent Grand Trunk the same, and of the four per cent Northern two per £100. The common stock carries with it a vote of one for every £100.

Mr. CAHILL: In connection with the voting power of the holders of debenture stock, have they given up the right to vote in exchange for the guarantee of the interest payment on these stocks?

Mr. MEIGHEN: That is what we exact from them. They must give up that right entirely.

Mr. J. H. SINCLAIR: I should like to draw the minister's attention to the language of the latter part of this clause. I understand the clause provides that when the arbitration is completed, the guaranteed stock will be issued and will be exchanged for the common stock and the preferred stock. The latter part of the clause reads:

Upon the transfer to or vesting in the Government of such stock, in proportions which shall be determined by the arbitrators.

My point is in connection with the phrase "vesting in the Government." The minister has always told us that the title to this property is to be vested in the Grand Trunk corporation. I can understand vesting something in the Crown, but it is a new expression to say that the stock is to be vested in the Government. What is the Government? There is the Crown in which we can vest stock, or there is the corporate body of the Grand Trunk Railway Company. Either of those can hold the title to the stock, and I want the minister to say if he thinks that is the right language to use.

Mr. MEIGHEN: The hon. gentleman will excuse me if I correct an answer I gave to the hon. member for Pontiac (Mr. Cahill). I think I said that the common stock has a vote of one for every £100. It has a vote of two for every £100. Answering the hon. member for Guysborough (Mr. J. H. Sinclair), I have never stated anything other than that the stock is vested in the Crown, not in the company. The stock that we take over becomes the property of the Government, that is, the property of the Crown. The reason why the word Government is used is that it is defined in clause 2 of the Bill as:

His Majesty the King, represented by the Minister of Railways and Canals of Canada, acting under the authority of the Governor in Council.

That entity, His Majesty the King, in that capacity is described as the Government.

Mr. J. H. SINCLAIR: I can understand that, but I would say that the stock should be vested in the Crown.

Mr. MEIGHEN: So it is, because the Government is another name for His Majesty the King, represented by the Minister of Railways. The hon. member does not see the full effect of the definition which says: "His Majesty the King, represented by the Minister of Railways.' His Majesty the King is the Government, so when we use the word "Government" in the body of the Bill, we mean His Majesty the King. Therefore clause 6, which we are now discussing, would be just the same as if it read in this way:

Upon the transfer to or vesting in His Majesty the King of such stock.

Mr. JACOBS: I should like to know if in the agreement anything will be inserted declaring how the arbitrators are to arrive at the value of these stocks. There are various ways, all more or less satisfactory, in which values may be arrived at. For instance, the future value of this line, the potential value when the country is further developed, may be taken into consider tion by the arbitrators, or they may take into consideration the value which it would cost to duplicate the line. It may be well to have certain rules laid down to guide the arbitrators in coming to a decision with respect to arbitrating as to the value. We know what happened when the arbitrators came to value the stock of the Canadian Northern. We did not expect that we would have to pay a penny, and eventually we were let in to the tune of $11,000,000.

4 p.m.

Mr. MEIGHEN: That is exactly what we do not know, because that is not true. In the Canadian Northern agreement a maximum of $10,000,000 was fixed, and that is all that was paid. I have allowed similar statements to pass times without number because I thought hon. gentlemen really knew that such a statement was not correct, but probably my hon. friend did not know when he made that statement.

Mr. TRAHAN: The award was $10,800,000.

Mr. MEIGHEN: But that award was not paid because the agreement was that only $10,000,000 would be paid no matter what

the award might be. Is there any other hon. member who needs correction on that?

Mr. JACOBS: The temper of the minister is not quite what it should be owing to what happened last Monday in Victoria and Carleton, but we have to allow for that. What I wish to point out is that when we say the stock is worthless, we wish to say that it never cost the owners a single penny. It is all water.

Mr. MEIGHEN: The hon. member is wrong in that. It cost the owners very large sums of money which took the form of land. That, however, has nothing to do with the question under discussion; neither has the question of my temper, but I may inform the hon. member that my temper is quite sweet and clean.

Mr. JACOBS: It may be clean, but it is not sweet.

Mr. MEIGHEN: There may have been something unfortunate in that constituency just the same as there was in Assiniboia.

Mr. JACOBS: There were no ministers there.

Mr. MEIGHEN: There is this difference that in Carleton we were able to get to only a couple of towns, and while we succeeded in getting majorities there, we were too busy with this Bill to go any further. In Assiniboia I am told that there were not even towns that were favourable to the hon. gentleman who went out there. But referring to the real question brought up by the hon. member, first as to what can be taken to account, I may say that it was felt that the only way to hold the arbitration in the interests of all concerned was not to dictate to the arbitrators what were the right considerations to take into account. I have seen in the press, and particularly in the western press, notices to the effect that provision was made that the potentialities of the system should be taken into consideration. There is no such provision made as that. If the arbitrators decide that potentialities should not be taken into consideration, they are quite free to eliminate them, and the same is true with regard to everything else. In a word the same principle is followed as is embodied in our law to-day in connection with expropriation or the taking of any property by the Crown. That is to say, whatever elements of value the arbitrators, or the Exchequer Court, as would ordinarily be the case, feel should be taken into account, may be taken into account. That is the way in which the matter is left. There is no dictation to the arbitrators at all.

Mr. JACOBS: They have carte blanche.

Mr. MEIGHEN: They have carte blanche to eliminate if they like.

Mr. VIEN: Should there not be a date fixed in the Bill on which date the value should be taken? There is, I understand, nothing to limit the arbitrators to value the assets of the company as of a certain fixed date.

Mr. MEIGHEN: I think that is right to this extent, namely, that date must be fixed. This question was brought up at the very opening of the discussion, and at that time I said that necessarily a date would be fixed in the agreement. I would say now that in my judgment the date should be prior, possible some little time prior to the date of the agreement. I have not had time to discuss this subject in Council, but if there should be any necessity for making it later, then necessarily there must be a clause that any effect on values caused by this Bill or by the hope of this Bill should not be taken into account.

Mr. COCKSHUTT: I have already, in a speech delivered by me the other day, offered a little criticism with regard to this clause, and I must say that I should like to hear the minister say that three judges will not be appointed on this board of arbitration. We should have either one practical railway man or one business man as one of the arbitrators. I have not heard the minister say what his view is with regard to that criticism. Another criticism is that I should have preferred if possible to see a limit set beyond which the arbitrators could not go, but I have not heard the minister say whether that has been suggested or tried or not, so that the country may know the extreme limits to which they are to be committed in the purchase of the stock, the same as was done in the case of the Canadian Northern, which limit, as he has already pointed out, was of considerable value to the people.

Another point which I do not think is covered by the clause is as to who is going to pay for the arbitration. It will undoubtedly entail considerable expense. Witnesses, I presume, will be brought from far and near to prove what the road and the stock is worth. I do not see any machinery provided covering that point.

Next, will the board of arbitrators sit in Canada or Great Britain, or both? Will

they have power to take evidence on both sides of the water—I do not mean the watered stock. I have heard some hon. gentlemen say there was some water in this stock, but I am not sure that there is. So, when I say water, I mean the Atlantic ocean. A great many of the shareholders are on the other side, and I think it is important to know where the arbitration will sit, because I can quite imagine that if it sits exclusively amongst the shareholders, and not amongst the purchasers, that may have some effect on the award, on account of the influence in the air. I would feel more reassured if I knew the board was going to sit in a Canadian town or city, or, perhaps, moving about in Canada. I suppose it will sit at some convenient centre.

Mr. MEIGHEN: I was not in when my hon. friend spoke before, when he was evidently dicussing the personnel of the board of arbitration. He asks now for an assurance that it shall not be composed of three judges. I could not give that assurance for obvious reasons. We have only complete control of one of the arbitrators, our own.

Mr. COCKSHUTT: But if he was not a judge you could say the board would not consist of three judges.

Mr. MEIGHEN: We could, of course, give an undertaking, if we thought it would be wise, that all three would not be judges, that is to say, that there would be one who was not a judge, but I would not care to bind the Government in that way, nor would I care to cast that reflection on the judiciary of Canada by especially eliminating them as unfit persons to decide on the value of stock. I have no idea at all that our own appointment will be a judge. So far, that matter has not been considered. However, I would not think it would be best that all three should be judges.

As to the location of the Board of Arbitration, it will, of course, sit in Canada. It will be observed that the letter of October 9 provides that the third arbitrator shall be a judge of a Superior Court of Canada, so virtually the deciding factor must be a judge of a Superior Court of Canada.

Mr. FIELDING: The Bill does not say that, does it?

Mr. MEIGHEN: That provision is in the letter of October 9, and it will have to be embodied in the agreement. As to whether they could sit elsewhere or not, I do not think it would be wise to limit them and say they could not go anywhere else. They may find it necessary to go to the United States, for instance, in connection with the valuation of some of the company's properties there; that may or may not be necessary. I can see no reason why they should go to England.

Mr. COCKSHUTT: That is where the head office of the company is.

Mr. MEIGHEN: That would not be of any assistance to the arbitrators.

Mr. VIEN: It would unless we have power to compel the company to bring their books over to Canada.

Mr. MEIGHEN: There is no possibility of the company refusing to do that, because they could not expect to get a verdict unless they disclosed everything that could be disclosed to the board of arbitration. There is, however, sufficient force in the point for me to say it would be unwise to tie the hands of the arbitrators in that regard.

As to fixing a maximum award, I need scarcely say that matter has received very serious consideration. A great deal can be said on each side of the question. The presence of a maximum is argued by some as being in the nature of an indication to the board of arbitration as to what the country would stand for, as to what might be awarded without serious complaint. On the other hand, the presence of a maximum is undoubtedly a safeguard and would be taken to be an assurance that we are not committing into the hands even of judges the determination of the liabilities of the country beyond a certain figure. It would tend, no doubt, to still unnecessary apprehensions. I was inclined myself to the view, and I cannot say I am very far from it yet, that on the whole we are better without the maximum. I know there is very considerable opinion the other way. I have no very strong opinion on the question myself, and I shall be glad to hear the views of hon. members. I would presume that if a maximum were to be fixed the only fair amount to fix would be the minimum amount which the company offered to take during the course of the whole negotiations, and say to the arbitrators: You shall not in any event go beyond that minimum. I know that the representatives of the company would argue: We should not be confined to our minimum, as the maximum may be awarded. It would seem to me, however, that we could not very well fix any maximum beyond the minimum of the company.

As to the cost of the arbitration, the costs incurred by us we will pay, and the costs incurred by the company they will pay. We will pay counsel for the Government, for instance, and I presume we will also pay our own arbitrator. I do not know that any provision has been made for paying the third arbitrator. I have really not thought that out. I cannot say from memory what was done in that regard in the case of the Canadian Northern arbitration, but the Minister of Finance of that time will remember. Generally speaking, we will pay the costs we incur, and the company the costs they incur.

Mr. DENIS: I quite appreciate the reasons given by the minister why it would be difficult to fix the maximum now, because before you could arrive at a fair maximum it would be necessary for experts to examine the physical property of the company, its debts, and so on. So we cannot even attempt to fix now what would be a reasonable maximum. Could we not get around the difficulty by providing that as we cannot value the property at this stage, the award of the arbitrators shall not be final and valid until approved and ratified by the Parliament of Canada.

I make the suggestion with the utmost sincerity and not with a view to criticism, and I think my sincerity is evidenced by the fact that I stand with the minister when he says that we cannot now fix the maximum. Now, owing to that very fact that we cannot fix the maximum because of the magnitude of the transaction; owing to the many difficulties which the arbitrators will encounter; in view also of the fact that the real value of the property will be known to Parliament and the people of the country only after the experts have made their report,—in view of all these facts, and many others which I do not mention now, would it not be wise to provide in the Bill that the award should be submitted to Parliament? If this provision were made, I for one, with the feeble means at my disposal, would endeavour to make a thorough study of the whole transaction. I would try to ascertain as nearly as I could the real value of the property in order that I might approach the whole question from a well-informed and intelligent viewpoint. If we are here for anything at all we are here to safeguard the interests of the country, and we should know the exact value of this property, especially when it amounts to hundreds of millions. I would inform myself as well as I could on every phase of the question, even if it took weeks to do so, and when I came to deal with the award in Parliament, if it were reasonable I would endorse it. I would vote for it because I am not opposed to public ownership, and there are a great many members on this side also who are not opposed to public ownership. Of course, I wish it to be understood that I am speaking only for myself and I commit no one else. So far as I can see the opposition to this measure is not opposition against public ownership. We are discussing the details and we want to have a square deal for the country, and in order that the people's interests may not be in the slightest degree hazarded I earnestly submit to the ministers that it cannot be contended that my suggestion is at all unreasonable that the award should be submitted to Parliament so that every member of the House, even every back bencher on both sides, might have a full opportunity to study it and come to a fair conclusion as to whether it was reasonable or not. I do think that every member should be able to express his opinion on the award, but as the matter now stands we have no real information before us. It is all very well to say that we can ask for what information we require, but so far as I at least am personally concerned, when this matter is concluded in Parliament I shall know very little indeed about it. No one can possibly know anything about the merits of the transaction until he has had an opportunity of studying the evidence of the expert witnesses. I submit this proposal to the consideration of the minister, and in doing so I should like him to feel that I am actuated by nothing but a sincere desire to protect the interests of the people. I do not make this suggestion in any spirit of criticism, and I should like to have the opinion of the minister in regard to the advisability of submitting the award to Parliament.

Mr. MEIGHEN: Before I reply to the hon. member, may I ask him if he would also favour the submission of the award to the shareholders of the company before it became binding on them?

Mr. DENIS: I understand that the shareholders will have to give their assent before it becomes binding on them.

Mr. MEIGHEN: That is, before they know what it is, just as we are doing. But if we are also to have the power to accept or refuse it after it has been given and we know what it is, is the hon. member in

favour of giving the shareholders the same power?

Mr. DENIS: I do not think there should be any objection to our considering the award before the shareholders are called upon to give their assent.

Mr. MEIGHEN: The hon. gentleman misses my point. We are considering the agreement now, and the shareholders will also consider it afterwards, and the question will be submitted to arbitration. The arbitration will make its award, and the hon. member wants that award to come before Parliament so that Parliament can decide whether or not they will accept it. Is that the hon. member's position?

Mr. DENIS: Yes.

Mr. MEIGHEN: Then, is he also prepared to allow the award to go to the shareholders for them to decide whether they will take it or not?

Mr. DENIS: I would have no objection.

Mr. MEIGHEN: Very well. I shall now deal with the hon. gentleman's proposal. In the first place, let me correct him. I did not say in my previous remarks that it was impossible to fix a maximum now. I did not say that at all; in fact, I asked for a discussion as to the wisdom of fixing a maximum and suggested that if it were fixed it would seem to me proper that it should be the lowest figure that the shareholders had offered to take. But I do feel that if we are going to fix a maximum the time to do so is now. If we are going to control ourselves as to what the limit shall be, now is the only time we can do it. Let us examine the hon. gentleman's suggestion. He says that we should submit this question to arbitration but should not agree to be bound by it. He says it should come back to us afterwards and if we liked it we would take it and if we did not like it it should be rejected. He says further that the shareholders might be given the same privilege. Well, in the first place, why is not that done in the case of all our acquirements of property? By authority of Parliament we have appointed certain men who, in all cases of acquirement of property where the price is not agreed upon, decide what that price shall be. These men—I refer to the Exchequer Court of Canada—decide questions of that kind year in and year out in connection with amounts extending to millions. I myself took part on behalf of the country in an arbitration where the claim was $10,000,000, and the question was decided by a man appointed under the authority of Parliament for that purpose. The Act appointing him—the whole principle of our jurisprudence—does not say that after he decides the question it shall come back to Parliament for Parliament to say whether it will accept the decision or not. But secondly: If it is to come back to Parliament afterwards and we are to decide whether we shall accept the finding or not, and the hon. gentleman is content to allow it to go to the shareholders too, where are we? What progress have we made? What are we going to do in the meantime? Is the Board of Management to take control, and is the process of unification to go on? In short, what is going to happen? It will not have been an arbitration at all, but a fatuous and futile proceeding.

Mr. CAMPBELL: Would the situation then not be similar in a way to that which frequently arises under the Industrial Disputes Act in cases of labour disputes?

Mr. MEIGHEN: The Industrial Disputes Act does provide that before a strike is legal there shall be an attempt at conciliation. But surely those proceedings bear no resemblance to this. There could not be a more inappropriate comparison. Now, my hon. friend (Mr. Denis) says that we shall know later on what has been decided upon, which information we have not now. He says he will find out in the meantime, and indicates the means—because he is a lot more logical than many hon. gentlemen who criticise this legislation. He says that he will look over the evidence and see what the expert witnesses say before the court. Then, he says, after we have studied the decision we shall see whether the court is right or not. Does not the absurdity of that suggestion appeal to the hon. gentleman, that if we appoint a judicial tribunal to hear witnesses, to observe their demeanour, and to study the whole problem, making it their business for months, we shall sit as a court of appeal over the evidence they received and determine whether they decided rightly or wrongly? Would that not be really a most absurd position to take? Would not that after all really be a most absurd position to be in? In fact, you cannot argue it. Would we be in a better position to decide as to what was the logical outcome of the evidence of the value of the stock than those who hear the evidence, who are appointed to hear it, whose business it is to do it, and who are trained in that work? Are they not better able to do

that than we who have nothing to do with it, who cannot give the time to it, and who will not give the time to it, as every hon. gentleman knows. For these three reasons, first, that it is contrary to the principle of arbitration altogether as proven by the law of this country as it stands in regard to that subject and the law of every other civilized country; second, because it gets us nowhere and we have no agreement when we are all through, because the arbitration would not accomplish anything and because when we were at the end of it and had incurred all the expense we would be just where we started; and, lastly, because we would be in no position to review intelligently the judgment which an independent judicial tribunal after hearing the evidence and seeing the witnesses had rendered and whose special business is to determine rightly and justly.

Mr. COCKSHUTT: May I correct what may be a wrong inference in the remarks of the minister in connection with my asking that three judges be not appointed? I made it clear the other day that I was not averse to some judges being on, and I expressed my admiration for the courts of our country and for the administration of justice. What I said was that the whole of the arbitration board should not be judges. I believe in looking at the physical assets of this railway. There are other experts in the country besides judges whose ability to value these intrinsic assets is, to my mind, more important than the qualities that are required in any judge.

Mr. JACOBS: They should be witnesses.

Mr. COCKSHUTT: The road should be inspected particularly by a competent man. The rolling stock and all that must be taken into consideration, and these assets should be looked over by somebody. I think a judge is not the best man for that particular work, but he is probably the best man for the head of the court of arbitration. I cast no reflection whatever upon any judges in any of our courts. As to the objections that are raised to fixing a maximum for the award, the minister, before I asked the question, had already stated that we had saved some $800,000 in connection with the Canadian Northern by reason of the fact that we had fixed the award at $10,000,000. The court found that it was worth $10,800,000, but as we had fixed the maximum for the award we saved $800,000; not a large amount surely, but worth while. In this larger matter, where the variation will be greater, it appears that the fixing of a maximum would not be an unwise proceeding, and to say that the arbitrators will go up to the maximum simply because you fix it is to cast a doubt upon the wisdom of the arbitrators. It is not an invitation to them to go to the top. It is simply saying you cannot go beyond that unless you come back to Parliament and get our consent. It is not an invitation to them to go up if we fix the award at $20,000,000, or $25,000,000, or $50,000,000. They are supposed to proceed only on the evidence that is before the court, and I claim that it is no invitation to them to go to the exact limit we have fixed. It is rather an intimation that they cannot go beyond that unless they get some further sanction from the people who have to pay the award. It might be argued that if there is a maximum there should be a minimum. I am not sure but that a minimum and a maximum should both be placed. If the shareholders feel that they should have a minimum possibly it might be a matter for consideration. In the case of the Canadian Northern, the fixing of a maximum worked out slightly to our advantage.

I commend these further considerations to the attention of the minister. I am not taking strong ground upon them, and I do not wish to obstruct the clause, but I think the crux of the whole situation, the valuation which is to be found, is largely bound up in this clause. The outcome will depend largely on the kind of arbitrators we will get. It is important that the interests of the country shall be safeguarded in every possible way, as there can be no doubt that a further blow will be struck at public ownership if we start off by paying far too high a price for the intrinsic assets of the Grand Trunk. I do not wish to cast any imputation upon the Board of Arbitration, but we are doing something that is going to cost money and the interest of the country ought to be protected in every possible way. I only make these suggestions to the minister—he was the physical assets of the Grand Trunk. I spoke—in the hope that he will give them his earnest consideration. If there is nothing in them I feel that I have at least discharged a duty which I felt it incumbent upon me to discharge in pointing out what I believe are necessary safeguards, and in the endeavour to ensure that this arbitration board, when appointed, will be the best that can be got for the work that it is intended to do.

Mr. MACKENZIE KING: I think the minister dismissed rather too summarily

the suggestion made by the hon. member for Nelson (Mr. Campbell) as to the possible application of the principle of the Industrial Disputes Act to this measure. The Industrial Disputes Act applies to disputes between railway companies and their employees. As hon. members know, under that Act each of the parties has the right to name a member of the board, the two agree upon a third and when they give their award it is open to the public, and public opinion may express itself in reference to it. The theory underlying the Act is that public opinion in the last analysis will determine what is right and that will be the instrument whereby right will be enforced. Consequently the Act proceeds on the theory that if the award is a fair one it will be backed up by public opinion and the parties will in the long run accept it. On the other hand the Act takes it for granted that if the award is unfair to either party, or to both, before it is made binding upon them each shall have the opportunity of directing public attention to the element of unfairness in it.

The situation here is almost identical. The Government has asked that a board of arbitrators shall pass upon some uncertain and unknown quantity because the value of the stock as it exist is unknown by either of the parties. If the arbitrators give an award which is justified by the evidence before them and which seems reasonable, such award will receive the support of public opinion and as such it will certainly bind the two parties. The two parties will accept it with good will because it will be obviously an award which has public opinion back of it. As I understand the remarks of my hon. friend from Nelson, that is what he feels should be done in this case. He believes that the award of the arbitrators should be made public and that each of the parties should have an opportunity of saying whether or not they think the award fair under all the circumstances. If it is not fair they should have an opportunity of pointing out wherein the unfairness consists.

If we were proceeding in this kind of transaction for the first time we might perhaps be prepared to accept all that has been said about the absence of any necessity for fear as to the consequences of a measure of this kind. But I submit that if we study this transaction it will be found to be very much on all fours with that which took place some time ago when the Government acquired the properties of the Canadian Northern. At that time there was a stock which was supposed to be practically of no value. It was referred to a board of arbitrators to put a valuation upon it and the country paid in consequence, without any opportunity of accepting or rejecting the award, something like $10,000,000. Well, when the country has been stung once for a sum amounting to $10,000,000, through procedure of this kind, I think we are justified in asking the Government whether it is not wise to protect the country against being stung a second time—not for $10,000,000, perhaps, but for many times $10,000,000; we have no idea at the moment what the amount will be.

Mr. MEIGHEN: Does the hon. gentleman desire to intimate to the House that the judges who made that award were either dishonest or incompetent?

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: I have no intention whatever to reflect——

Mr. MEIGHEN: Then will the hon. gentleman say whether he attacks their award?

Mr. MACKENZIE KING: I have no intention, whatever, as the minister well knows, to reflect in any way on any judge. I will give the minister not my words but I will quote the words of one who I think has a right——

Mr. MEIGHEN: I do not care for the words of anybody. I want to know how you support the attack——

Some hon. MEMBERS: Order.

Mr. MEIGHEN: —support the attack upon the award of the judges?

Mr. MACKENZIE KING: I simply say to my hon. friend, as I have already remarked, that I will not ask him to accept my word; I will give him the view of one whose name, I believe, is more honoured than the name of any other man who has ever sat in the halls of this Parliament—I mean the late Sir Wilfrid Laurier. The country will agree with the estimate which I have placed on Sir Wilfrid Laurier's character, and I will now give the hon. gentleman Sir Wilfrid's opinion in reference to the transaction to which he has referred. In the last public address which Sir Wilfrid Laurier gave to the people of Canada, he spoke thus of the acquisition of the Canadian Northern railway:

One feature of the Act of last session is that the Government becomes the owner of the stock of the company, of the nominal value

of sixty million dollars. There never was a dollar paid on that stock. The experts employed by the Government to appraise the value of the whole enterprise, men of acknowledged ability and experience, themselves have reported that the stock of the company has no value whatever.

Yet the Government have taken authority to appoint a board of arbitrators to give a value to that property, which their experts have declared absolutely without value.

The Opposition asked that the report of the arbitrators, whatever it might be, should be laid before Parliament for approval. Though this motion was rejected, it is the right of the people to declare that the case should not have been finally closed by the action of a moribund Parliament, but that the whole matter should be reported to, and adjudicated upon, by the new Parliament.

I would say to the minister that the only particular, it seems to me, in which what the Government is proposing at the present time in this measure differs from what I have already read in regard to the Canadian Northern railway transaction is, that instead of regard for the people's rights being precluded by the action of a moribund Parliament it is being precluded at this time by the action of a government which has already lost the confidence of the country—if public opinion as it is evidenced from every side is any indication at all—The rights of the people are being absolutely usurped at the instance of a ministry which has no justification in proceeding with a transaction of these proportions without giving opportunity for some expression by the people of Canada upon it. Now I want to make clear that this transaction is on all fours with the Canadian Northern, because I think the country understands pretty well what the latter transaction amounted to. Speaking of the Canadian Northern transaction the quotation which I have just read has the following:

> The experts employed by the Government to appraise the value of the whole enterprise, men of acknowledged ability and experience, themselves have reported that the stock of the company has no value whatever.

Here is an exact parallel. We have before us the report of the Drayton-Acworth Commission, and the minister will hardly say that the members of that commission were not men of acknowledged ability and experience. Yet what does the Drayton-Acworth report say in reference to the value of this stock? At page 65 of the report this statement is to be found:

> Even if the Government were to relieve them entirely,—

—that is the Grand Trunk—

> as suggested by their president, of their unfortunate Grand Trunk Pacific venture—and as we have already said, we cannot think that this request can be reasonably justified—it is evident that the Grand Trunk Company is not, and will not be for some time to come, in a position entitling it to pay out any money at all in dividends. We regard the entire share capital of the company as being intrinsically of but small value at the present time. On the basis of present value of maintainable income the fair compensation would be very small.

So that, in regard to this transaction, we have gentlemen of experience and ability informing Parliament that even if the Government were to relieve the Grand Trunk entirely of the Grand Trunk Pacific—which they say it should not do, but which the Government is doing by this measure—the entire share capital of the company is intrinsically but of small value. The parallel is therefore entirely an exact one with the case that I have already mentioned. Now, in what particular is there a further parallel? The further parallel is that the Opposition is asking the Government to do exactly what it asked should be done in the case of the Canadian Northern transaction, with the view of avoiding the situation I have described. The Opposition asked that the report of the arbitrators, whatever it might be, should be laid before Parliament for approval. Had the Government, in the matter of the Canadian Northern deal, submitted the award of the arbitrators to Parliament for approval, then it would have been for Parliament to say whether this country should have given out $10,000,000 for stock in regard to which not a single dollar of value had been put in. So we on this side contend that inasmuch as we have before us, and the country has before it a transaction of the kind which I have just made reference to, there is the strongest reason why its appeal to the ministry to have the award of the Board of Arbitrators placed before Parliament should be heeded at the present time.

Mr. MEIGHEN: If I can confine myself to any points attempted to be made by the hon. member in connection with this clause, I need not speak very long. He goes over the old ground about the Canadian Northern arbitration and he manages to state over again—not very well or not very lucidly—what has been repeatedly said and what the hon. member for Temiscouata (Mr. Gauvreau) said has been answered twenty times. The hon. gentleman is the chief offender, I think, against whom the hon. member for Temiscouata complained last night. In the first place, the Drayton-Acworth report did not recommend that nothing be paid for Canadian Northern stock—

in no portion of it is that done—but it recommended that there be arbitration as to what should be paid. In the next place, in the comparison of values with respect to that road, the commission find that there was little, if any, value, but they left out—on their own admission, on their own signed statement filed on the table of this House—many million dollars' worth of property and $30,000,000 in cash. Does the hon. gentleman hear me? The Drayton-Acworth Commission omitted about $30,000,000 of cash, and, by an error in regard to the right of way, many million dollars' worth of land. I hope the hon. gentleman gets that. The way it came to be done—there was certainly nothing deliberate in it—was this: The bonds of the company were sold and consequently became an obligation against the company—they appeared on the liability side. But as the roads to be built with the proceeds of the bonds were only commenced, or perhaps not commenced, the money was not paid out. The money was lying in trust for the purpose of the construction of these roads. The money was not in the possession of the Canadian Northern; it was to be used for Canadian Northern purposes, handed out by the trust company to be so used as the roads were built. Now, I hope I have made that clear. On account of not being in the treasury, it was omitted in the report to the extent of about the sum I have mentioned; I speak from memory and from information given to me by the experts at my side. But I know that the amount was very large and I know that the authors of the report themselves admitted the error, and that the documents admitting the error are on the Table of the House.

Mr. JACOBS: What became of that money?

Mr. MEIGHEN: The money is being used in building the roads.

Mr. JACOBS: By the Government?

Mr. MEIGHEN: By the company. What else would become of it? It is there in trust and cannot be used for any other purpose; surely that is clear. Indeed, there was money that was omitted—the proceeds of bonds guaranteed by provincial governments with which we had nothing to do, and it was lying there in trust account, appropriable only to the building of the roads. Not being in the treasury, of course it is not counted, but the bonds themselves were counted and hon. gentlemen can easily see how the error arose.

Mr. TOBIN: What are the names of those roads so constructed?

Mr. MEIGHEN: I cannot give the names of the roads now; they appear in the statement filed. They all came out in the arbitration proceedings, which hon. gentlemen appear not to have read, although they entirely repudiate the arbitration. The complaint was made the other day that the arbitration proceedings had never been published, had never been laid on the Table. Why, they have been on the Table since a year ago last April. Hon. gentlemen seem to have made no reference to it. They get up and attack the award, but they take care to say: "We do not attack the judges who made it," they are thoroughly honourable men; they are thoroughly competent men; they made a dishonest award, but they are very competent men." That is the position behind which the leader of the Opposition hides this afternoon.

Mr. JACOBS: We have cases in which the judgment of a judge of the High Court is reversed by the Court of Appeal; the judgment of the Court of Appeal is reversed by the Supreme Court of Canada, and the Judicial Committee of the Privy Council reverse the judgment of the Supreme Court of Canada. Does the hon. gentleman contend that the judges who gave these judgments before the case reached the Privy Council are dishonest and incompetent?

Mr. MEIGHEN: Oh, no.

Mr. JACOBS: That is the argument the hon. gentleman is making.

Mr. MEIGHEN: Not at all; it is quite possible that the judges made an error. But will the hon. gentleman show where they made an error in estimating the evidence? Does the hon. gentleman seriously argue that a report which omitted these assets—an ex parte report, made without the duty being imposed upon the board of giving the holders of the stock an opportunity to show value, should be taken as final without an appeal at all?

Mr. JACOBS: It is contended that the Canadian Northern Railway Company, that is, Mackenzie and Mann, never paid five cents for that stock.

Mr. MEIGHEN: That is not the point at all. It is not true in any case; but that is not the point.

Mr. JACOBS: Does the hon. gentleman say it is not true?

Mr. MEIGHEN: I absolutely know that it is not true; I can show the hon. gentle-

man that he does not know anything about this.

Mr. JACOBS: Perhaps the minister will permit me to read—

Mr. MEIGHEN: No, I am coming to that point, but I am answering the other point now. The question is, was the stock worth anything? It might have been; even if nothing had been paid it might still have been worth something. Many stocks to-day are worth a lot of money that did not cost very much in the first place. Is stock never to appreciate? But the fact is that the Drayton-Acworth report, made without opportunity to the owners to give evidence as to value, could not in honour or decency or right, be taken as a basis for declaring: "There is absolutely no value there, and the owners will be given no opportunity to say that there is." The board was as honourable and as competent a board as ever sat upon the determination of honest rights. Is Parliament to sit as a Court of Appeal over judicial judgments?

Mr. JACOBS: Sometimes Parliament does.

Mr. MEIGHEN: I never heard of it.

Mr. JACOBS: The Calgary case, in connection with the Military Service Act.

Mr. MEIGHEN: Parliament did not sit in Appeal over that.

Mr. JACOBS: But the Governor in Council did. The Governor in Council notified a court in Alberta that they were not to follow the judgment of the Court of Appeal in Alberta.

Mr. MEIGHEN: The Governor in Council notified them? Well, I am not aware of that.

Mr. JACOBS: Or the instructions were from the Minister of Justice, I am not sure which.

Mr. MEIGHEN: No instructions whatever; I know the Minister of Justice well enough to say, without having any particular knowledge of this case, that he would never give instructions to any court and never did. I invite the hon. gentleman to say that when the Minister of Justice is in the House.

Mr. JACOBS: I am willing to say it; I will say it here and now. I ask the minister whether any instructions went out from the Government—I do not know from what department—to the Court of Appeal in Alberta or to certain courts in Alberta that a certain judgment—I think it was in the Lewis case—should not be followed?

Mr. MEIGHEN: No; I was over in England at the time, but I know the members of the Government well enough to say that they would not give instructions to any court.

Mr. JACOBS: Does the hon. gentleman know anything of the incident?

Mr. MEIGHEN: My hon. friend can shift around the world about as fast as any one I have ever seen when he comes to a point that he does not know anything about. Will he say that if we did attempt to reverse the judgment of a court, we would be right? It would be wholly indefensible.

Mr. JACOBS: That is not the question.

Mr. MEIGHEN: It is the question. The hon. gentleman wants Parliament to say that we should have reversed the award of the Canadian Northern arbitration.

Mr. JACOBS: I ask the hon. gentleman whether he has any knowledge at all of instructions given by the Government in the Lewis case, the Military Service Act case.

Some hon. MEMBERS: Order.

The CHAIRMAN: I must remind the committee that we are discussing clause 6 of the Bill, which deals with the appointment of a board of arbitrators to determine the value of preference and common stock of the Grand Trunk Railway system. I thought it fair to allow the hon. minister to reply to certain comparisons which had been made with the Canadian Northern arbitration, but hon. members should not wander further from the clause under discussion.

Mr. MEIGHEN: I will refer no longer then, to that case, save to add this: We cannot help but sit in admiration of the profundity of an argument which says, "I am right, because a witness on my side says so; I am right because I quote Sir Wilfrid Laurier to the effect that he agrees with me." I have heard in argument quotations made from the other side as admissions, but this is the first time I have listened to a contention that an hon. member is right because some one on his own side says so and desires his argument to be accepted. Of course, we all know the peril into which we step if we venture to impugn even the infinite wisdom of the late Sir Wilfrid Laurier; nevertheless, facts are facts. Perhaps I will be forgiven if I inform the hon. gentleman (Mr. Mackenzie King) who was out of the

House for a considerable number of years, that at a time when we sought to avoid the necessity of taking over the Canadian Northern system, at a time when we adopted the policy that had been followed for years by every Government in Canada—that of assisting the company by way of guarantee —the party to which my hon. friend then belonged, and which no doubt he devotedly supported in his own way, moved in this House that we proceed to acquire this stock by arbitration, berated the Government because they would not accept that motion, desired that a board of arbitration be appointed to value the whole of the stock, and fixed upon $30,000,000 as the maximum value of the stock.

Mr. TOBIN: After that resolution had been moved, how much money did this Government lend to Mackenzie and Mann?

Mr. MEIGHEN: Not a dollar.

Mr. TOBIN: How many bonds did they guarantee?

Mr. MEIGHEN: Not a dollar. This Government guaranteed the bonds of the Canadian Northern Railway system. Was that of assistance to Mackenzie and Mann, or was it a detriment to their stock? Did the fact of our giving the guarantee increase the value of the stock or depreciate it? Will the hon. gentleman answer that?

Mr. TOBIN: No doubt it helped Mackenzie and Mann's financing.

Mr. MEIGHEN: Then if $30,000,000 was a fair maximum before it was helped, what would be a fair maximum after? After it was helped, the hon. gentleman felt that it was an outrage to fix a maximum of $10,000,000; but before it was helped in value, he thought a fair maximum was $30,000,000.

Mr. TOBIN: That was what your arbitrators in their report said was not worth a cent.

Mr. MEIGHEN: No, the arbitrators fixed a value of $10,000,000. The honesty of these gentlemen is impugned not very manfully by the hon. member. They were not arbitrators at all.

Mr. TOBIN: I mean the commissioners. Would the minister mind if I read to him what the report said?

Mr. MEIGHEN: We have had it read about two minutes ago, but if the hon. gentleman would like to entertain the committee by reading it again, I have no objection. I would ask him to read as well the advice given in the report to submit to arbitration the annual payment that they recommended that the owners of the stock should receive.

Mr. JACOBS: After first stating that the stock was worthless.

Mr. MEIGHEN: In a later report, they manfully said that they had omitted to consider many million dollars of cash to the extent of nearly $30,000,000 and land to the extent of many million dollars' worth, the exact figures of which I cannot give now.

Mr. JACOBS: Where is that officially and manfully stated?

Mr. MEIGHEN: In a letter laid on the table of the House. Why does the hon. member not study these papers?

Mr. JACOBS: Is it not published in a supplementary report?

Mr. MEIGHEN: No, it is in the form of a letter laid on the table of the House.

Mr. JACOBS: When?

Mr. MEIGHEN: Many months ago, but when the hon. member was in the House, and it was read in the House.

Mr. JACOBS: I beg your pardon.

Mr. MEIGHEN: Read in the House and now embodied in Hansard. That is the fault I always find with hon. members. They get themselves into all these fixes before making I was almost going to say a childish attempt to learn the facts. This is the first time apparently the hon. member ever heard of this letter.

Mr. JACOBS: I read the report. I admit that I did not read the post mortem report.

Mr. MEIGHEN: The hon. member did not read the amending report.

Mr. JACOBS: Not the post mortem.

Mr. MEIGHEN: It is a dishonest one, I suppose.

Mr. JACOBS: Not at all.

Mr. MEIGHEN: Then why did the hon. member not read it?

Mr. JACOBS: I am not responsible for the mistakes of the Drayton-Acworth Commission. I am merely reading the report as I find it.

Mr. MEIGHEN: I quite admit the hon. member is not responsible, but why does he want to hold the stockholders responsible?

Mr. JACOBS: How does the receipt in the Treasury of certain sums on account of debentures in any way affect its value?

Mr. MEIGHEN: Because it was the property of the stockholders. Is that sufficient answer?

Mr. JACOBS: It was the property of the bondholders, not of the stockholders.

Mr. MEIGHEN: No, it was not the property of the bondholders; the bonds were their property. Are those bondholders to own both the bonds and the money? The money was the property of the company to be used for the company's purposes. Does the hon. gentleman seriously suggest that it should not be taken into account in determining the assets of the company? The thing is foolish.

Some hon. MEMBERS: Order.

Mr. JACOBS: The minister is using some of the language that he used on the stump last Monday, I notice.

Mr. MEIGHEN: It was very effective as far as I went. I did not mean the remark in any offensive way at all. It is quite parliamentary, but I will change it to something—

Mr. JACOBS: I will forgive the minister because that is his way.

Mr. MEIGHEN: I will say that it is not fair nor right at all to say that the assets of the company should be finally and irrevocably determined, leaving out of consideration cash, the property of the company, to the extent of $30,000,000, and I say to the hon. gentleman that it is foolish to argue to that. I know something of his mind, and I wish I could free him from partisan restraint. If I could, I know he would admit this.

Mr. JACOBS: Physician, cure thyself.

Mr. MEIGHEN: I admit that now, so I am cured. As regards this arbitration, it is on all fours with the other in point of honour and in point of justice,

5 p.m. and if hon. gentlemen can find any way to improve it from either of those standpoints or in the light of either of those tests, let them advance their suggestion. As to referring the matter back to Parliament, that is simply making Parliament a Court of Appeal over a judicial decision. That would be subversive of all the principles of judicial decisions and would lead us at all events only into delay and likely into an endless morass. In other words, it is simply the process of liquidation over again.

[Mr. Meighen.]

Mr. MACKENZIE KING: I would point out to the minister in reference to what he has said as to the proposal that this matter should be referred to Parliament being a reflection on the arbitrators—

Mr. MEIGHEN: I did not say that. I will not allow the hon. member to put into my mouth anything I did not say. I did not say it was a reflection on the arbitrators; I said that when the hon. gentleman attacked the award as mulcting the people of this country of money they should not pay, that was a reflection on the arbitrators, and he cannot get out of the position.

Mr. JACOBS: No, it is not.

Mr. MACKENZIE KING: I may point out in that connection that, as the minister knows well, if that award had been submitted to Parliament, Parliament would never have agreed to $10,000,000 being paid out of the public treasury to the gentlemen who received it.

Mr. MEIGHEN: Would Parliament a year before have named $30,000,000 as a fair amount?

Mr. MACKENZIE KING: That is not the question at all. I am dealing with what is precisely parallel in this case. What I was about to remark to the minister is this: That in connection with the Industrial Disputes Act, to which the hon. member for Nelson (Mr. Campbell) has referred, the gentlemen who sit as judges in cases that come under that Act are told that their decision will be subject to public opinion before it is accepted by either party; that it will not bind the parties until they have each had an opportunity of reviewing it. Therefore the judges do not regard their actions as being in any way unjustly attacked. They simply recognize that public opinion has its part to play, quite as much as any other factor in a big transaction. Just let me draw the minister's attention to this one further thought. If there is any reflection at all the reflection is on the part of the minister against the members of this House, because all I am asking is that the members of this House shall have the right to say whether or not a particular award shall be accepted or whether it shall be further considered. When the minister takes the position that we cannot permit this House to have any say in regard to an award which is brought down, for fear that that will be a reflection upon the judges, he is reflecting upon every single member of the House in so doing.

Mr. MEIGHEN: I do not hesitate to reflect on members if they consider it a reflection to say that without hearing the evidence they are in a better position to judge of it than judges of the land who do hear the evidence. If that is a reflection, for example, on the intelligence of the leader of the Opposition (Mr. Mackenzie King) I am afraid I shall have to abide by the charge. The hon. member says: Leave this to the determination of public opinion. It is certainly a new edition of Liberalism to leave judicial decisions to the determination of public opinion.

Mr. MACKENZIE KING: I never said anything of the kind.

Mr. MEIGHEN: The arbitrators who make the award go into the evidence judicially, examine the witnesses, witness their demeanour, come to a decision, and then let the play of public opinion operate and say whether the decision shall be enforced upon the shareholders or not. Is that what he means? Why not let the play of public opinion be the final factor in determining judicial decisions in the country, as to rights as between individuals? Supposing one man gets another person's property, and a dispute arises, the hon. gentleman says: Let the judge give his finding, and then let public opinion operate to say whether it shall be accepted as final or not. This is a determination of the value of property. Is it the hon. gentleman's Liberalism that the value of property shall be determined by the play of public opinion?

Mr. MACKENZIE KING: My Liberalism is that in the last analysis public opinion should govern Parliament, that when there is no opportunity given to the public to express their opinion, which the minister does not permit them so to do, at least their representatives in Parliament should be permitted to express it for them. That is the whole point. The minister himself and the entire ministry should feel that responsibility to the representatives of the people. The representatives of the people in this Parliament feel their responsibility to public opinion, and the criticism we have against the Government in this matter is that they are altogether ignoring public opinion, altogether ignoring the representatives of the people in this House, and are proceeding in their haste in a manner that is altogether unconstitutional, having regard to the views of the public as expressed through their representatives in this Parliament.

Mr. MEIGHEN: The hon. gentleman does not appreciate his own point. Certainly Parliament is governed by public opinion, and unless the Government felt it had public opinion behind this measure it naturally would not bring it forward.

Mr. MACKENZIE KING: It certainly has not.

Mr. MEIGHEN: Will the hon. gentleman wait till I get him right on his own ground? The Government may wrongly estimate public opinion.

Mr. MACKENZIE KING: It certainly does.

Mr. MEIGHEN: So may the hon. gentleman. He has done so before very frequently, and on all those occasions he was just as confident as he is to-day, but that is not the question. Parliament is governed by public opinion, but is that saying that the determination of the number of dollars that the Grand Trunk property is worth should be left to public opinion?

Mr. MACKENZIE KING: To Parliament.

Mr. MEIGHEN: He says, let public opinion do its work and then we will come back to Parliament.

Mr. JACOBS: A euphemistic term.

Mr. MEIGHEN: The hon. gentleman says, let a judicial tribunal, after hearing sworn witnesses, decide what a certain property of a very complicated nature is worth, then let public opinion do its work throughout the country and be reflected in this House, and then we will see whether the judicial tribunal was right or wrong. Could a more definite and concrete example of what we might call parlour Bolshevism be given? Is not that Bolshevism itself?

Mr. JACOBS: No, Parliament is the court of highest appeal in this country.

Mr. MEIGHEN: Certainly, as to policy and principles of legislation.

Mr. CANNON: As to everything.

Mr. MEIGHEN: My hon. friend (Mr. Cannon), then, would have Parliament sit in review over the determination of courts as to the value of property of individuals.

Mr. CANNON: Under our constitution the highest tribunal in the land is Parliament with respect to every matter, so much so that if a citizen is not satisfied with the judgment of any court in Canada he may appeal to Parliament by petition. That is

constitutional, and I do not think the minister will deny it.

Mr. MEIGHEN: I know he could appeal, but I never saw the Parliament that would decide the case if the judicial tribunal had decided it before.

Mr. CANNON: Parliament can decide if it wishes to.

Mr. MEIGHEN: That would mean that Parliament was acting on Bolshevistic principles. That is not constitutional procedure. Those are not British principles of parliamentary procedure. That is not British justice as we have always known it, and that is not the course this Government is going to follow.

Mr. MACKENZIE KING: The essence of this transaction is the amount of money the people of Canada will have to pay as a consequence of this arbitration. My hon. friend raises the question of judicial decisions to make it appear that we are in some way attacking the judiciary. As I pointed out to him yesterday, there is one obvious limitation to the legal mind; it is apt to run along legal lines so exclusively that it sometimes cannot appreciate just how the public, who are not wholly familiar with legal methods and legal technicalities, will view certain questions. This is a question that affects the taxpayers of this country, and is going to affect them for the next thirty years and more. It is a transaction that is going to impose enormous liabilities on this country at a time when, of all times, the country is least able to shoulder them. What we are suggesting is that before this terrific liability, unknown at the present time, and which may amount to anything, is put upon the shoulders of his country, bound and manacled there so that it cannot be removed for a generation, there should be some opportunity given to public opinion to express itself throughout the country and through its representatives in this House. I must thank the minister for making clear the distinction between us in our estimates of public opinion. My Liberalism leads me to believe that public opinion has a right to have its voice heard and its influence felt in this Parliament before this transaction is consummated. The minister's view is that public opinion should be ignored altogether. That we should proceed only along the lines that he as a lawyer is prepared to recommend to this House is in accord, I think, with the oldest form of Toryism known to the world.

[Mr. Cannon.]

Mr. MEIGHEN: The hon. gentleman's learned comment on the limitations of the legal mind may be of very great value to my hon. friend (Mr. Cannon) and my hon. friend (Mr. Jacobs) and I commend it to their earnest consideration. His remarks about public opinion simply consisted, of course, in a rather clumsy mis-statement of what I had said. His remarks on public opinion, being stated before in even as clumsy a form, I replied to them fully. I never for a moment contended that public opinion should not influence this Parliament, and I cannot understand the hon. gentleman rising repeatedly and refusing to pay any attention to my words, but merely mis-stating them in such form as suits himself.

Mr. MANION: If I might be permitted to revert to clause 6, can the minister give a rough estimate of the figure which the arbitrators would have to award to equal the offer which the Government made to the Grand Trunk for taking it over? I know that that offer was more or less on a sliding scale, but I was very much impressed, and have been for some time, with the opinion expressed by my hon. friend (Mr. Cockshutt).

Mr. MEIGHEN: The Government's offer was $2,500,000 for the first three years, $3,000,000 for the next five years, and $3,600,000 annually there after for the balance of 999 years. I could not say just what that would amount to if distributed over the whole 999 years in equal annual amounts, although I did hear an actuarial calculation of it, and I think it was about $3,330,000 odd per annum; that is, the Government's offer was equivalent to saying they would pay $3,330,000 odd every year of the 999 years. The Government is going to pay $2,500,000 on the guaranteed stock; that would leave 830,000 odd dollars per year. So if the arbitrators' award is on that basis it will about equal our offer. The Government, of course, contends that nothing should be paid beyond $2,500,000, and that will be our contention before the board of arbitration. We made an offer which we thought was fair and right, and not as something from which we could proceed upwards.

Mr. MANION: What would that amount to if capitalized?

Mr. MEIGHEN: Just twenty-five times that amount.

Mr. JACOBS: I was not in the House during the past two days when the question came up as to how this stock was to be

valued, but I understand there was some discussion about fixing a day or date from which the arbitrators would proceed. That would indicate that the arbitrators will take into consideration the value of the stocks on the London market from time to time.

If that be so, I submit that it is not going to get us anywhere. For this reason the stocks on the London stock exchange, not only of the Grand Trunk but other stocks more or less speculative, are handled by manipulators and speculators, and it very rarely represents the actual value of the physical assets of the various companies. As I understand it, some of these stocks, particularly the guaranteed stock, for which we are going to guarantee four per cent, a few years ago dropped to about twenty cents in the dollar. Time and again this guaranteed stock passed its dividend.

Mr. MEIGHEN: No. The guaranteed stock did not time and again pass dividends at all. It just passed two years.

Mr. JACOBS: I looked this matter up in Professor Skelton's book on the history of the Grand Trunk. At page 196 there appears the following:

> Only in the golden days from 1881 to 1883, when the West was enjoying its first "boom" and railway construction was at its height, did the policy of expansion justify itself from the shareholders' point of view. The year 1883 saw the high water-mark of prosperity for the Grand Trunk; for in that year dividends were paid not only on guaranteed but on first, second and third preference stock. Not again until 1902 was even a partial payment made on the third preference; not until 1900, save for a fraction in 1887, was anything paid on second preference; first preference dividends were fractional and occasional, and even the guaranteed stock dividends were passed time and again. The financial position of this great system in the middle nineties may be briefly summed up in the statement that securities of the par value of £16,000,000, which in 1883 had a market value of £12,000,000—

I fancy that refers to guaranteed stock

> —were worth in 1894 only £3,500,000. The junior securities—

That, I fancy, refers to the first, second and third preference and common stock——

> The junior securities had become only gambling counters on the stock exchange.
>
> Where did the cause lie? There was not one; there were several. The first was in capitalization. The line had been hopelessly over-capitalized to begin with, and the new acquisitions doubled fixed charges, while net receipts increased only ten per cent; feeders had proved suckers.

This is an extract from chapter 11 on the expansion of the Grand Trunk in a book by Professor Skelton, who made an exhaustive study of the subject.

If we are to arrive at the proper value of these stocks it must be done by taking the physical assets and liabilities and valuing them in that way. In no other way can we arrive at any proper valuation of the stock. If we fall back upon the values of the London stock exchange we are in the hands of stock gamblers and thimble-riggers.

Mr. CAHILL: The minister has stated that $3,600,000 was offered by the Government as the maximum. Can he tell the committee what amount the Grand Trunk fixed as the minimum they would accept in settlement?

Mr. MEIGHEN: That appears in the letters. It is given in pounds, but it amounts to $5,600,000.

Mr. CAHILL: That was in the days when they were more optimistic about what they would receive. This letter is written on August the 8th, 1918. After that time they were not quite so optimistic. Was there any other suggestion in the discussions as to what the minimum would be?

Mr. MEIGHEN: No; never the faintest intimation that they would go below that figure.

Mr. CAHILL: What would be the difference between what the Grand Trunk asked and what the Government were prepared to offer?

Mr. MEIGHEN: The difference would be the difference between the $2,500,000 which the Government is paying by virtue of interest on guaranteed stock, and the $5,600,000—or $3,100,000.

Mr. CAHILL: The Government offered $2,500,000 for the first three years, $3,000,000 for the next five years, and $3,600,000 annually thereafter. Multiplying the difference between the $3,600,000 and the $5,000,000 by 25 to find the total difference, we get $50,000,000. Is that the sum which the Government feels is subject to arbitration?

Mr. MEIGHEN: The Government made an offer of $2,500,000, $3,000,000 and $3,600,000. It was not accepted. If it goes to arbitration the only minimum we could fix would be the $2,500,000 straight, that is, the interest on guaranteed stock. Theirs being $5,660,000, the difference would be $3,160,000.

Mr. CAHILL: The Government, if they thought—

The CHAIRMAN: I must draw the attention of the hon. member to the fact that clause 6 provides for the appointment of a

Board of Arbitration, but it does not provide that this committee shall fix the amount of the award. The hon. member's questions concerning the present value of the Grand Trunk Railway system, or the amount of award which may be granted by the arbitrators, are out of order.

Mr. CAHILL: I bow to your ruling, Mr. Chairman. But are we not to consider for a moment what we are appointing the arbitrators for?

The CHAIRMAN: Hon. members would certainly be in order in considering what the arbitrators will be appointed for, but they would be out of order in attempting under this clause to consider what amount should be granted by the arbitrators.

Mr. CAHILL: I am not attempting to arrive at what the arbitrators might award; I am trying to find out what they will arbitrate. As I understand the situation, the company offered to take a sum capitalized that would amount to $50,000,000 more than what is being offered by the Government, and if the arbitration fixes a sum greater than that, of course, it would be better for us to settle without recourse to arbitration.

Mr. MEIGHEN: The hon. gentleman's figures are wrong, although I do not think they are intentionally so. The difference between the Government's minimum and their minimum is $3,160,000 capitalized at 4 per cent. Twenty-five times that sum would represent $77,000,000.

Mr. CAHILL: You should take the difference between the Government's maximum and the company's minimum; not the Government's minimum and the company's minimum.

The CHAIRMAN: Until it has been decided that a clause is to be added to this Bill establishing a maximum award, hon. members must refrain from discussing under this clause what the award shall be.

Mr. CAHILL: I am not discussing what it shall be.

Mr. MEIGHEN: Before the clause carries I desire to make a statement to the committee with regard thereto. I am glad to say, and I hope it will meet with the approval of the committee, that instead of leaving to any chance at all the appointment of the third arbitrator, which appointment, as hon. members know, is one of the most vital factors in the whole solution of the problem, the consent of Mr. Justice Cassels of the Exchequer Court has been obtained to act as third arbitrator. Subject to the approval of Parliament in this regard, as in all others, we are prepared to insert a provision in the clause that Chief Justice Cassels of the Exchequer Court shall be the third arbitrator.

[The Chairman.]

Mr. McKENZIE: Shall appoint the third arbitrator.

Mr. MEIGHEN: No, shall be the third arbitrator himself. I think it is peculiarly desirable that he should be selected for the reason that he is the head of the court that determine all values as between the country and individual citizens and his experience extending over many years, as well as his reputation for the highest integrity and ability, peculiarly fits him to be the custodian of the rights of all in this regard. I therefore propose to offer an amendment to the effect that the third arbitrator be Sir Walter Cassels, judge of the Exchequer Court of Canada and that in the event of the death or other inability of the Chief Justice of the Exchequer Court to act the two arbitrators so appointed shall select a third. I cannot give the exact wording of the amendment because the wording as submitted to me does not adjust itself to the wording of the clause, but I shall read what will be made to fit into the clause and submit the amendment later:

> The board of arbitrators shall consist of three members, one to be appointed by the Government, one by the Grand Trunk and the third shall be Sir Walter Cassels, Judge of the Exchequer Court of Canada. Should Sir Walter Cassels be unable to act the said parties shall select a third arbitrator who shall be either a judge of the Exchequer Court of Canada or one of the judges of the Supreme Court of Canada.

Mr. JACOBS: Was the position offered to Chief Justice Meredith before the offer was made to Sir Walter Cassels?

Mr. MEIGHEN: It was never offered to anybody.

Mr. McKENZIE: The minister has given the history of the acquisition by the Government of property. I remember that the acquisition of rights of way of railways was entirely in the hands of a committee. In 1886, 1887 or 1888 the Intercolonial was extended through the island of Cape Breton. I was then a law student in Sydney and I remember meeting this committee which used to go all over Canada appraising rights of way. This was a committee appointed by the Government, but in time, as the matter was one of importance, jurisdiction was taken from that committee and vested in the Exchequer Court. If an agreement cannot be reached between the Department

of Railways and Canals and the owner of land, the Exchequer Court has jurisdiction as the court of first resort. There is no fault to be found with that procedure. I am not so strong on the point now since we have been told that the Chief Justice of the Exchequer Court is to have a prominent part in this arbitration, but I was going to suggest to the Government the feasibility of leaving this matter entirely to the Exchequer Court.

The Chief Justice of the Exchequer Court is to be the third man in this arbitration and everybody will admit that the third man is the important person in the arbitration. An arbitration court is after all a very poor court. Both sides start out with a representative in the court, each determined to uphold the case of his client. The Grand Trunk selects a man who will stand for it; we select a man we think will stand for us. This man is biased in our favour, and the other man is biased in favour of the Grand Trunk. The whole business seems to hinge on the impartiality and ability of the third man. No one will say that a court that must reach its decision by a compromise is the best kind of a court. If the Chief Justice of the Exchequer Court is to be the third man, if he is to be the chief motive power, if he is to take the heavy oar in reaching a conclusion, why not leave the matter to the Exchequer Court entirely and do not embarrass the court with two other men who will be pulling in opposite directions, and each doing his utmost to find a way of getting a decision in favour of his own interest? We bought the Quebec and Saguenay and another railway in the province of Quebec not very long ago. We passed an Act conferring jurisdiction on the Exchequer Court to make a valuation of these properties. I think the way in which the judge of the Exchequer Court handled that case was highly satisfactory. It may not have been satisfactory to everybody, but the business way in which it was dealt with by the judge commends that method of procedure to me. We all recognize the ability and integrity of the Chief Justice of the Exchequer Court. He is a man who is particularly well fitted to deal with questions of this kind. I can see no good reason for not leaving this whole question to the Exchequer Court. It is the only court we have in Canada to deal with a matter of this kind. It has ample scope to call witnesses from all parts of the country. It can sit anywhere in Canada and then finally give its decision.

I do not see, Mr. Chairman, why, when we have such machinery expressly for the purpose of dealing with questions of this kind, we should be travelling outside and worrying ourselves about arbitration. This is an absolutely capable court of the highest possible reputation, and our friends in England, or any other part of the world, who have to deal with the value of these stocks should be satisfied to leave Judge Cassels try the case and file his decision. These are reasons which appeal to me. When we have once established the principle I do not see that there is very much difference in dealing with a small railroad as compared with a big one. The railroad in Quebec is not so very small and if we found this procedure most satisfactory in ascertaining its value, I do not see why we would not apply the same machinery and the same principle to a bigger road. If there is any good reason why we should not do so, I think the House and the country are entitled to know it.

Mr. DOHERTY: The hon. gentleman in suggesting that we should have submitted this matter purely and simply to the judge of the Exchequer Court, pointed out that as he looked on this Arbitration Board it would be composed of one man urging the interests of the Grand Trunk, a second man urging the interests of the Government, and that the third arbitrator would be the important man and the deciding factor. If that view be correct we are substantially leaving this matter to the determination of the judge of the Exchequer Court and getting the same practical result that we would get, if that point of view be correct, as we would by submitting it to the judge of the Exchequer Court alone. On the other hand, I think there is this to be taken into consideration: Even though we suppose the two other arbitrators who would be associated with the judge may each, on his own side, approach the subject with a greater disposition to see greater strength on the part of the claims of those who have selected him, they will bring to that tribunal—at all events the providing for it makes possible that there should be brought to that tribunal—the aid and the assistance of experts with regard to these matters, and who may be of valuable assistance to the judge of the Exchequer Court in dealing with these questions. It is not an uncommon thing in courts—particularly where they are called upon to deal with matters of this kind, where the possession of great technical knowledge may be of considerable value—to call in skilled persons, described as as-

sessors. whose assistance is found to be valuable in practice. Now there is a third matter I would like to point out as distinguishing this case from cases where we proceed to expropriate property in connection with railways, or to acquire a railway by a process of expropriation. It is to be borne in mind that here we are proceeding to acquire the stock of this company by an agreement with those interested, and we are not therefore in a position to impose upon them a particular Court; their views as to the composition of the board that should determine the difference that exists as to the value of the property to be acquired must be taken into consideration. So long as we are endeavouring to reach an agreement there would perhaps be something arbitrary in our undertaking to impose upon the other party to the agreement the obligation of submitting this difference between us to a particular court. I point out again that we are not proceeding by expropriation; we are endeavouring to provide a tribunal which will be accepted by both of the parties to the proposed agreement. Apart from that consideration, I do think there are some possible advantages, as I have already pointed out, by an association with the Exchequer Court judge of the men that it is possible at all events will be designated; and ultimately, in actual practical results, we get, as the hon. gentleman himself has pointed out, the determination of this question by the Judge of the Exchequer court.

Mr. FIELDING: Would not the Judge of the Exchequer Court be in a better position to obtain that technical knowledge by calling in technical advisers—assessors, as they are sometimes called in other cases—rather than take the chance of getting technical men under this method? For example, the Government of Canada will appoint an arbitrator and there is nothing which says he must be a technical man. The Grand Trunk may appoint an arbitrator, and there is nothing which says he must be a technical man. In both cases they are appointed as arbitrators, although it may or may not be thought that technical men are the best. If therefore technical knowledge is required it would strike me that the Judge of the Exchequer Court could better get it by calling in the aid of assessors than by the method proposed.

Mr. DOHERTY: I would point out the fact that if it should turn out that neither of the men who are to be associated with the judge have that requisite technical knowledge, there is nothing to preclude the arbitrators from taking the necessary means to otherwise acquire that technical information.

Mr. McKENZIE: I might say to the Minister of Justice that we have the world-wide experience of trial courts consisting of one judge. If in its wisdom and experience Parliament, either in this country or elsewhere, had found that two or three judges would constitute a better trial court than one judge, no doubt long ago we would have had more than one judge constituted as a trial court. My own absolute belief is that one man tries a case better than two or three. For that reason I am in favour of the judge of the Exchequer Court sitting to try this case alone, rather than having two men associated with him, one pulling against the other. Of course, if there are three men sitting down in a court with a view to getting at the truth, that may be an advantage; but I submit to the Minister of Justice that his experience of many years on the Supreme Court Bench would teach him that he would want to have absolutely his own free mind, and his own judgment, in trying this case, and not be interfered with by the opinion of somebody else. He will reach his own conclusions and follow his own decisions; but he would not like to be pulled and hauled by one on each side of him who was entirely of a different view and trying to reach a different conclusion. That is not the kind of men I would like to have sitting on the Bench with me, but that is the position in which we are going to put Mr. Justice Cassels, who is accustomed to trying cases alone, and to filing his own decisions without any interference. Here we place him as a buffer between two of the ablest men that perhaps can be got in this country, one of whom is pulling him one way and the other pulling him another way. I do not think we can get the best results from Judge Cassels under conditions of that kind. I would like to see him with a free hand to deal with this matter, and I would like there to be an appeal from his decision to a higher court, just as in the case of any other decision that he might make. Speaking for myself, I would prefer to leave this very big question in that form rather than leave it to a conflict between two men, with Judge Cassels doing the best he can to keep them straight.

Mr. MURPHY: The Minister of the Interior, the Minister of Railways and the

Minister of Justice have offered no objection to the request made by my hon. friend (Mr. McKenzie). If that request is not to be acquiesced in, there is a consideration which ought to be kept in mind before this amendment is adopted. Prior to the Minister of Justice coming into the Chamber, the member for Brantford (Mr. Cockshutt) repeated a suggestion that he made a few days ago that the members of this board of arbitrators should not all be judges. The Minister of the Interior discussed that with the member for Brantford, and my recollection is that while the minister made no promises on the subject he rather intimated that it would be advisable that the board should have among its members an expert railroad man or a business man. Now, the matter has been put on a different plane by the decision to name Judge Cassels as the third arbitrator. That being the fact, and the member for Brantford having been left with the impression that his suggestion had been acquiesced in by the Minister of the Interior, it is more than ever necessary that there be a decision on that point now. I invite the Minister of Justice to consider the matter before pressing the amendment to a vote.

Mr. MEIGHEN: The hon. member has correctly stated, I think, what I said to the committee in reply to the suggestion made by the member for Brantford. It is my opinion that the three members of the board should not be all judges, for the reasons stated by the member for Brantford, and now that we have named a judge as one of the arbitrators it would appear to me not to be wise to restrict either side in the selection of their own representative. We certainly could not restrict the Grand Trunk, and I see no wisdom in our restricting ourselves. The wider the field that is open to us the better; undoubtedly our object should be to secure the very ablest men the country can lay hands on.

Mr. MURPHY: I was led to make the observations that I did by the fact that the Minister of Justice seemed to be discussing the composition of the board from the standpoint of selecting three judges as its members. That, at any rate, is the inference that I drew from his remarks.

Mr. DOHERTY: I did not intend to convey that impression. Indeed, I think I did point out that it would be possible and might be desirable, in view of our having these two additional gentlemen, that one, or perhaps both of them, should be men possessed of technical knowledge and specially qualified to deal with questions of this kind.

Mr. MURHPY: I thought my hon. friend expressed a preference for the bringing in of these two men as assessors.

Mr. DOHERTY: In speaking of the method followed by courts in calling in experts of this kind, I said that the men so called in were described as assessors, and that the provision that the board of arbitration be composed of three, as distinguished from the suggestion that a judge should act alone, created the possibility of providing expressly, in the nomination of one or both of the other two, the sort of aid which courts sometimes call to their assistance under the guise of calling in assessors.

Mr. MEIGHEN: I move:

That section 6 be amended by striking out in the 8th and 9th lines thereof, the following words: "by the two so appointed, or, failing agreement, by judges to be designated in the said agreement" and by replacing them with the following: "shall be Sir Walter Cassels, Judge of the Exchequer Court of Canada. Should Sir Walter Cassels die or be unable to act, the said parties shall agree upon another third arbitrator who shall be either the then Judge of the Exchequer Court of Canada or one of the Judges of the Supreme Court of Canada."

Mr. FIELDING: And if the said parties fail to agree upon another third arbitrator, what next?

Mr. MEIGHEN: That, I think, is too remote a possibility.

Mr. FIELDING: I do not think so. In the Bill as it stands there is a provision to cover the case of failing to agree as to the appointment of a third arbitrator. My hon. friend has overlooked that, I think.

Mr. MEIGHEN: Now that we have definitely agreed upon this one member of the board, I think that the possibility is very remote, because that man has to die or become incapacitated in order to give any rise at all to the possibility. Well, that in itself is a rather remote event.

Mr. FIELDING: Let us hope so.

Mr. MEIGHEN: I earnestly hope so, indeed, as we all do. The next possibility, if that occurs, is that two of them will not be able to agree upon a choice from among the judges of the Supreme Court and the Exchequer Court. The second possibility is, I think, even more remote. Even in the plan as originally proposed there was still an event not covered; there was the possibility

of two judges failing to agree upon the selection of a third arbitrator. I do not think, however, that that possibility was any more remote than the one which we are now considering; so it would appear to me not to be necessary to go to the length of covering that possibility. Of course, if it should occur it would simply mean that the agreement would fail and we would have to come back to Parliament and arrange another means of selection.

Mr. FIELDING: The hon. gentleman must not let that happen; he must not by any means let the agreement get back to us.

Mr. MEIGHEN: It would be very unfortunate, I know, but I would not be at all afraid if it should happen; the verdict would likely be made with a good deal more confidence and with a greater degree of unanimity than is the case now. I do think, however, that Parliament is taking every reasonable precaution as it is.

Amendment agreed to, and section as amended agreed to.

At six o'clock the committee took recess.

After Recess.

The committee resumed at eight o'clock, Mr. Boivin in the Chair.

The CHAIRMAN: When the committee rose at six o'clock, we had adopted clauses 1, 2, 3, 4 and 6; clause 5 had been allowed to stand with the proposed amendment of the hon. member for Prince (Mr. Mackenzie King) thereto.

On clause 7—ratification by shareholders.

Mr. McKENZIE: Paragraph (b) sets forth that the books and every other property of this road will be open for investigation. What we say to the minister and to the Government is that that inspection should take place before we close this agreement, or before we put this deal through so far as this Parliament is concerned. It is not much consolation to the Canadian people to know that, after they have agreed to buy this property and everything has been done towards buying it so far as Parliament is concerned, then we shall have an opportunity of examining what sort of property we are getting. I am sure that it will appeal to the business sense of the Minister of Railways and it ought to appeal also to the business sense of hon. gentlemen supporting the Government that the time to inquire into the kind of property that we are getting is now, before we close this deal; that we should know exactly in what condition this road is and what property we are getting in the way of locomotives, cars and everything else that enters into the equipment of the railway; that we should know what the business prospects of the road are, whether the road is paying or not, whether under proper management there is any chance of its paying in the future. The Drayton-Acworth report says that $51,000,000 is required to put the road into proper shape and to furnish enough equipment to look after the business that the road could obtain if properly managed and equipped. When a report made two or three years ago states that $51,000,000 is necessary to equip this road, before we take it over and agree to pay a very large amount of money for it, the kind of report suggested in paragraph (b) of clause 7 of the Bill should be made and the information which could be gathered in that way should be submitted to Parliament. I really do not know what answer the Government has to make to a proposition of this kind. We were told over and over again that this bargain was not to be rushed; that ample time would be given to inquire fully into every phase of this very important transaction; but what is the good of making promises of that kind when they are not fulfilled? We are sitting here in Parliament, and nobody is making any inquiry or getting the information. What is the good then of saying: You can have all the time you like; you can make all the inquiries you desire, when no facilities are afforded to members of this House to do that? When you ask the minister what is the condition of the roadbed, or the rolling stock, he will read to you a letter from Mr. Kelley, manager of the road, saying that the road is all right. As against that we have the Drayton-Acworth report which says that the road has been starved for many years; that $31,000,000 has been filched out of the road and its earnings and paid in dividends when that money should have been put into the proper upkeep of the system. Whom are we to believe? We appointed a commission known as the Drayton-Acworth commission with instructions to inquire fully into the condition of this road and they reported as I have stated, and that report was made two or three years ago. Nevertheless we ignore all that, and we take a bare, bald letter from the manager, the man who is trying to sell the property, and we say to the Canadian people: The road is all right; we accept this information as final, and we are going to take

the property. It does not follow that one is opposed to public ownership or opposed to this bargain when he says that we should exercise business prudence in connection with taking over this road. There is not a man in this House who can tell the position of this road to-day. We are taking over quite a number of railways in the United States.

The CHAIRMAN: I must draw the attention of the committee and of the hon. member to the fact that a discussion as to the advisability of taking over the Grand Trunk at the present time is certainly not in order on clause 7 of this Bill. The principle of the Bill has already been discussed and clause 7 provides merely that this road shall be put into the hands of a committee of management and also that the books, reports and records of the railway shall be open to inspection to any person appointed by the Minister of Railways. How the present value of the present condition of the road can have anything to do with that is a question which, the Chair must rule, is not relative to the clause under discussion.

Mr. McKENZIE: I should like to ask the minister what is meant by this proposition that he makes to us in paragraph (b) if it does not mean that there is to be an investigation into the condition of the road and a report to the House.

Mr. J. D. REID: Paragraph (b) explains itself. The object is this. We are to have an arbitration as to the value of the Grand Trunk railway system. The Grand Trunk employees will prepare their case as regards assets, liabilities and so forth from the books of the company.

They will bring their evidence before the board. The Government feel that as a protection to themselves they should have access to all the books so that they will be able not only to check up the statements that are submitted to the arbitrators, but also to form their own conclusions as to what evidence to submit to the arbitrators with respect to the assets and liabilities. If the books give us any information as to the physical condition of the road, that also will be of advantage. The Government feel that we should be in the same position as the Grand Trunk themselves in having access to the books for information of every kind. To ascertain the physical condition of the road it may be necessary to have it inspected, but the arbitrators will have power to appoint their own inspectors for that purpose, if it is necessary to go that far. I think the language of the section hardly needs explanation.

Mr. J. H. SINCLAIR: Why does not the Government leave the management of the road to the company until the stock is acquired? Under this clause the Government is going to take charge of the road as soon as the agreement has been ratified by a majority of the stockholders, and a Committee of Management is going to operate the system until the stocks are turned over to the Government. What will happen then, we are not told, but I presume the road will become part of the Canadian National system. Why should not the company be allowed to take the responsibility of running the road until it changes hands? We are only getting ourselves into trouble and becoming responsible for deficits and advances by taking over the road in the interim, and I see no good reason for it. It would be cleaner business not to take over the road until the stocks are turned over.

Mr. J. D. REID: We want to have the advantage as soon as possible of operating the two systems together, because that will be more economical. The Committee of Management will be able to make arrangements for the exchange of traffic, which also will be an advantage both to the Grand Trunk system and our own. The sooner we get the two systems working together the better it will be for both.

Mr. McKENZIE: The minister speaks of the exchange of traffic. I must admit I do not know very much about the operation of a railway, and I should be glad if the minister would explain to the committee what exchange of traffic he has in mind. What part of the traffic does he think will go to the Grand Trunk from the Government railways, and what part from the Government railways to the Grand Trunk by reason of the two roads being operated under one management? Where will this exchange of traffic take place, and of what will it largely consist?

Mr. J. D. REID: The traffic that is gathered in the province of Ontario for the West, for instance, will be transferred to the Government railway perhaps at North Bay and will go through on our own system, and similarly with the traffic that is gathered at the Niagara frontier.

Mr. J. H. SINCLAIR: Is not that the case at present?

Mr. J. D. REID: No.

Mr. J. H. SINCLAIR: Is there not a working agreement for exchange of traffic between the Grand Trunk and the Government railways?

Mr. J. D. REID: There is a working agreement, but as I explained the other night, when the Grand Trunk entered into that agreement they put in a clause that in cases where a shipper directed that his goods be sent over a certain road they could go over that road.

Mr. J. H. SINCLAIR: Do you intend to deprive the shipper of the right to say how his goods shall be routed?

Mr. J. D. REID: No, but if the Grand Trunk was not working in harmony with our system they could route the traffic by some other railway. It is easy enough for them to arrange it with the shipper simply by a direction on the bill of lading. But when the two roads are operated together it will be to the advantage of both to see that the goods go over our own roads instead of being diverted to some other railway.

Mr. J. H. SINCLAIR: Is the minister suggesting that the Grand Trunk is not living up to its agreement to exchange traffic with the Government railways?

Mr. J. D. REID: They claim to be, but we have been wrangling with them ever since the agreement was made years ago. We have never got the advantages that we expected when the agreement was made. We never got the traffic we expected on the Intercolonial, for instance, to Halifax and St. John.

Mr. J. H. SINCLAIR: The minister told us the other day that the Grand Trunk did not divide the proceeds of the long haul fairly with the Intercolonial. Now I understand him to say that when this arrangement is carried out the Intercolonial will get a fair share of the long haul. But that would be simply taking money out of one pocket of the Government railways and putting it into another. It would not be adding one dollar to the revenues of the railway or of the country. When the two systems are operating together it does not seem, from a business standpoint that it would be of advantage to be strict as to the division of the proceeds of the long haul. My hon. friend seems to have something like that in his mind. I submit that he has complete authority to settle these questions relating to the exchange of traffic at the present time through the Board of Railway Commissioners. To my mind there is no necessity why we should take charge of this railway and become responsible for its operation and the deficits that are bound to occur until we take over the stock and own the road.

Mr. J. D. REID: My hon. friend is wrong when he says the Railway Board have power to say which way the traffic will go.

Mr. J. H. SINCLAIR: They have power to order that an exchange be made.

Mr. J. D. REID: No, they only have power to make the roads agree to an exchange of traffic. Some roads refuse to exchange traffic at a certain point, but the Board of Railway Commissioners can make them enter into an agreement for the exchange of traffic at points, for instance, where the roads cross.

Mr. J. H. SINCLAIR: I do not mean that the Railway Board can direct traffic to the Canadian Pacific rather than the Grand Trunk system, but the board certainly has power to deal with the exchange of traffic.

Mr. MACKENZIE KING: This clause revives a question we were discussing earlier, and it is possible that the ministry, in considering the matter, may have come to a different conclusion. It provides that as soon as the agreement has been ratified by a majority of the holders of the stocks enumerated in the preamble, etc., certain rights and privileges are given. Is the ministry still determined not to permit the same rights to the representatives of the people in Parliament as they are granting to the stockholders of the Grand Trunk Railway? If after the words "ratified by" the Government would agree to insert two little words, "Parliament and," it would put the people of the country on an equality with the stockholders of the Grand Trunk Company, and would recognize that they are entitled to as much consideration as those stockholders. Does the minister (Mr. Meighen) not feel to-day that he can undertake to assure Parliament that before the measure passes these two words will be inserted?

Mr. MEIGHEN: Parliament, representing the people, is in the much better position of the two, in that it is virtually making the agreement and has powers of modification, whereas the shareholders, on the other hand, have nothing but the mere power to say "yes" or "no." We propose to keep Parliament in that position of supreme advantage.

Mr. MACKENZIE KING: That does not answer the question. The minister has told

us on different occasions in regard to certain clauses of the Bill that they are inserted because the Grand Trunk Company will not permit anything else to be done.

Mr. MEIGHEN: I have not said that.

Mr. MACKENZIE KING: I beg the minister's pardon if he has not said so, but he has acknowledged it.

Mr. MEIGHEN: No, no.

Mr. MACKENZIE KING: Then I may ask my hon. friend this question: Why is the four per cent guaranteed stock not put along with the other stocks and made subject to arbitration? We were told the other day by the President of the Privy Council (Mr. Rowell) that it was because the Grand Trunk Railway Company would not consent to that being done.

Mr. MEIGHEN: No doubt the President of the Privy Council said in effect just what I have said over and over again—because the application of the Government's minimum necessarily and legally is to the guaranteed stock.

Mr. MACKENZIE KING: Do I understand, then, that the minister contradicts his colleagues and says it is not true that the Grand Trunk insisted on having this stock left in the form in which it is in the Bill?

Mr. MEIGHEN: I say that the President of the Privy Council doubtless said in effect just what I have stated now. If that is contradicting him, then I contradict him.

Mr. MACKENZIE KING: I still contend that as this clause stands it gives the right of ratification to the shareholders and does not permit an equal right to Parliament. When we were asking why it was that this Bill was being rushed it was stated that it was desirable to have the agreement drawn as soon as possible. There will be an opportunity to draw the agreement, but according to this section the agreement will not have any value one way or the other until a special general meeting of the stockholders has been duly called for the purpose of considering it. By the time the agreement is drawn and the special meeting of stockholders has passed upon it another couple of months shall have gone by and Parliament will be again in session. There could be no delay to either of the parties by permitting Parliament when it reassembles to have the same opportunity of passing on the agreement as the shareholders of the Grand Trunk will have. I would urge again on the Government, on behalf of the people, that the people's representatives be accorded the same privileges and rights as will be given to the shareholders of the Grand Trunk.

Mr. CAHILL: Whom will the Committee of Management be answerable to? The Minister of Railways a few nights ago made this statement:

> Any agent who does not act on that principle will not, while I am Minister of Railways, be on the job very long.

The minister told us a year ago that the Government were not interfering with the management of the Canadian National railway, but on October 23, on page 1372-3 unrevised Hansard, he said that any agent who disobeyed his orders while he was Minister of Railways would "not be on the job very long." I would ask what is the position these commissioners will occupy. Will they be directly under the minister?

Mr. J. D. REID: The management will be under the direction of the Grand Trunk Railway system.

Mr. CAHILL: So that the two directors will have nothing to do but draw the Canadian people's money. They will not be responsible to any one?

Mr. MEIGHEN: The Committee of Management is just exactly as set out in the Bill. We have representation on the committee, and the Grand Trunk have representation on it equally. One commissioner is chosen by the four, and those five have the management of the Grand Trunk. Our representatives will be responsible to us for what they do, and their representatives will be responsible to them. It is an independent joint system of management. It was a plan thought out in order to cover the period between the making of the agreement and the final determination of the arbitration. It is a sort of joint management in the meantime in order that the owners of the property may not give it up until at least the arbitration award is made, and in order, on the other hand, that the advantage toward which we are all striving, namely, the unification of the roads, may be secured at once.

Mr. CAHILL: Two will be appointed by the Government who will be answerable to the Government, and two will be appointed by the Grand Trunk answerable to the Grand Trunk. Is that right?

Mr. MEIGHEN: Answerable in the sense that it is their duty to see from our standpoint that the road is properly run. I do not suppose that they will be making daily

reports to us or anything of that sort. They are a joint independent management of the system.

Mr. CAHILL: To whom will the fifth commissioner be answerable?

Mr. MEIGHEN: He will be answerable, I presume, first to his own conscience, and then to both the country and the company.

Mr. CAHILL: If he has not more conscience than is displayed by some ministers it will be unfortunate for the country.

The CHAIRMAN: Order. I must ask the hon. member to withdraw that remark; it certainly is unparliamentary.

Mr. CAHILL: I bow to your decision, Mr. Chairman. Will the commissioners be responsible to the Minister of Railways—that is, the commissioners the Government appoint?

Mr. MEIGHEN: I have stated their responsibility.

Mr. J. H. SINCLAIR: The minister has told us that this is to be a joint system of management, two men to be appointed by the Grand Trunk and two by the Government. Assuming that there is a loss in running the road for the first two or three months during which they are acting will the Government, or will the company, find the money to make up the deficit?

Mr. MEIGHEN: As I understand the point which my hon. friend raises it is this: Who bears the loss, and who receives the gains, if any, during the currency of the committee's management? The Grand Trunk stockholders are the owners of the stock until the determination of the award.

Mr. J. H. SINCLAIR: That is, when the stock is delivered to the Government?

Mr. MEIGHEN: Yes.

Mr. J. H. SINCLAIR: Up to that the loss will be borne by the railway company?

Mr. MEIGHEN: I do not think that is quite correct. Presuming that the valuation of the stock is fixed as of October 1, 1919, we would, immediately after the determination of the arbitration, issue our stock in payment for their stock and we would become the stockholders. The Grand Trunk is liable for all the obligations of the road then just as it is now. We are the owners of the stock of the Grand Trunk and we take the company, of course, subject to the obligations. We do not stand the loss except in so far as our stock may be affected in value by it. We become the owners of the stock at that time, and of course the stock is affected in value by the liabilities of the company on the one hand and by the value of the assets of the company on the other. If the assets are increased by the management that reflects itself in an increase in the stock; if the liabilities are increased, that has a deteriorating effect on the value of the stock. It is the Grand Trunk Company which then as now stands the loss; it is the Grand Trunk Company which then, as now, receives the gain if there should be any.

Mr. McKENZIE: That does not seem to be quite clear. Who pays the money? Suppose we are operating the road in the name of the Grand Trunk Railway Company, in reality it is the Government of Canada. In reality the Grand Trunk is merely a sign, a name. If there is money made it belongs to the Government; if there is money lost it is lost to the Government. If we lose money in the interim while the road is under this management, if it is found that $100,000 or $500,000 is necessary to keep the machinery going, that money has to come out of some part of the revenues of Canada. It does not come out of any pocket of the company. It has no money at all but we stand behind it and must furnish the money. Therefore it does not do any good to talk about this stock. Once we get the stock and put it in the safe it is a mere nominal thing; the question of what it is worth to the people does not cut any ice. They do not care a button about it; they only take it as a means of getting this property. Now that they have the property, they can run it in the name of the Minister of Railways or in the name of the Grand Trunk, if they like. It is identically the same property and if it makes a loss it is in the same position as the Intercolonial. What was asked of the minister was: Supposing that at the end of one, or five months under the management of this commission of five there is a shortage of $1,000 or $10,000, who will make it good? My contention is that if the earnings of the road are not enough to meet the liabilities we must make up the shortage. If that is not so I would like to have an explanation.

Mr. MEIGHEN: We are just in the same relation to the company as are the stockholders of any other company. The company has to pay it. We may run the company but the company is the one that suffers.

Mr. McKENZIE: We are the company.

Mr. MEIGHEN: No, we are the stockholders. That is a different thing altogether. Of course, we are gainers by the success of the company and we are losers by the non success of the company simply because we are stockholders in the company. It is better for the company that there should be this joint management in order that the two systems may be run as one as soon as possible because that is the way to get the best results from the two systems. That being the position, it is better for the company, and consequently it is better for us as stockholders of the company, that that should take place.

Mr. J. H. SINCLAIR: It is not very clear to my mind and I cannot see it in the same way as the minister does. When do we become the owners of this stock; when do we become the proprietors of the Grand Trunk system? Is it not at the date of the delivery of the stock that we become the owners?

Mr. MEIGHEN: Yes.

Mr. J. H. SINCLAIR: Well, then, it is apparent that any loss prior to that should not be borne by the Government; it should be borne by the company. They must deliver us the property before we begin to pay for the losses. The board of arbitrators should fix the date on which the property can be delivered to the Government, and prior to that time any loss should fall upon the company.

Mr. MEIGHEN: I say it falls on the company.

Mr. J. H. SINCLAIR: The shareholders should have the amount of the loss deducted from the price of their stock.

Mr. MEIGHEN: The shareholders have not the management of the property during that loss. This is a sort of joint method of meeting the opposing views of the committee in this regard. It is true we do not become the legal owners of the stock until the transfer to us takes place subsequent to the award, but I think I am using legal language strictly correctly when I say that we become the equitable owners immediately the agreement is acted on. We are bound to be the owners of the company then. We await the legal title pending the award but we are virtually the owners immediately the agreement takes effect; we abide legal possession until the stock is handed over. They get their stock valued as of a certain date, but immediately the agreement is signed we become the virtual owners of the property and consequently the value of our stock will be affected by the success or failure of the company.

Mr. FIELDING: The Grand Trunk should not appoint these managers at all if we are to become the equitable owners at that time. If the committee of management is appointed, why should the Grand Trunk have anything to do with the appointment? They cease to be the owners, we become the equitable owners, and yet they have the right to appoint two of the members upon the committee.

Mr. MEIGHEN: I admit there is something to be said for that viewpoint. It appealed to me before this, but there is a lot to be said the other way and this is the method that has been devised for taking care of the difficulty. The Grand Trunk Company say: "It is true you are going to be the owners; as soon as the agreement is signed on a fixed date you will be the owners; but you should not have the right to take full possession, come in and man our property"——

Mr. FIELDING: "Even if you are the owners"?

Mr. MEIGHEN: No—"until, at all events, we know what we are going to get for it." Now, in the case of the Canadian Northern something similar was done by the Government, although I think we went more fully into possession there than we do here. Under that arrangement, we appointed directors on the board, who operated with the other directors pending the final award. Now the plan adopted here to meet the opposing views was that a general committee of management should operate in the meantime leaving the Grand Trunk organization there so that they could not say they were dispossessed of the property—thrown out bag and baggage, as they might if we took possession of the whole thing and had all the officers under our hands, making it unreasonably difficult for them to get the evidence that was necessary. There was considerable to be said for their point of view and there is considerable to be said the other way. All I can add is, this is what was deemed a fair arrangement between the two.

Mr. MACKENZIE KING: Can the minister give any estimate as to the time when these stocks will be transferred?

Mr. MEIGHEN: I think the Bill, or the letter says, nine months. I would not like to say they can be transferred in that time,

but I earnestly hope that they can. The transfer of the stock is not so vital a matter because if it is not transferred immediately after the award is made the Governor in Council has full power to declare it the property of the Crown and pay for it according to the award.

Mr. J. H. SINCLAIR: The committee is to be discharged on the date when the preferred and common stock is transferred?

Mr. MEIGHEN: "Or vested," it says.

Mr. KING: The minister thinks that will be nine months?

Mr. MEIGHEN: That is the time within which it has to be done. I would like to see it done sooner. If I were called upon to give my estimate I would not say it would take that time.

Mr. CAHILL: Is there any provisions for the appointment of a fifth member of the committee in the event of a dispute taking place between the others?

Mr. MEIGHEN: There is no provision for that. We did not think it was probable that four business men could not agree on a fifth man.

Mr. McKENZIE: There is, of course, a very large staff of managers in connection with the various companies now. Are they to be superseded by this committee of management, or will the present management be subordinate to the committee, and by what arrangement is that brought about?

Mr. MEIGHEN: By virtue of the Bill the present management is subordinated to the committee of management, not displaced, but subordinated to it.

Mr. PARENT: Will the minister be kind enough to tell me if the majority of the holders of the stock referred to in this particular clause mean a majority in value or in number of stockholders?

Mr. MEIGHEN: A majority in voting power.

Mr. PARENT: The clause does not say so, and therefore it is probably better to make its meaning clearer.

Mr. MEIGHEN: Possibly it would.

Mr. PARENT: Would the minister consent to an amendment to that effect?

Mr. MEIGHEN: The opinion expressed from a legal standpoint is that that is what it means now. I would certainly be ready to accept an amendment if there was any doubt at all about it, but I understand that to be the legal effect now.

Mr. MURPHY: The hon. gentleman, in discussing not only this clause, but the preceding clauses, used the word "agreement." I am at times in doubt as to what agreement is meant. For instance, there is an agreement mentioned in section 2 and that is the one by which the Government is given the power to acquire the entire capital, and so on. In the first line of section 7 the phrase used is "said agreement." I assume that refers to the submission to arbitration.

Mr. MEIGHEN: That is a defined term, defined in section 2, which says:

> Subject to the provisions of this Act, His Majesty the King, represented by the Minister of Railways and Canals of Canada, acting under the authority of the Governor in Council, (hereinafter called "the Government") may enter into an agreement (hereinafter called the "said agreement") with the Grand Trunk Railway Company.

It is a defined term.

Mr. MURPHY: Then does the phrase in this section mean the agreement referred to in section 2?

Mr. MEIGHEN: Yes.

Mr. MURPHY: And it is the submission to arbitration?

Mr. MEIGHEN: The agreement referred to in the section is the submission to arbitration.

Mr. MURPHY: Not having the language of the amendment that was made to section 6 before me, I do not know whether the words "said agreement" in line 9 have disappeared as a result of that amendment.

Mr. MEIGHEN: Yes.

Mr. MURPHY: They have disappeared?

Mr. MEIGHEN: Yes.

Mr. MURPHY: There is another observation called for with reference to that. In paragraph (a) of section 7 the language used is as follows:

> A committee of management shall be formed consisting of five persons, two to be appointed by the Grand Trunk, two by the Government, and the fifth by the four so appointed, to insure the operation of the Grand Trunk system (in so far as it is possible so to do) in harmony with the Canadian National Railways, the two systems being treated in the public interest as nearly as possible as one system.

Now in the blue-book containing the correspondence and other data relating to this transaction which was brought down, it is shown that there are 1,665 miles owned, controlled or leased by the Grand Trunk

system in the United States. My hon. friend for Shelburne and Queens (Mr. Fielding) in the earlier stages of the discussion—perhaps it was on the second reading—asked the Minister of the Interior, or some other member of the Government, if any inquiry had been made as to whether or not there was any objection on the part of the United States Government to the operation by the Canadian Government of a railway system in United States territory. My recollection is that the answer was that no inquiry had been made and no objection was known—in other words, the Government had not any information on the subject. It occurred to me at the time as a very important matter, and I have taken the trouble to make inquiry at Washington. The subject, I may say, is brought up again by the concluding words of the clause which I have just read. Now, my information from official circles in Washington is that if the United States Government take over the operation of the railroads in that country the Canadian Government will have to obtain permission to operate that portion of the Grand Trunk railway within United States territory. On the other hand, if the United States Government do not take over the roads in the United States, there will in any event, be a new system inaugurated there called the "zoning" system whereby certain groups of railroads will be restricted to operation within certain defined zones having some large centre of population as the pivotal point within the zone, and subject to other regulations. From that point of view the operation of that portion of the Grand Trunk railway within the territory of the United States will be subject to some regulation of the United States Government or of the controlling railway authority in that country. From either point of view, I submit, this Government should be in possession of information and such information as they may have the committee is entitled to receive. In any case, I bring the matter to the attention of the Government now so that if there is any information available they might give it now and if not we ought to receive it before the Bill is put through its last stages.

Mr. MEIGHEN: Assuming that the information which the hon. gentleman gives is right—and I see nothing in it to make it probable that it is wrong—no difficulty whatever is presented. If the United States continue operation of their roads, then it will deal with roads belonging to companies the stock of which is owned by the Canadian Government just in the same way as they will deal with roads belonging to companies the stock of which is owned by somebody else. We expect that; we would never ask for anything beyond that. We expect to be treated the same as other people, at all events in relation to lines in American territory. Now, suppose the other alternative be adopted by the United States, of placing their roads under some new system on the zone principle; then, too, all that we would expect would be the same treatment of companies owned by the Grand Trunk, whose stock we own, as of any other company in the United States. That is all we expect; that they will do with it just as they would have done if Sir Alfred Smithers and his associates and all the hundred thousand shareholders had remained owners of the Grand Trunk stock. In a word, there is no reason to apprehend any different treatment of the Grand Trunk or of any subsidiary company owned or leased by it after the Government becomes the owner of the stock of the parent company than was the case before. Consequently, there is no reason to apprehend any adverse attitude on the part of the United States authorities.

Mr. MURPHY: I have no doubt that there is no reason to apprehend any action on the part of the Government of the United States inimical to the success of the Grand Trunk. Still, my hon. friend is not in a position to say what might happen if the United States Government took an attitude towards railroad operation by a foreign Government different from that which it took towards operation by a company. I appreciate that there is no apprehension at the present time that such may happen; still, it is within the range of possibility. This consideration might be of consequence in estimating the value of the physical assets in the United States under the arbitration. If the operation of the road, the routing of traffic and so on over certain sections of the Grand Trunk in the United States, were restricted by this new zoning system there might be a depreciation in value of certain of the physical assets of the road; it was for that reason in particular that I directed my hon. friend's attention to the matter.

Mr. MEIGHEN: If there is a probability that it would have an effect on the values, then that should certainly be taken into account by the board.

Mr. McKENZIE: The member for Quebec West (Mr. Parent) raised a point about the meaning of "majority of the holders of the stocks". The rule of construction in

such cases as this is, that the natural meaning attaching to the language is to be accepted unless there is a clear legal understanding to the contrary, and the natural understanding of this language would be that it meant a majority of heads, so to speak, not a majority in value. Take the simple example of five men owning stock, one owning ten shares and the other four one share each. If the construction which the minister puts upon this is correct,—and perhaps it is—the one man who has ten shares would control the other four, because they hold a total of only four shares as against the one man's ten. But unless we were forced to do so we would scarcely conclude that the one man was a majority of these stockholders. I have always found a distinction made by writers on companies between majority in numbers and majority in value.

9 p.m.

Mr. MEIGHEN: I will accept an amendment to cover the point raised by the hon. gentleman (Mr. Parent); I suggest that the words: "in voting power" be inserted after the word "majority" in the second line of section 7. I suggest these words instead of the words "in value," because the shareholders do not vote according to value. My information is that the section as at present worded has legal effect, although I do not remember any decision on the point. However, there will be no doubt about it if the words "in voting power" are put in.

Amendment agreed to.

Mr. CAHILL: I notice that the four per cent guaranteed stock has a voting power of 400,000 and the debenture stocks, which are also guaranteed by the Dominion Government under this arrangement, a voting power of 1,161,952, or a total of 1,561,952, representing more than half the total voting power of the combined shares, debenture, preference and common. The four per cent guaranteed stocks are being enhanced in value and become a paying stock instead of a stock which is not paying; and the debenture stocks, two of them at four per cent, are also enhanced in value by the guarantee of the Dominion Government. It is quite conceivable that the holders of these stocks and debentures would sanction this arrangement, and that the owners of the shares—really the minority of the shares—that are to be arbitrated would oppose the arbitration. Would the Government consider it advisable to go on with the arrangement if a majority of the owners of the shares which are to be arbitrated opposed the arbitration?

[Mr. McKenzie.]

Mr. MEIGHEN: Yes, the Government would feel it its duty to do so if the Grand Trunk shareholders, with the voting power to which each shareholder is legally entitled and always has been, carry the agreement. I have not figured out how this voting power stands. But they have among themselves agreed on this voting strength; that is their business; it is really not ours.

Mr. CAHILL: When did they agree upon this voting strength with respect to the guaranteed stock?

Mr. MEIGHEN: When they subscribed the money. That is the condition on which they subscribe it and take their shares. Consequently we can get their verdict only as they can legally give it. If the arrangement is not fair, it is not for us to make it fair.

Mr. CAHILL: Do the Government consider that they would be justified in going on if a certain set of stocks were taken care of and made virtually bonds as the minister states they will be? This $60,000,000 worth of stocks is virtually made into bonds by this transaction, and the other bonds are enhanced in value. Certain sets of these securities are selected and enhanced in value, perhaps to the detriment of the others. Would we not possibly be buying a lawsuit if we undertake the thing on that basis?

Mr. MEIGHEN: The answer I gave fully covers the point. I presume those who put the bulk of the money in and who have the first claims would not care to put themselves into the power of the last mortgagees. If the last mortgagees are to have control, they might simply hold on and allow the first men to fall with them. Taking all those things into account, they have arranged this distribution of their voting strength, and by the exercise of their voting strength so distributed they can legally bind themselves. That is all their concern. When they legally bind themselves, then we accept their decision so expressed.

Mr. MURPHY: Did I understand the minister to say in answer to the hon. member for Pontiac (Mr. Cahill) that the Government intended to proceed irrespective of what vote the stockholders might give at the meeting called to consider this agreement?

Mr. MEIGHEN: If an adverse vote is given, we cannot proceed. If an affirmative vote is given, we do.

Mr. McKENZIE: The Minister of Railways (Mr. J. D. Reid) gave as a reason for appointing this committee that there was a necessity of immediate exchange of traffic at certain points. The minister mentioned an exchange of traffic at North Bay. Is there any connection now between the main system of the Grand Trunk and North Bay, owned and controlled by the Grand Trunk? If not, what is the connection?

Mr. J. D. REID: The Grand Trunk exchanges traffic at North Bay with our present Canadian Northern system.

Mr. McKENZIE: How do we get to North Bay?

Mr. J. D. REID: The main line of the Grand Trunk runs from Toronto to North Bay, and we can also get to North Bay via the Canada Atlantic.

Mr. McKENZIE: I am told that in getting traffic to the main line of the Transcontinental from the Grand Trunk we have to make use of the Ontario Government-owned railway, the Timiskaming and Northern Ontario. Is that a fact? Have we any traffic arrangement with the Government of Ontario in connection with that road?

Mr. J. D. REID: The Grand Trunk system have some kind of running rights. If they run a train over that road, they pay a certain mileage rate for so doing. That is the only way in which the Grand Trunk can get to the Transcontinental at present. When we take over the Grand Trunk and it becomes part of the Transcontinental, at North Bay we would connect with the Canadian Northern.

Mr. McKENZIE: As regards routing of freight, when we own the road, we would have no purpose, would we, in changing any of the arrangements existing under the present status of the Grand Trunk—that is in connection with all the traffic that they are carrying now to the best advantage of the road as they think?

Mr. J. D. REID: Yes we would, for this reason. The Grand Trunk to-day when it gets to North Bay may hand its freight over to the Canadian Pacific, or it may want to get a longer haul and may send it via Sarnia and from there over some line of steamers to Port Arthur and there hand it to the Canadian Pacific to carry it through to Calgary or Edmonton or the coast. We have no control over that at present. For instance, the hon. member may want to ship a carload of merchandise from Montreal to Vancouver.. The Grand Trunk Railway Company might say: We will take that as far as we can on our system up to Sarnia; then we will ship it by a line of steamers to Port Arthur, and from Port Arthur by rail via the Canadian Pacific to Vancouver. Or they might ship it to Owen Sound or Midland and let the Canadian Pacific steamers take it from there to Port Arthur and from Port Arthur by rail to Vancouver. We lose all that haul under present conditions. If we have control of the Grand Trunk, we have the advantage, of which I was speaking a few minutes ago, of having all Ontario and Quebec traffic now controlled by the Grand Trunk being transferred to the Canadian National railway. We would be in this position, that if we wanted to send freight, say, to Vancouver, we could route it to North Bay and then over the Canadian Northern system right through to Vancouver. If we wanted to send it lake and rail, we could send it up to Goderich, hand it over there to the line of steamers that now plies on the lakes in connection with the Canadian Northern, and in that way the Canadian Northern would get the advantage of that additional freight of which they do not get one pound now. Then when the freight reached Port Arthur, it would go over the Canadian Northern system right through to Vancouver. The result would be that we would get all that long haul, and an immense quantity of freight that we do not receive now at all. In addition to that there is the traffic which the Grand Trunk Railway system gathers in England, and on the continent of Europe that is brought across by the line of steamers connected with the Grand Trunk railway, namely the White Star Line. The Grand Trunk will take that and route it via Sarnia or Midland in the summer time. I do not know whether we have been getting any of that at all; it has probably been going via the Canadian Pacific to the coast. Therefore the hon. member will see that when we have control of the Grand Trunk and it is part of the system, if that traffic is all rail, we will send it to North Bay and when it gets to North Bay it will go over the Canadian National system, and when traffic that is gathered in the West by the Canadian National Railway system consigned to points in Ontario and Quebec arrives at North Bay, we can hand it over to the Grand Trunk which will be part of our system, whereas as it is now we are not interested because the Canadian National railway may hand it over to either the Canadian Pacific or the Grand Trunk.

Large portions of it may be handed over to the Canadian Pacific because it is immaterial to the Canadian National whether they hand it over to the Canadian Pacific or the Grand Trunk because the rates are the same, being fixed by the Railway Commission, only they will give it to the road that has the shortest haul. A railway always hauls freight as far as it can over its own system, because the rate is divided in proportion to the mileage hauled over each railway.

Mr. McKENZIE: The difficulty I see is that the man who owns the goods will ship them by the cheapest and most expeditious route. Will not the shippers have entire control of how their goods shall be routed ? The Grand Trunk may have commended itself to them as the cheapest and most direct route, but the management cannot say to a man who is sending a few carloads of goods, say, from Montreal to Vancouver, and who starts those goods from Montreal on the Grand Trunk, " These goods must go all the way by our road." The shipper is at liberty to ship his goods by the most expeditious and cheapest route. Freight is an element that must enter into the price of his goods, and he will certainly take care to get the cheapest freight possible. It is not in the power of the Grand Trunk or any other railway to say by what route those goods shall go, unless the freight and transportation facilities are of such a nature as to commend themselves to the judgment of the shipper. So all the advantages which the minister contemplates may not accrue. It will depend entirely on the facilities which the road is capable of affording, its freight rate, and generally its capacity to overcome the competition of other lines.

Mr. J. D. REID: Whether the goods are shipped by the Grand Trunk, the Canadian Northern or the Canadian Pacific, the freight rate is exactly the same. That is fixed by the Board of Railway Commissioners. A carload of goods from Montreal to Vancouver will cost the same in freight, if it goes by an all-rail route, no matter by what road it travels. Similarly, if it goes by lake-and-rail,—by rail, for instance, to Sarnia, Midland, Goderich or Owen Sound, then by water to Port Arthur, then by rail again. The lake-and-rail route is a little cheaper than the all-rail route. What I was trying to point out was this: The Grand Trunk's agent at Montreal, for instance, canvasses a shipper and gets a carload of freight for Vancouver. Now it is very seldom that a shipper says that the goods must be shipped by Grand Trunk and Canadian Northern, or by Grand Trunk and Canadian Pacific. All the shipper cares about is to get his freight to its destination as quickly as possible. The Grand Trunk would carry the freight as far as it could on its own line. The distance to Sarnia, for instance, would be longer than to North Bay, and it would be to the advantage of the Grand Trunk to send the freight as far as possible over its own line in order to get a larger proportion of the freight, which, of course, depends upon the mileage. The shipper is not very much interested in how his goods are routed, because the freight on all three roads is the same. When we get control of the Grand Trunk our railways will all work together, and it will be to our interest to see that the goods go all the way to their destination by the Government system. I agree that if a shipper wanted to do it, he could direct that his goods be routed by the Grand Trunk to North Bay, and then by Canadian Pacific to Vancouver, and he would get the same freight rate, but it is very seldom a shipper wants that done. It is the railway company that generally advises the shipper, in order that it may get a long haul over its own system. When we take over this road we shall get a very much larger portion of the traffic than we get now.

Mr. CANNON: After the Grand Trunk comes under this Committee of Management what are the intentions of the Government as to the terminals in Quebec and Levis? I would point out to the minister that present day conditions in Levis are absolutely intolerable.

The CHAIRMAN: I must rule that any question concerning the railway terminals at Levis is not now in order. The hon. gentleman well knows that the railway terminals at Levis are the property of the Canadian National railway, and are not subject to the Committee of Management which has not yet been appointed.

Mr. CANNON: With all respect to the Chair, the Grand Trunk also have terminals at Levis.

The CHAIRMAN: I do not rule that the Grand Trunk has no terminals at Levis. My ruling is that this clause provides only for the appointment of a committee of management, and that the hon. member's question is not in order upon this clause.

Mr. CANNON: This clause provides for the appointment of a committee of management "to insure the operation of the Grand Trunk system (in so far as it is possible so to do) in harmony with the Canadian National railways, the two systems being treated in the public interest as nearly as possible as one system." It is therefore the intention of the Government to run both the Canadian National railways and the Grand Trunk in the public interest, and I think it would be in the public interest, Mr. Chairman, if the minister would tell us on this clause what are the intentions of the Government in promoting the public interest as far as the terminals in the city of Quebec and the city of Levis are concerned. It is a matter of great importance, and one in which the public, in our district at all events, are very much interested.

The CHAIRMAN: The ruling of the Chair is that although the question may be, and, indeed, is of great importance, it is absolutely irrelevant to the clause which is now before the committee, and that under the rules it cannot be answered at this time.

Mr. CASGRAIN: With regard to the personnel of this committee of management, is it the intention of the Government to appoint technical men with a wide knowledge of railway matters? I think it would be in the interest of the public at large that we should secure the services of the best men possible in order that this tremendous undertaking may so be managed as to attain the ends the Government hope for.

Mr. MEIGHEN: The hon. gentleman's ideas are exactly ours on that subject.

Mr. CANNON: Will the minister say under what section he gave us information a few moments ago in regard to what he would do in connection with freight between North Bay and Vancouver, and Montreal and Sarnia?

Mr. J. D. REID: I was answering a question of the hon. member for Cape Breton North and Victoria (Mr. McKenzie).

Mr. CANNON: What will be the salary of the members of the Board of Management?

Mr. MEIGHEN: I do not know that there will be any salary. It has not been decided yet what the remuneration will be.

Mr. McKENZIE: Last session we passed an Act creating the Canadian National Railway Company. I am not sure that that is the correct name of the body, but the name makes no difference; the minister knows what I mean. When this transaction is completed will the road we intend to acquire come under the control of the company we created last session to take charge of all Government railways?

Mr. MEIGHEN: The intention is that the Committee of Management shall be discharged after the award is made and the stock becomes ours, and it will be for the Government then to determine just how the road is to be run. We might appoint stockholders as directors of the road, and the directors could be elected in the regular way. But it is contemplated to add the road to the Canadian National system and have it run under the same management.

Mr. McKENZIE: Under the provisions of the company that we created by Act of Parliament last session?

Mr. MEIGHEN: Yes.

Mr. PARENT: When the agreement has been consummated will the voting powers of the shareholders immediately cease? The agreement has evidently been already entered into between the Government and the Grand Trunk, because the word "ratified" implies that something which has already been done is to be endorsed. If there is only one agreement, my view is that the voting powers would cease immediately upon ratification of that agreement by the shareholders. I would like the minister to clear that point up.

Mr. MEIGHEN: It is cleared up by the proviso contained in clause 4:

> Provided that concurrently with such guarantee of dividends and interest upon the present guaranteed stock and the present debenture stocks, respectively, the voting powers at meetings of shareholders of the Grand Trunk now vested in or exercisable by the holders of the said stocks respectively shall cease and determine absolutely.

That is to say, the voting power falls immediately the guarantee of the Government is given.

Mr. PARENT: Perhaps I was not quite clear. This Bill has reference to but one agreement, and when it is ratified everything provided in it should be binding in every respect. I would presume therefore that the voting power would cease immediately on ratification of the agreement.

Mr. MEIGHEN: I do not think that logically follows.

Mr. PARENT: I do not know how you could divide the agreement.

Mr. MEIGHEN: We do not divide the agreement at all. When both parties execute the agreement it becomes binding and they are bound by every term in it. But it is not a term of the agreement that they lose the voting powers until the final award is made and the guarantee is given in accordance with the award. That is to say, consistent with the terms of the Bill the stockholders may exercise their voting powers after the agreement is executed and pending the destruction of those powers by the giving of the guarantee.

Mr. ROBB: There are a number of subsidiary companies that are to be taken over with the Grand Trunk system. What provision is made for the representation of this Board of Management at the meetings of directors of these different subsidiary companies, such as the Central Vermont, Southern New England, Detroit, Grand Haven and Milwaukee, and Grand Trunk Western? Certain officials of the Grand Trunk are vice-presidents; and as soon as the affairs of the company are handed over to the Board of Management it will be necessary to have representation on the boards of these subsidiary companies. I do not see any provision for any such representation.

Mr. MEIGHEN: The Board of Management is not in the nature of a representation on the Grand Trunk board at all. The operations of the Grand Trunk Railway are in accordance with the dictates of policy of the Board of Management, who are supreme. Every organization of the Grand Trunk system is wholly subordinate to the Board of Management, who can consequently dictate as to all the Grand Trunk system itself in the way of operation. They can dictate to the main directors as to what shall be done with subordinate companies. According to my own way of looking at it, they can say to the Board of Directors what shall be the policy of subordinate companies.

Mr. CASGRAIN: Have the Government any idea at present as to who their two representatives on the Board of Management will be?

Mr. MEIGHEN: No. I have not even heard names mentioned yet that I can recall.

Mr. CASGRAIN: Subsection (b) provides that the books, minutes, reports, documents and other records, and all the railways and properties of the companies comprised in the Grand Trunk system shall at all times be accessible and open to inspection. Will that clause be applicable for all time or only during the office of the Board of Management?

Mr. MEIGHEN: Until the arbitration is complete and the inspection power lapses.

Section agreed to.

On section 8—loans to committee of management upon notes or obligations of Grand Trunk:

Mr. MACKENZIE KING: This is a particularly objectionable clause. The Bill seems to get worse and worse as we proceed. Let me read the clause:

> The Government may lend to the said Committee of Management, upon the notes or other obligations of the Grand Trunk, such sums as the Government may from time to time deem necessary to the carrying on or operation of the Grand Trunk system.

See what this clause means. The Committee of Management, is to be composed of five gentlemen, two of whom are friends of the company, two of whom are friends of the Government—and the Minister of the Interior has assured us to-night that these four friends will be so much of one mind that it is not necessary to indicate any means whereby the fifth shall be chosen. This section proposes that the Government, without coming to Parliament for any right to do so, may lend this committee any sums they wish for any purpose that the committee think necessary for the improvement of the road or for the carrying on of its operations. Who are "the Government"? Clause 2 throws a little light on who may be meant by "the Government":

> Subject to the provisions of this Act, His Majesty the King, represented by the Minister of Railways and Canals of Canada, acting under the authority of the Governor in Council (hereinafter called the "Government");

In other words the Government is the Minister of Railways and Canals, to all intents and purposes. This clause says that the Minister of Railways and Canals may, out of the treasury, lend to these five gentlemen, any money that is needed for the purpose of carrying on the operation or improvement of the Grand Trunk system.

Mr. J. D. REID: Under the authority of an Order in Council.

Mr. MACKENZIE KING: Yes, if you wish it so. That simply leaves it to Council, on the suggestion or recommendation of the minister himself. If Parliament wishes to part with the last vestige of the control that it has over the executive, we should pass this clause, but if Parliament wishes to retain any control it may have over expenditures this clause should not be permitted to stand. If money is needed for the carrying on or improvement of the Grand Trunk system, let the minister come to Parliament, just as the Government does in regard to other appropriations that may be necessary, state in Parliament what money he needs and have that money voted by Parliament. I do not think it is too strong a term to say that this section is thoroughly vicious in that it deprives Parliament altogether of its control over the supplies that may be necessary for this purpose. Under this term "the operation or improvement of the Grand Trunk system" the minister can spend public money for any conceivable purpose in connection with these roads, building hotels, branch lines and stations; he can go into any constituency in this Dominion where the railway is going to run and find that this particular town needs this improvement or that particular county needs that improvement and give the assurance that Parliament has given him the right to lend the company any money it pleases to spend for the purpose of carrying on those improvements. As my hon. friend (Mr. McKenzie) remarks, a few weeks ago there was a characteristic illustration of this. We saw a letter in one of the journals published in Kingston by a prospective candidate in the approaching election there stating that in view of what had been told him by friends of what was alleged to have been said by the Minister of Railways and Canals as to what would be done in Kingston, it was useless for him to run as a candidate, that therefore he would withdraw, and as a result the hon. Minister of Finance (Sir Henry Drayton) was returned unopposed. That kind of thing is possible under this clause. Nothing can be more subversive of the rights of Parliament and the interests of the people than that any such wholesale power should be given to the Government.

Mr. EDWARDS: Is that the reason why the Grit candidate in Kingston withdrew too?

Mr. MACKENZIE KING: I have not the slightest doubt that that may have been a reason in view of the fact that, according to reports, representations were made on such an extensive scale.

Mr. EDWARDS: My hon. friend was there just a few hours before he withdrew and I thought he would have some information in reference to him.

Mr. MACKENZIE KING: The hon. member was in Kingston for a different purpose entirely and had nothing to do one way or the other with the choice of a candidate for Kingston, but I have not the slightest doubt that inasmuch as the Unionist gentleman who had been named as a candidate for that constituency said that he felt that it was entirely useless to run as the Government had made so many promises to the electors as to what was going to be done in Kingston the other candidate may have thought that his chances would be equally poor under the circumstances. I do not think one can use words too strong to describe the vicious possibility of a clause of this kind, and I therefore think that clause 8 should be struck out entirely.

Mr. J. E. ARMSTRONG: Does the hon. gentleman think the remarks he has made are very complimentary to the people of Kingston?

Mr. MACKENZIE KING: I have not done anything but quote the remarks of a citizen of Kingston, and I have nothing to take back in regard to anything I have said one way or the other.

Mr. J. E. ARMSTRONG: The hon. gentleman seems to think that the Minister of Railways had made so many promises as a minister of the Crown to the people of Kingston that one of the men in the running thought it useless to continue in the field, the assumption being that the people of Kingston were easily influenced.

Mr. MACKENZIE KING: My hon. friend neglects to read the papers. This Unionist gentleman, one of my hon. friend's friends, over his own signature, wrote a letter to the Kingston Standard in which he said that he had accepted the nomination of the citizens of Kingston to stand as the candidate but that he withdrew from the field entirely because it had been represented to him that the Minister of Railways had promised so much in the way of improvements for the city of Kingston that he felt that it would be useless for him to run.

Mr. J. E. ARMSTRONG: That has been denied time and again.

Mr. MACKENZIE KING: I will read the Kingston Standard of Friday, October 10.

Some hon. MEMBERS: Order, order.

Mr. MACKENZIE KING: Does the hon. gentleman not wish to have the facts stated?

This morning Mr. Hughes drafted a letter explaining precisely the reasons that led to his withdrawal. The letter is as follows:

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: If the Chairman rules me out of order I shall not continue to read.

The CHAIRMAN (Mr. Fripp): I think the hon. member is in order.

Mr. MACKENZIE KING (reading):

To the Editor of The Standard:

Sir:—I wish to announce that I have retired from the contest for the seat in the House of Commons. My reason for doing so is that it is reported that the Hon. J. D. Reid made the statement to a number of representative citizens that if Sir Henry Drayton was given the seat Kingston would be well looked after and that the harbour improvements would be assumed. Being a loyal and true Kingstonian and as I have always worked for the interest of the city I felt that I could not take the responsibility of going on with the contest and in any way interfering with the material progress of the city. I sincerely hope that Sir Henry Drayton will see to it that work will be started in a very short time and Kingston will become the eastern terminal of the Great Lakes.

Do hon. gentlemen see that?

Kingston will become the eastern terminal of the Great Lakes. I thank the many citizens who assured me of their support and ask them to put their shoulder to the wheel and work for a bigger, better and more prosperous Kingston.

(Sgd.) J. M. Hughes.

Now, Mr. Chairman, see how closely that letter links up with this clause in the Bill. This candidate retires from the field because he has been led to understand that Kingston would become the eastern terminal of the Great Lakes, and this clause asks Parliament to give to the Minister of Railways the right, if he thinks that such may be regarded as an improvement of the Grand Trunk System, to make Kingston the terminal of the Great Lakes.

Mr. J. D. REID: Why cannot the leader of the Opposition (Mr. Mackenzie King) be fair in this matter? Why does he not give the whole story? What does the letter which has been read by that hon. gentleman say? "It is reported,"—or "it is a street rumour". The leader of the Opposition has been perusing Hansard from day to day and must have read my reply to the statement in question which appears there. That reply is to this effect: The man that wrote that letter was not at any meeting at which I was present, but a gentleman, a Unionist, who was there, denied the next day that there was any truth whatever in the statement. The leader of the Opposition knew that there had been a public statement made by a gentleman who was present at the meeting attended by me in which a denial of that letter was given, but nevertheless he read the letter this evening. Knowing that the letter in question had been denied by the party or parties who were present at the meeting in question, he nevertheless suggested that the statements contained in the letter are true. I denied it the other day, and in the presence of the leader of the Opposition I deny it once more; there is no truth whatever in the statements contained in that letter. I say I never made any such promises, and I ask the hon. gentleman when he again quotes that letter to couple with it my denial which he knew was already on Hansard.

Mr. McKENZIE KING: Let me say at once to my hon. friend that I would be the last person not to accept the statement he had made at the present moment. I certainly do accept it and I am very glad to do so. I had no other thought in reading the letter than to answer my hon. friend (Mr. Edwards) who raised a concrete question, and in regard to this very matter of the campaign in Kingston. I read the letter which speaks for itself—it contains the reason which the candidate himself gave for withdrawing. The candidate himself may have been mistaken in the reason which actuated him to withdraw, and may have been mistaken in the information which was given to him. I am quite prepared to say that I am only too happy to believe what the minister has said and that he should not be held responsible for anything of the kind. I have not any intention to reflect on the minister, but I did want to make very clear the point that I think where rumours of the kind are afloat there is a double reason why we should be very careful with respect to the legislation we are putting through this Parliament not to give to the public even the slightest reason to believe that a possibility of that kind may exist.

Mr. J. D. REID: Of course if you are going to depend on newspaper rumours and reports and letters written by persons who do not know the facts—

Mr. MACKENZIE KING: This man was the candidate.

Mr. J. D. REID: — you might as well strike out that clause in the Bill or any other clause which bears upon it. The leader of the Opposition is trying to lead the people of this country to believe that if we take over the Grand Trunk system the Minister of Railways for all time to come will have power under this clause to build hotels and to enter upon the spending of money in any way, shape or form.

Mr. MACKENZIE KING: Oh, no.

Mr. J. D. REID: This Bill provides that not the minister merely, but the Government must authorize any expenditures, and then only during the time this Committee of Management are in control.

Mr. MACKENZIE KING: Certainly.

Mr. J. D. REID: That is all.

Mr. MACKENZIE KING: Not for all time. I was trying to find out how long this Committee of Management will be in control. Will it be for nine months?

Mr. J. D. REID: While the arbitration is going on. The leader of the Opposition wishes to lead the people to think that during that time the Minister of Railways is going to start out to build hotels on this great system. I can say to the hon. gentleman that so long as this prohibition wave continues there is not much danger of that.

Mr. EDWARDS: I do not think the leader of the Opposition should be permitted to get away with the little bit of side play he presented to the House a few minutes ago. After departing altogether from legitimate argument in connection with this Bill he, and not I, introduced the question of the election in the city of Kingston. Finding himself entirely in the wrong in that matter he tried to get away with it by saying that he merely referred to the matter in answer to an interrogation of mine. What induced my interrogation if it was not the hon. gentleman's own reference to the city of Kingston and to the withdrawal of Mr. Hughes from the contest there. That was what led me to ask a question with regard to the withdrawal of the Liberal candidate in Kingston. The hon. gentleman's memory is exceedingly short if three minutes after he has spoken he cannot remember what he has said. It was the hon. gentleman himself who introduced the matter and he did so knowing perfectly well that he was not dealing with the merits of the case, nor with the merits of the clause; he was playing politics and playing it in a petty way at that. Not only was he playing politics in a petty way but he was deliberately keeping back from the House facts which he had in relation to the matter, to which he specifically referred—that is the election in Kingston. The hon. gentleman knew perfectly well when he brought up the matter of the withdrawal of Mr. Hughes from the contest in Kingston——

Some hon. MEMBERS: Order.

Mr. L. A. LAPOINTE: The hon. gentleman is out of order——

Mr. EDWARDS:—he knew perfectly well that the minister had given his denial to the allegations made against him.

Mr. L. A. LAPOINTE: Has that anything to do with the Bill?

Mr. EDWARDS: The constituency——

Mr. L. A. LAPOINTE: The hon. gentleman is not in order.

The CHAIRMAN (Mr. Fripp): I must ask the hon. gentleman to confine his remarks to the clause under discussion.

Mr. L. A. LAPOINTE: The chairman should certainly call the hon. member to order.

Some hon. MEMBERS: Order.

Mr. EDWARDS: It certainly passes my comprehension that when I get up in the most perfect good humour to discuss some question my hon. friend opposite is attacked with an overflow of bile. It occurs very frequently with my hon. friend.

Mr. L. A. LAPOINTE: The hon. member is not in order. I again rise to a point of order.

The CHAIRMAN (Mr. Fripp): I must ask the hon. gentleman to confine his remarks to the clause under discussion.

An hon. MEMBER: What about the leader of the Opposition?

Mr. EDWARDS: I most assuredly will endeavour to keep within the rules as you have indicated them, Mr. Chairman, but I know you will not keep me any closer to the line than you did the leader of the Opposition. Of course I do not occupy such an exalted position as he does. Still I am a member of the House and amenable to the rules only to the same extent as the hon. gentleman is. I can well understand——

Mr. L. A. LAPOINTE: Order.

Mr. EDWARDS:—the reference by the leader of the Opposition——

Some hon. MEMBERS: Order.

Mr. EDWARDS:—to the question of the Kingston election. The matter of the withdrawal of the candidate from the contest—

Some hon. MEMBERS: Order.

Mr. EDWARDS: The leader of the Opposition himself has had considerable experience in withdrawing from contests.

Mr. PELLETIER: Mr. Chairman, I rise to a point of order. We are now considering clause 8, but the member for Frontenac is speaking of the Kingston election, which has absolutely nothing to do with this clause. It seems to me that we should get down to business and deal with this question on its merits.

The CHAIRMAN: The hon. gentleman will understand that for obvious reasons I have been unable to follow the hon. member who now has the floor. I feel sure that he will keep himself within the bounds of the clause under consideration. Before I call him to order I would like, of course, to make sure that his remarks are not relevant to the clause.

Mr. EDWARDS: Mr. Chairman—

Mr. L. A. LAPOINTE: What clause are we on now?

Mr. CHAIRMAN: Clause 8.

Mr. L. A. LAPOINTE: See that the hon. member speaks to that clause.

Mr. EDWARDS: I wish to convey my sincere thanks to the hon. gentleman (Mr. L. A. Lapointe) for endeavouring to assist me. I may not be able to do this quite as well as he could do it, but I will do it in my imperfect way, if he will be kind enough to allow me. I have always taken it for granted that when certain matters are placed before the committee by one hon. member it is in order for another hon. member to discuss them. The leader of the Opposition read a letter from the Kingston Standard, and was permitted by the Chairman to do so. I am not saying whether the leader of the Opposition was in order in going into that matter, but as he was allowed to do so it seems to me that I should be permitted to discuss what the leader of the Opposition discussed. The leader of the Opposition made certain reference to an election in Kingston and read a letter which he connected with the particular clause under discussion. In fact, with that astuteness and cleverness which some lawyers possess to a greater degree than others, and which some think they possess to a greater degree than they do, the leader of the Opposition declared—

[Mr. Edwards.]

Mr. L. A. LAPOINTE: Order. Mr. Chairman, I would like to know whether the hon. member is talking about the Government lending money to the Committee of Management? I have not heard him say a word about clause 8.

The CHAIRMAN: The hon. member (Mr. L. A. Lapointe) has not yet given the Chair an opportunity of following the trend of the remarks of the member for Frontenac (Mr. Edwards). As I understood the member for Frontenac, he was explaining why he had digressed from the clause. I understood him to say that a letter had been read by the leader of the Opposition; that the reading of that letter had been permitted and that some discussion had arisen upon it. The leader of the Opposition having been permitted to read such a letter, I think it is only fair that an answer should be given from the Government side to any remarks which may have been made. But I must point out also to the hon. member who is now addressing the Chair, and to the Committee, that the mere fact of reading a letter which is not relevant to the point at issue should not furnish an occasion to an interminable discussion on the point. I would therefore request the member for Frontenac to make his remarks as brief as possible in answer to any which have been made on the subject to which he refers, and would respectfully ask the entire committee to then come back to the clause under discussion.

10 p.m.

Mr. EDWARDS: Mr. Chairman, ——

Mr. L. A. LAPOINTE: Mr. Chairman, the Minister of Railways has answered the leader of the Opposition.

Some hon. MEMBERS: Order.

Mr. L. A. LAPOINTE: I rise to a point of order. The member for Frontenac has no right to speak on that letter; the Minister of Railways answered the point.

The CHAIRMAN: Order. The ruling of the Chair may have been given in error, but it has been given and the member for Frontenac has the floor. I do not see how I can change my ruling; and I can only ask the member for Frontenac to make his remarks with regard to this incident as brief as possible.

Mr. EDWARDS: I thank you, Mr. Chairman. I really think I ought to give place to my hon. friend (Mr. L. A. Lapointe); there was so much noise on the other side that I could not catch what he said.

The point raised by the leader of the Opposition was that an election had taken place in Kingston and that a candidate had withdrawn from that election, and he connected that with this particular clause, saying that it had a bearing upon it. Now, Mr. Chairman, I am going to respect your ruling, because I think this discussion is entirely out of order. I believe that the leader of the Opposition was entirely out of order in the remarks that he made, and being an old parliamentarian and the leader of a party he should have known that he was out of order in going as far as he did. I think I was justified in replying to his remarks. However, Mr. Chairman, I shall take up no further time of the committee; I shall accede to your wish and drop the matter.

Mr. L. A. LAPOINTE: Thank you.

Mr. FIELDING: We have now disposed of the Kingston incident—a mere side show, which may have been entertaining, —let us now get back to the real question. If there is any principle which is recognized in British parliamentary institutions it is that the appropriation of public moneys is the function of the House of Commons. This section is a flagrant departure from the first principle of British parliamentary government. The Minister of Railways could not get a five-dollar bill to meet the current expenses of his department without bringing down an estimate to this House, and very properly so. Now, what does this clause propose? It reads:

> The Government may lend to the said Committee of Management, upon the notes or other obligations of the Grand Trunk, such sums as the Government may from time to time deem necessary for the carrying on of the operation or improvement of the Grand Trunk system.

How long this committee is to remain at work is only an incidental question; it is not vital to us here. The Minister of the Interior practically says that the operations of the committee will extend over a period of at least nine months, and he will not be surprised if it is longer. We all know that operations of this kind move very slowly, and I should not be surprised if this committee remained in charge for a considerable time. We are all anxious to stand by the rights of the House of Commons. Surely it is not unreasonable to say to the Government: Strike out this clause, and if you want any money for the purposes suggested, come down with your estimates and let us vote it the same as we do for anything else. What reason in the world can be given for giving the Government a blank cheque in regard to this work for the operation, management and improvement—"improvement," you will note—of the Grand Trunk system? My hon. friend says that he would not start to build hotels; I suppose he wants to wait to know whether the hotels are to be "wet" or "dry." I hope that the Government will not seriously press this clause; I submit in all earnestness and in no party spirit that we ought to stand for the rights of the House of Commons. I ask the Government to reflect seriously before they attempt to put a clause like this before the House.

Mr. MEIGHEN: Before the present leader of the Opposition rose to deliver once again a political speech, with which performance I think hon. members are very unkind to interfere, I had thought of making a statement with regard to this clause, because it had occurred to me and does occur to me even more forcibly now after the speech of the hon. member for Shelburne and Queen's (Mr. Fielding), that there is, in this clause, a departure in one feature at all events, from recognized procedure. I did not draw up the Bill; the Bill was prepared immediately after or about the same time as the letters were exchanged at the last. Undoubtedly the function of the House of Commons is to vote Supply. One feature of the clause that strikes me as not quite correct is the presence of the word "improvement." It would not be out of the way, at all events not much out of the way, to ask Parliament to enable the Government to see that the system is operated; but it would not occur to me to be proper that a vague power of improvement should be authorized even during the limit of time during which the committee of management is in control. If, of course, the limitation were fixed as to the amount that could be used for purposes of operation, then the effect of the clause would be merely the same as an Estimate passed by Parliament; there would be no difference at all. I am not in a position to say what could be fairly estimated; nor, indeed, am I in a position to say that it is possible just at this time to make an estimate; but I do not think it is unreasonable that the Government should be required to fix a limit beyond which the moneys of the country could not be used for the operation of the road. If that limit is fixed, then it amounts to an appropriation for the purpose. Consequently, I would suggest that

the clause stand until we endeavour to ascertain if it is not possible to fix the amount that will be required for that purpose, so that Parliament will know just what authority is given by that clause.

Mr. McKENZIE: We were told that we were likely to have Estimates brought down this session. What would be the difficulty of putting in the Estimates whatever amount the minister will want and of voting it in the regular way.

Mr. MEIGHEN: I am not sure what Estimates there would be. There would not be much difference at all events. It may be possible that the clause can wait for the Estimates; I cannot say. For the present I would suggest that the clause be allowed to stand.

Section stands.

On section 9—agreement to provide for arbitrators, oaths, evidence and award, etc.

Mr. McKENZIE: How does clause 3 read as amended? As originally drafted it read that besides the terms set forth in the agreement, it "may contain such other terms and conditions as the parties may agree upon."

The CHAIRMAN: The amendment was to insert after the word "conditions" in the last line, the words "not inconsistent with the provisions of this Act."

Mr. McKENZIE: Clause 9 reads:

> The said agreement shall provide, among other necessary and usual provisions—

Clause 3 provides that nothing can be put in the agreement which is inconsistent with the Act, whereas this clause provides for "other necessary and usual provisions." What is meant by taking power to make "other necessary and usual provisions" except what are covered by section 9?

Mr. MEIGHEN: What was contemplated by that were such details as the appointing of stenographers to take evidence, and so on. I would have no objection to any other wording which is more agreeable to the hon. gentleman. Clause 3 as it stands now gives all the authority that is necessary for the filling in of necessary details by way of terms and provisions in the agreement. There is no reason why the words "among other necessary and usual provisions" should not be stricken out.

Mr. McKENZIE: The purpose of the amendment made by the minister to clause 3 was to restrict the Government's power of determining what should be contained in the agreement, but this might be regarded as cancelling the restriction and opening the door again. Clause 9, being the later clause, would control clause 3, and it might be said that it renders of no effect the restrictions of clause 3.

Mr. MEIGHEN: Possibly so. I move to amend clause 9 by striking out in the first and second lines the words "among other necessary and usual provisions."

Mr. JACOBS: Is it not possible for us to have a draft copy of the agreement? It is usual to have a copy of the agreement incorporated in the Bill itself so that we can go over it.

Mr. MEIGHEN: That is not possible because the agreement is not prepared. The preparation of an agreement is a long process. I have had some experience in that work, and I am sure the hon. gentleman has had more than I have, but in the case in which I was to a degree engaged it took many weeks to see that everything was covered and safeguarded in the agreement. Sometimes the legal representatives of the other side are not ready to act, and I rather think that is the case just now. What progress can be made is being made in this matter, but I cannot give any estimate as to when the agreement will be completed.

Mr. J. H. SINCLAIR: It would be very satisfactory to the committee to have the agreement before them if that were possible. I do not think it is such a difficult document to draw up as the minister suggests. We have, according to this little red book, the Canadian Parliamentary Guide, ten eminent lawyers in the Government. The Prime Minister is absent, and we all know that he is absent for a good reason. Two of the others are present to-night, and the Lord knows where the other seven are. But why should they not be put to work for a day to draw up this agreement and submit it to members of the House so that we might see what it contains. It looks to me as an unreasonable proposal that when we have so much legal talent in the Government, we should be asked to forego the pleasure of seeing this agreement before we give our consent.

There is another point. A question arose the other day as to whether the stocks should not be valued as of a certain date. I find in Hansard the following:

> Mr. McKenzie: Will the Government name a date upon which the value of those stocks should be fixed?
> Mr. Meighen: Yes.

Mr. McKenzie: The Government is now proposing to take over this road and these stocks may acquire a certain value greater than under old conditions when they were not paying any dividend and had practically no commercial value. When we begin to arbitrate some definite date should be fixed for the arbitrators to consider the value of these stocks at that time.

That is one matter that might be dealt with in the agreement. Has the minister considered the advisability of embodying it as one of the terms, and if so, will he place it in the statute?

Mr. MEIGHEN: As to preparing the agreement, of course everything is easy except what one sets himself to do. There are some lawyers in the Government, but the great difficulty is that their valuable time is frittered away and wasted, and their energies dissipated by the many repeated questions of the Opposition.

Mr. JACOBS: And by attending by-elections.

Mr. MEIGHEN: Not very much; just two days. If we had had my hon. friend (Mr. McMaster) here for the last two weeks think of what he might have done.

Mr. JACOBS: He would have been of material assistance.

Mr. MEIGHEN: He does not seem to have been of very much assistance where he was.

Mr. JACOBS: He set the minister a bad example.

Mr. MEIGHEN: He has set many bad examples. My hon. friend himself is a lawyer. I for one would be ready to excuse him from the House for a week, that he might bring back at least a draft of the agreement. He would then realize how difficult and lengthy a task it really is.

As to a date, a date will have to be fixed. I have not had an opportunity of considering or discussing just what date would be right, but I frankly say that what would appear to me to be about the right time would be the first of October of this year, or perhaps a little earlier.

Mr. J. H. SINCLAIR: Yes, earlier than that.

Mr. MEIGHEN: So that there would be no possibility of any appreciation due to the agreement being taken into account. If it were not that date, and if such a date were fixed that this agreement could be said by any possibility to have any effect on the matter, then that effect should be expressly eliminated from the consideration of the arbitrators by the terms of the agreement.

Mr. ROBB: Not only is it important that we should have the agreement before us so that we may know the date fixed for the valuation of the stock, but we are also interested in over 2,000 miles of railway within the United States. We are also interested in obligations held by the different provinces of Canada. The Grand Trunk has given certain guarantees for the Grand Trunk Pacific, and the Grand Trunk Pacific has given certain guarantees for branch lines, in which the provinces are concerned. We see by the press that there is a difference of opinion in regard to these obligations between this Government and the provinces.

Coming back to the United States, I have here some figures which I should like the Government to confirm. The capital of the Central Vermont railway is $2,984,600, of which the Grand Trunk railway owns $2,191,000. The outstanding funded debt is $11,750,000. The Grand Trunk guarantee interest on the bonds providing for deficiency up to 30 per cent of gross receipts on interchange of business. The Central Vermont railway also owns stocks and bonds of the Southern New England railway, which was projected and partly built from Palmer, Mass., to Providence, R.I., but the road has been abandoned. The Central Vermont railway have made advances on account of this line of about $10,000,000, which they are carrying on the asset side of their balance sheet under "Advances". This money has been lost, and there are now pending suits for breach of contract and damages on account of the abandonment. I understand that a suit is now pending for $3,000,000, and it would be well to know what responsibility we shall have in connection with that suit. We are embarking upon an undertaking that runs through different states. The state of Maine has issued an order compelling the subsidiary company of the Grand Trunk running through that state to put in a block signal system within a limited time. Only a small part of that work has been done. If we take over that line, that will be an obligation on the part of the Dominion. I think it would be well for us to have the agreement before us so that we shall know our exact relationship to all these undertakings in connection with which there are obligations under state legislation, but of which there is no record in the blue-book. Certain obligations have been laid on the

road which have not yet been carried out, and for which we shall become responsible when we take over the road.

Mr. MEIGHEN: The hon. gentleman refers to some enterprise of the Central Vermont Railway, in respect of which he states there are some outstanding disputes, if not, indeed, definite obligations. If the hon. gentleman will refer to page 1023 of Hansard he will find there the letter of October 9, in which the following is set out:

> We have hitherto referred generally to the "Grand Trunk System" but to prevent any misunderstanding as to the meaning of that term there will be inserted in the agreement of arbitration below referred to the necessary definition of the term and a statement of how the various companies and their undertakings are controlled by the parent company—whether by stock ownership and to what extent, leases, agreements or otherwise, distinguishing in these respects the direct ownership and control by the parent company and its indirect ownership or control through companies included in the system.

The agreement as contemplated by that clause must provide fully for a more detailed definition of all the various and intricate relationships between the component parts of the Grand Trunk system, including a clear statement of all the obligations in respect of each. I have no personal knowledge of the special obligation which appears to be in dispute with relation to the Southern New England Railway. It is because of the necessity of getting all these matters embodied in the agreement in clearly defined form that it takes some time to prepare the agreement. These matters must all be before the arbitrators and be taken into account by them. Suppose it should turn out that that obligation does exist, and that judgment is recovered against the Central Vermont Railway; that would mean just so much more liability for the Central Vermont Railway, and that much less value in its stock, which, of course, would be reflected in less value in the stock of the Grand Trunk itself.

Consequently the whole transaction as now proposed sees to it that if the stock is reduced in value we do not pay for it, to that extent. I cannot give further information as to the rights or wrongs of the obligation to which the hon. gentleman refers.

Mr. ROBB: The minister will admit that we are embarking on an enterprise which involves a lawsuit covering $3,000,000 which we will have to defend.

Mr. MEIGHEN: The lawsuit will just take its course as if we did not take over

the property. It will be defended by the defendants in the action. We are not the defendants; I presume, from what the hon. gentleman says that the Central Vermont railway are the defendants. Of course, we are interested in the success or non-success of the suit, but we do not interfere in the conduct of the action. We must trust the management in that regard as in any other. We shall be able to dictate the management but not dictate to the management.

Mr. CANNON: How can the minister pretend that the defendants will be the same persons under public ownership? If the Government owns the railway, in this lawsuit the Government will be substituted for the present defendants, and if they are not, the only inference can be that it is not a question of public ownership.

Mr. MEIGHEN: I hardly know how to put the answer, because I do not like putting it exactly the same way every time, but still there is only one right answer. The ownership of the stock, even of the Grand Trunk, does not change the entity of the company, which is just the same as it was before. It can sue and be sued just the same. Much less—at all events a little less—would the ownership of the stock of the Grand Trunk, the parent company, affect the entity or identity of a subsidiary company. In the same way, we own the stock of the Canadian National railways, and among the subsidiary companies the component parts of that system are the Canadian Northern railway and the Canadian Northern Quebec railway. The Canadian Northern railway is frequently sued the same as any other railway, and so is the Canadian Northern Quebec. The Government does not rush to the defence of the Canadian Northern; that concern takes care of its own defence. And it will be just the same with the Central Vermont railway or any other of the component parts of this system.

Mr. FIELDING: If a judgment is given against the Canadian Northern, who pays?

Mr. MEIGHEN: The Canadian Northern.

Mr. FIELDING: But the people of Canada are the Canadian Northern; they are the owners of the stock. Surely if this suit in the United States is pending, and at the time we take the road over an adverse judgment is given, it is plain enough, by whatever name you choose to call the company, the treasury of Canada will be responsible for the amount of the judgment.

Mr. MEIGHEN: I said a moment ago that we were certainly interested in the success or non-success of the suit.

Mr. FIELDING: "Interested" is a mild word.

Mr. MEIGHEN: We are interested as stockholders of the company. If my hon. friend owns stock in a company against which there is a lawsuit, does not the company take care of its own defence? The hon. gentleman does not employ separate counsel, because he is a stockholder, to help the company out. It is just the same here. We do not dictate to them in relation to that part of the management any more than in relation to any other question. We are certainly affected by the judgment the same as stockholders of any company are affected by a lawsuit in which the company is engaged.

Mr. FIELDING: The hon. gentleman says we would not dictate. All we would do is pay the bill.

Mr. CANNON: According to the minister, the only interest the Government will have in the railways is that of an ordinary shareholder to the extent of the stock held.

Mr. MEIGHEN: Yes.

Mr. CANNON: Then what about public ownership?

Mr. MEIGHEN: We own all the stock and are interested to that extent, but that does not prevent the company from taking care of itself.

Mr. CANNON: If I hold shares in a company for $200 or $1,000, I am certainly interested in the company, but I cannot contend that I own the company, and the Government to-day claim that the only interest they will have in the system, if this Bill goes through and the agreement is signed, will be the ordinary interest of a shareholder. How can they then contend that the question before Parliament is one of public as against private ownership?

Mr. MEIGHEN: If the hon. gentleman had a little stock he would be a little interested, and if he had all the stock he would be very much interested in the company, but still he would be only a stockholder of the company. The same is true of the Government.

Mr. CAHILL: Does the minister say now that the New England road was built and abandoned?

Mr. MEIGHEN: I have been informed that the Central Vermont did commence a road which was not gone on with. That was doubtless an error of the Central Vermont. There was also another important component part of the Grand Trunk that was commenced and should have been abandoned but was not. But all these things we have to stand for.

Mr. CAHILL: Is it the minister's information that $10,000,000 was spent on the New England railway?

Mr. MEIGHEN: I have no information to that effect.

Mr. CAHILL: The minister had some definite information on Monday night, when he said in regard to the Southern New England railway:

> As a matter of fact they did not do it, so it does not matter what the power was. What they have issued of bonds, they have used for their own road. The indebtedness, as has already been given and as embodied in Hansard, is $11,750,000.

Apparently this is not in accordance with the information the minister is giving now.

Mr. MEIGHEN: I am not giving information now; that is the information given me then, and it is all the information I have yet.

Mr. CAHILL: The minister now says that all the information he has is that the New England road had been started.

Mr. MEIGHEN: I am informed that it got some right of way, but I said before that the road was not built. I do not know just what was done. No rails were ever laid.

Mr. ROBB: Has the minister any information as to this suit now pending in the courts of the United States?

Mr. MEIGHEN: I am informed that there is a suit pending.

Mr. ROBB: Will the minister give us some information as to what progress has been made with the automatic block system in the State of Maine, which it is estimated will cost $4,000 a mile?

Mr. MEIGHEN: Really, I do not know anything about that block system. Perhaps there is some very important feature of it in regard to which I can get information. If so, I will.

Mr. J. H. SINCLAIR: The Minister of Railways promised that he would find out something about the $30,000,000 guarantee the Grand Trunk authorized the Central Vermont to give. I suspect it was out of that money that this defunct railway was started, although I do not know. I think

the minister said yesterday that he could give some information to the committee.

Mr. J. D. REID: The Central Vermont got authority to issue $30,000,000 of bonds but none of them were ever issued.

Mr. CAHILL: Will the superannuation and pension fund be under the charge of the Committee of Management?

Mr. MEIGHEN: The pensions are administered in accordance with the by-laws. I do not think the Committee of Management would have anything to do with that. The fixed rules upon which they are administered are set out—

Mr. CAHILL: Would the Committee of Management or the arbitrators have anything to do with the fund?

Mr. MEIGHEN: The arbitrators would not have anything to do with the pension fund except to take into account any obligations connected with it or any assets appertaining to it. They would have nothing to do with the management of it. I would presume that the Committee of Management might, if they chose, exercise control. But if the hon. gentleman will refer to page 1024 of Hansard, October 10, he will see the letter of October 9, which clearly sets out the position we take in regard to the pension fund. That position will of course be a part of the agreement and must be abided by entirely in so far as concerns the pension fund, the superannuation fund and everything covered by the paragraph. I refer to the last paragraph of the letter of October 9 appearing on page 1024.

Mr. CAHILL: But if in the meantime anything should arise, who would be the authority in connection with the matter—the arbitrators, the Committee of Management or the old directors?

Mr. MEIGHEN: Not the Committee of Management.

Mr. CAHILL: Well, then, the company. or the arbitrators?

Mr. MEIGHEN: It will be the Grand Trunk management.

Mr. CAHILL: The Committee?

Mr. MEIGHEN: No, I would not think that there would be any need whatever for the Committee of Management to interfere with it. They could not interfere with it in any way to violate the clause of the agreement or in any way to violate the last paragraph of the letter of October 9. These rights are established by the agreement and they are embodied in that letter.

[Mr. Sinclair.]

Mr. FIELDING: I would like to call the attention of the minister to subsection (a) of section 9. The agreement is to provide for:

> (a) the appointment of the arbitrators, the control of the arbitration proceedings; the administration of oaths, etc.

Can we in that way confer the power to administer oaths? Is that the form it should take?

Mr. MEIGHEN: We certainly can if the statute authorizes it.

Mr. FIELDING: But does the statute authorize it?

Mr. MEIGHEN: Yes, it says so here. The statute authorizes us to do that by agreement.

Mr. FIELDING: By section 9?

Mr. MEIGHEN: Yes.

Mr. FIELDING: Is that all?

Mr. MEIGHEN: Yes, the statute says:

> The said agreement shall provide, among other necessary and usual provisions . . . . the administration of oaths.

I do not know what the draughtsman had in mind. I presume it would be that the agreement would provide that oaths could be administered by the arbitrators themselves, and would provide that oaths must be administered before any evidence is taken, or that possibly there should be exceptions to that rule. It is to enable the agreement to provide either for exceptions or no exceptions, and to enable the arbitrators to administer oaths.

Mr. FIELDING: I quite understand that it is necessary that the arbitrators should have that power, but the suggestion I offer is that I doubt if this creates on the part of the arbitrators the power to administer oaths—that an incidental reference to it in the agreement may not be sufficient for the purpose.

Mr. MEIGHEN: Section 10 would meet the difficulty that the hon. gentleman sees.

> The Government and the Grand Trunk, and each company comprised in the Grand Trunk system, and all persons interested therein, are hereby respectively authorized and empowered to enter into the said agreement upon and subject to the terms herein set forth, and to do and perform all such acts and things as may be deemed necessary to observe, perform and comply fully with the terms and conditions of said agreement.

Mr. FIELDING: Still, I would ask my hon. friend to consider this in face of the fact that the power to administer an oath

is usually given in a direct form. I must not undertake to teach law to my hon. friend, but I am only asking him to consider whether he thinks that subsection (a) of section 9 creates on the part of the arbitrators the power to administer an oath. I do not think it does.

Mr. MEIGHEN: I would think myself that it did. I will ask that that point be reviewed by the legal adviser of the Government. In the meantime the clause need not be postponed, because if it is found that there is the difficulty apprehended by my hon. friend we can revert to it later.

Mr. McKENZIE: Any powers which the arbitrators can exercise in their judicial capacity should be found in the Act itself and not in the agreement.

Mr. FIELDING: Except as the act points out.

Mr. McKENZIE: That does not require to be in the agreement at all and it is contrary to the ordinary practice of administering oaths under the Act.

Mr. ROBB: This clause provides for the continuance of the superannuation, pension and the insurance schemes. There are apparently three different insurance organizations in connection with the Grand Trunk. Is the minister able to tell us if these are mutual benefit associations, if they are governed by the laws of only one province or of different provinces and states, and if they are on an actuarially solvent basis?

Mr. MEIGHEN: This is a purely internal and domestic pension or superannuation scheme, or rather both, of the Grand Trunk. I do not think it is affected particularly by the law of any state or province. The administration is governed by the by-laws of the company. I do not know what the hon. member is afraid of in relation to the law of any state. Any way, whatever the effect of the law of any state may be, it is just the same after the agreement takes effect as it is now.

Mr. ROBB: All I wanted to know was if these schemes were on an actuarially solvent basis and if not who is responsible for putting them on a solvent basis, the company or the employees who are insured?

Mr. MEIGHEN: My information is that they are actuarially solvent and that in reference to one or the other there should be a considerable sum after these obligations are squared up.

Mr. CAHILL: Is there anything shown in the statement of the Grand Trunk as to this amount?

Mr. MEIGHEN: Yes, the statement of assets and liabilities discloses the position of the pension fund. I had occasion to direct the attention of the hon. member to it several times in connection with the balance sheet of the company. It appears in the blue-book.

Mr. CAHILL: Does the item of $302,871.54 "special compensation fund" cover the pension fund referred to in the Bill?

Mr. MEIGHEN: I do not think that is it.

Mr. CAHILL: The minister is in doubt, surely.

Mr. MEIGHEN: I need to look it up; I always do before I speak. If the hon. gentleman will look at the items comprised under the heads of reserves and liabilities as shown in the balance sheet on page 38——

Mr. ROBB: That is fire insurance.

Mr. MEIGHEN: There is fire insurance and there are also "special compensation fund" and "reserves for contingencies." These items appear on the other side of the balance sheet and show what is done with the money while it lies invested, pending its being used for this purpose. I would say the $302,871.54 was money for such a purpose.

Mr. CAHILL: That is not quite the answer that was given in the first place, but I am glad the minister has come to my way of thinking without giving an evasive reply.

The CHAIRMAN: Amendment carried.

Mr. McKENZIE: Just a moment. I wish to call the attention of the minister to paragraph (d) of section 9. We have been told a good many times that the receiver was under the control of the Exchequer Court. Now we are taking that control out of the power of the court and telling the receiver what he shall do. I do not think that is good practice. Under the prevailing practice the receiver is under the control of the court in which he is and he cannot move very much without the direction of the court. Now I suppose if the minister goes to the judge of the Exchequer Court and asks for an order telling him to do whatever is necessary under this Bill he will get that order and get that direction; but by this Bill we are taking the matter out of the judge's hands entirely and putting it back into the hands of the Governor in Council. I submit, it is very irregular that part of their proceedings shall be subject to the decision of the Exchequer Court judge and that something

else shall be in the hands of the Governor in Council. We were told it was taken out of the hands of the Governor in Council and was under the control of the judge. I do not agree with this practice that part of the proceedings should be taken out and part of it left, when it is perfectly clear that the minister will get whatever order he may get from the judge himself.

Mr. MEIGHEN: This clause provides that the agreement shall contain the terms looking to the passing of the receivership from the Minister of Railways to the Committee of Management to the end that the Grand Trunk Pacific may be run as part of the Grand Trunk system. Now, of course the agreement can only do what the parties to the agreement are able to do, that is to say, what the Government can do on its part and the Grand Trunk on the part of the other side; they cannot override the Exchequer Court. I would say that the approval of the Exchequer Court judge would be necessary in order that the terms of the agreement in that regard should be effective. The receiver being empowered as between himself and the shareholders of the Grand Trunk and Grand Trunk Pacific to transfer the receivership to the Committee of Management he would also have to go to the Exchequer Court to get the approval of the judge. I think that would follow as a matter of law; it would not be required to be stated here.

Mr. CANNON: Would the minister state the meaning of the words in paragraph (a) "the control of the arbitration proceedings"?

Mr. MEIGHEN: That means the control of the proceedings. It says " the control of the proceedings "—that is to say, they shall decide what proceedings shall go on and what proceedings shall not go on.

Mr. CANNON: Who will decide?

Mr. MEIGHEN: The arbitration board.

Mr. CANNON: I know, but the paragraph reads now:

"the appointment of the arbitrators, the control of the arbitration proceedings"—

It does not say by the arbitrators.

Mr. MEIGHEN: The agreement provides for that but the provision would be that the board would control its own proceedings.

Mr. CANNON: Naturally.

Mr. MEIGHEN: Yes.

Mr. CANNON: But the way the paragraph reads now might lead to a misunderstanding. It talks about the control of the arbitration and does not say the control of the arbitration by the arbitrators.

Mr. MEIGHEN: Of course it says that.

Mr. CANNON: It does not say by whom.

Mr. MEIGHEN: Yes, but undoubtedly the terms of the agreement which is here authorized to be made would be so made as to make the board control its own proceedings. I rather think that the letter specifically says that as well, that the board shall control its own proceedings. Yes, I remember distinctly that it does.

Section as amended agreed to.

On section 10—Authority for Government, Grand Trunk companies, and all parties interested, to enter into agreement:

Mr. McKENZIE: Does the minister think that the sections of the systems, or the companies, which now compose and will hereafter compose part of the system, and which are within the limits of the United States, require parliamentary authority to enter into this agreement?

Mr. MEIGHEN: Well, of course the effect of this clause cannot go any further than it is within the jurisdiction of Parliament to legislate with regard to, say an American road. I do not know that we could legislate with regard to anything concerning it. All we say here is, that agreement is executed between the Grand Trunk Company and the Government. It may be there shall be some other companies made parties to the agreement. That may be found necessary. But so far as we have power to say to these companies, the parties to the agreement: " You shall be able to do what that agreement provides you shall do," we say it. If we have not power, then, of course, there is nothing added to it at all and there is no harm done. We can simply do this to the extent of our jurisdiction.

Mr. McKENZIE: Well, I think it would be good drafting and good legislation to say that we are only legislating within our jurisdiction. But that was only within my mind as a secondary thought; I asked the minister if he thought that when these American companies—American in name and American in location—are joining in this agreement they require statutory or parliamentary authority to do so. If they do they would have to go to the legislatures of the respective states in which they are located for that authority; and I wish to ask the minister if he is providing for a con-

tingency of that kind, that those companies —for instance in the state of Massachusetts or the state of Maine—would go to their respective state legislatures for authority to enter into this agreement? Where it is perfectly clear that we cannot give them authority, they being beyond the zone of our jurisdiction, it would look better for us to say in this section that we are only legislating within the confines of Canada and within the jurisdiction of this Parliament.

Mr. MEIGHEN: It is not expected at all that any of the companies except the Grand Trunk proper will have to join. This was simply put in as a matter of precaution. We do not think there is the slightest possibility that any American company would require any enlargement of their power for anything they would have to do.

Mr. CASGRAIN: I would ask the Government to give us some explanation regarding the position of the Grand Trunk and the Pullman Car Company, an explanation that was promised last night in reply to a question from an hon. member on this side.

The CHAIRMAN: The hon. member's question is certainly not in order under this clause. At the same time I understand that the minister promised a reply last night to the question, and I would solicit the unanimous consent of the committee that the reply may be given.

Mr. CASGRAIN: I think I am right to ask this question, because the clause—

The CHAIRMAN: The hon. member is certainly wrong in discussing the ruling of the Chair. The ruling is that the hon. gentleman's question may be answered.

Mr. MEIGHEN: It is quite true that the hon. member was promised information as to the method by which the Grand Trunk conducts its operation of Pullman cars. I am told that that information has not been wholly secured as yet, but I think it would meet the hon. gentleman's object if I say that the company operates its Pullman cars under a long-term contract expiring in 1937, by the terms of which the Pullman Company get a certain proportion of the revenue derived from the operation of these cars, commencing after the Grand Trunk gets a fixed proportion. That is the nature of the agreement; the exact details as to the amounts I am not able to give as yet.

11 p.m.

Mr. CANNON: What is the meaning of the words "and all persons interested therein" in section 10?

Mr. MEIGHEN: What was in the mind of the draftsman was this: That it might be necessary, in addition to the companies as bodies corporate entering into the contract, for representatives of various classes of stockholders also to execute the contract in their respective capacities. That was a contingency which the draftsman had in mind; I myself cannot see that it will likely eventuate.

Section agreed to.

On section 11—Orders in Council authorized to vest in Government any preference or common stocks not transferred, or to vacate office of director, or otherwise to carry out agreement.

Mr. McKENZIE: This section professes to vest in the Governor in Council power to deal with the stock of this company wherever it may be. We are professing to pass an order cancelling the powers which a man who lives in Switzerland has by virtue of the terms of a stock certificate of this company which he holds—a certificate which is personal property and cannot be affected in any way, except as to the value of the stock, by what becomes of the rails and cars here. I submit that when a person who owns a property and the property itself is beyond the jurisdiction of this Parliament, we cannot legislate in regard to one or the other. I suppose it is no harm to pass the section as it is, but I do not think we are giving to the minister the power that the language of the section would indicate.

Mr. FIELDING: Is not the drafting of this section peculiar? The first two lines read:

> Any orders of the Governor in Council which the Government may deem requisite to vest in the Government.

The ordinary form would be that "the Governor in Council" may do certain things. "The Government" is defined at an earlier stage as meaning the Minister of Railways, but the distinction between "Government" and "Governor in Council" in this clause seems to be inconvenient.

Mr. MEIGHEN: I really think that the hon. gentleman is right. I move that this clause be struck out and that the following be substituted therefor:

> The Governor in Council may make such orders as are deemed requisite to vest in the

Government any of the preference or common stocks not transferred to the Government or its nominees under the terms of this Act, or to vacate any office of director, or otherwise to carry into effect the terms and provisions of the said agreement.

Amendment agreed to.

Mr. McKENZIE: What is the meaning of the words "its nominees"? Is it the intention that this stock, instead of being vested in the Minister of Railways—that is, the Government—may be vested in somebody else nominated by the minister?

Mr. MEIGHEN: The idea, I think, is to vest it in the Minister of Finance instead of in His Majesty represented by the Minister of Railways, as the words "the Government" are, in effect, defined.

On section 12—discharge of receivership of Grand Trunk Pacific and termination of proceedings in Exchequer Court.

Mr. McKENZIE: I really think we have made excellent progress to-day. There is some information that should be given in connection with this clause and that will take a little too long to give to-night. Speaking for myself, I have not been able to grasp exactly our relations to the Grand Trunk Pacific, what the Grand Trunk Pacific owes to the people of Canada and how that obligation is to be discharged in connection with this agreement. I think that would all come into play under this section. I would be glad if the minister would let this clause stand until to-morrow and be prepared then to give a full explanation of what our relations are. Although the matter has been referred to incidentally several times, I do not think a full explanation has been given and it would not take ten minutes to give one. Speaking for myself, I should like to have that explanation before we leave this clause.

Mr. MEIGHEN: As to what the Grand Trunk Pacific owes to the Government?

Mr. McKENZIE: Yes, and how it is proposed to satisfy that obligation. The minister told me long ago in connection with this discussion that the Grand Trunk would have to pay whatever the obligation was, but other ministers said that it would not be so. For instance, the President of the Council (Mr. Rowell) early in the discussion made a speech in which he said that we forced the Grand Trunk into this agreement and that we should deal sympathetically with them in connection with this obligation. But the Minister of the Interior (Mr. Meighen) said, as he will find by reference to his speech in the early stages of the discussion, that the money would have to be paid. We would like to know definitely what line of procedure is to be taken, how the amount, directly and indirectly owed, is to be definitely ascertained and how it is to be paid. Are any terms to be put into this agreement by which the arbitrators can deduct that amount from the final award that they may make, leaving us to pay only what will be due to the Grand Trunk after all their liabilities have been satisfied so far as the Dominion of Canada is concerned?

Mr. FIELDING: I do not wish to be hypercritical, but again may I direct the minister's attention to the form of drafting of clause 12, which reads:

Upon the transfer to or vesting in the Government of the preference and common stock as herein provided for, the Government—

Which means according to my hon. friend, the Minister of Railways as representing His Majesty the King.

—may, by order in council provide—

That is to say, the Minister of Railways is the boss, and he may direct the Governor in Council to do things. I do not think this is good practice.

Mr. MEIGHEN: The drafting is entirely wrong there. It should read:

The Governor in Council may provide—

Just as the hon. member has suggested in reference to clause 11.

The CHAIRMAN: Mr. Meighen moves to amend clause 12 by striking out the word "Government" in the third line thereof and the words "by Order in Council" in the same line and to replace the word "Government" by the words "Governor in Council" so that the clause will read:

Upon the transfer to or vesting in the Government of the preference and common stock as herein provided for, the Governor in Council may provide for the discharge of the receivership of the Grand Trunk Pacific Railway System and the termination and withdrawal of the proceedings in the Exchequer Court of Canada relating thereto.

Mr. FIELDING: Had you not better say "by Order in Council?"

Mr. MEIGHEN: That is not necessary. That is the only way in which they can provide it I have no objection to meeting the request of the hon. member for Cape Breton North and Victoria (Mr. McKenzie) as regards letting this clause stand. I can only add that the debts that the Grand Trunk Pacific owe to the Government and

the debts that the Grand Trunk owe to the Government are all set out in the agreement, and that all that I have ever said is that all those obligations must be taken into account by the arbitrators. What the President of the Council (Mr. Rowell) may have said when I did not have the pleasure of hearing him, I do not know, but he has had a full understanding and has made a careful study of this question, and I should be very much surprised if he has said anything different from what I have said.

Mr. McKENZIE: Does the minister now say that this will be dealt with as a business transaction between two business concerns; that any money or obligations that the Grand Trunk Pacific owe or must discharge to the people of Canada will be fully considered and properly dealt with? But there is something else that I forgot. There are large claims against the Grand Trunk Pacific other than our claims. When we take over this road we are taking over not only the obligations to ourselves but the obligations to other people from whom the Grand Trunk Pacific borrowed money and who hold the stocks and bonds of that company; some of those guaranteed by us, some guaranteed by the Grand Trunk and some not guaranteed at all, but all of them claims against the road. I will expect the minister to explain to-morrow where we stand, when we take over this road as we are making provision under clause 12 to do, as to the different obligations, not only our own claims against the road but the various other claims that stand against it.

Mr. MEIGHEN: I will promise to make to-morrow in that regard the same explanation as I have made repeatedly before, and, I hope, as clearly.

Mr. McKENZIE: I do not remember that we ever dealt with the obligations and claims of other creditors of the road than ourselves; at least I was not here when they were dealt with. I have not heard any explanation in regard to that.

Mr. MEIGHEN: They are given. There is, however, no objection to postponing the consideration of this clause. As to the hon. gentleman's request to be informed whether this matter will be dealt with in a business way, I have not distinctly said so because in relation to this Government, that always goes without saying.

Amendment agreed to.

Mr. CAMPBELL: If I may be permitted, I would like to ask a question in regard to the property investment in road and equipment. The amount, as appears on page 38 of the blue-book, is $434,990,999.37. This question may have been answered before, and if so I might be referred to where it was answered, and that will be satisfactory to me. On what basis was that amount arrived at?

Mr. MEIGHEN: Actual cost of road and equipment. I may say that in all probability the equipment is worth considerably more than cost. An estimate believed to be reasonable was given by the Minister of Railways about two days ago in which estimate the equipment end of this figure was estimated to stand now at about $180,000,000.

Mr. CAMPBELL: That is, it is not the physical valuation at the time this statement was made out?

Mr. MEIGHEN: No, the actual cost.

Mr. HAROLD: Has the depreciation been taken from the cost?

Mr. MEIGHEN: No, I do not think depreciation is taken off. If you take off depreciation you would have to add appreciation, and if so, I think you would have a much larger amount than this.

Section as amended, stands.

Mr. L. A. LAPOINTE: Some time ago I drew the attention of the Minister of Railways to the position in which the cities and other municipalities and school authorities receiving taxes from these roads would be when the roads become the property of the Government. I said that being government property they would be exempt from local taxation. Thus this measure will be an interference with the taxes now collected by these different bodies. I am in receipt for my information of a copy of the following letter from Mr. Harold Fisher, Mayor of the city of Ottawa:

The Honourable J. D. Reid, M.P.,
Minister of Railways and Canals,
Ottawa.

Dear Sir:—I am the president of the Union of Canadian Municipalities.

This Union has been instructed to request that the Grand Trunk Railway Bill shall contain a clause preserving the right of municipalities to tax the property of the railway and to protest against the passing of the Bill without a clause of this kind being inserted. The Union has been officially asked to take this stand by the following cities—Montreal, Vancouver, Winnipeg, Quebec, Galt, Chatham, and St. John's, P.Q. Unofficially this position has been approved by Toronto and many other places and will, no doubt, be followed by official action.

Herewith I am enclosing a clause drafted by the city of Montreal. I am not sure that the wording of this clause is the best possible, but it will serve to give you the idea of the municipalities.

I am taking the liberty of sending a copy of this letter to some of your colleagues and to some other members of the House.

Yours truly,

(Sgd.) Harold Fisher.

To meet the wishes of the Union of Canadian Municipalities I now beg to move to add to the Bill as clause 13 the following:

Nothing in this Act or any amendments thereof shall diminish or prejudice the effect of any right of assessment or taxation now or hereafter appertaining to any municipality or municipal institution over and upon the property or income of the railway or any of its subsidiaries, branches or accessories.

If this clause is not correctly worded I would ask the minister to have it put in proper form, so that the municipal authorities will be satisfied. There is more than the ordinary municipal tax involved; the school tax may also be affected. I trust the minister will come to the conclusion that a clause to the above effect should be inserted in the Bill for the protection of the municipalities.

Mr. MEIGHEN: I thoroughly approve of the result which the hon. gentleman thinks so much desirable, namely, that the right of any municipality to assess and tax now enjoyed should not be interfered with. I thoroughly approve of that, notwithstanding that some reflections were cast upon it by the leader of the Opposition yesterday, but there is no need of an amendment to bring that about. Manifestly that is brought about already. There is nothing in this Act that would in any way affect the right of any municipality to tax. This is an Act to acquire some stock. The position of a municipality in relation to the company is just the same after we get the stock as before we get it. So manifestly there is no need of the amendment. It would be mere surplusage and be rather indefensible, I think, to add it. You might just as well enact that nothing in this Act should result in the annexation of taxes or vary the transit of Venus. So why add the amendment? Apparently there has been some systematic attempt to convince municipalities that a raid was being made on their rights, and they have sent down petitions. Let the hon. gentlemen join with me in assuring the municipalities that as the Act stands their rights are not affected in the slightest degree. That is all the assurance they need.

[Mr. L. A. Lapointe.]

Mr. CAHILL: What position will the towns on the Transcontinental, for instance, be in with regard to taxation?

Mr. MEIGHEN: Exactly the same position they are in now.

Mr. CAHILL: What is that position?

Mr. MEIGHEN: The Government owns the Transcontinental as a property. I might observe that when this transaction is consummated the Government will own just the same properties it owns to-day, no more and no less, except one thing: it will physically own the stock of the Grand Trunk railway. That stock, as stock, will not be taxable because we own it. It never has been taxable here anyway. The position of the municipalities will be exactly the same as it is to-day.

Mr. CAHILL:. My hon. friend will see that the towns on the Transcontinental are in a different position from towns on the Grand Trunk, because they will have to pay their share of the deficits, if any, but will not be in a position to tax the portion of the system that is earning the dividends.

Mr. MEIGHEN: They are in that position now. They will be in exactly the same position after this legislation passes.

Mr. CAHILL: When the Grand Trunk is added to the Government system municipalities in one portion of the country will have the right to tax what the Government is pleased to call the Government-owned railways, while municipalities in another portion of the country will not have that right. Is that fair? All the municipalities have to help make up any deficits by contributing as individuals to the treasury of the country, but some of the municipalities are not in a position to tax part of the Government system.

Mr. MEIGHEN: We are not putting them in that position at all. That is the position they are in to-day.

Mr. CAHILL: My hon. friend will admit that he is putting them in the position of having to pay their portion of the deficit.

Mr. MEIGHEN: When the Grand Trunk Pacific was built it was built by a company with Government assistance. The whole country had to contribute to the erection of the Grand Trunk Pacific, but the municipalities along the line could tax it. As regards the Transcontinental, the money of the whole country went into that, but the municipalities along the line could not tax it, although they had to contribute. So that

situation has existed. If there is any unfairness in that respect there has been just the same unfairness heretofore. The situation has not been altered in the slightest degree.

Mr. CAHILL: Except that the municipalities along the Transcontinental will have to contribute more to the deficits of the Canadian National railway. They will have to contribute their portion as individuals, and they will have no right as a municipality to tax the road because it happens to be public-owned instead of private-owned. My hon. friend at least will not argue that they are in a fair position when they have to contribute in taxation towards the deficits on the national undertaking, but have not the right to tax the railway.

Mr. ARCHAMBAULT: Will the position of the municipalities be changed after thirty years if the Government decides to redeem the outstanding stock?

Mr. MEIGHEN: Not at all.

Mr. CANNON: The minister has just explained that property owned to-day by the Grand Trunk will in the future, as in the past, be taxable by the municipalities and also by the school commissions. What about property acquired or built in the future? Suppose, for instance, the Grand Trunk builds a new station in Levis; would it be subject to taxation?

Mr. MEIGHEN: It would be subject to taxation under the new conditions if it would have been subject to taxation under the old.

For example, suppose this transaction does not take place at all and two years from now the Grand Trunk railway build a station at Levis. If it is the law that that station is taxable it will be taxable just the same whether we own the stock or not.

Mr. J. H. SINCLAIR: The minister said he understood that the Grand Trunk Pacific was subject to taxation by the municipalities through which it passed. I got a return from the Government in answer to a question I asked on this matter in which I requested information as to the amount of municipal taxes paid by the Grand Trunk system, the Canadian Northern system, and the Grand Trunk Pacific. The minister was kind enough to send me a memorandum containing the following information:

Grand Trunk..	$654,736.22
Canadian Northern..	206,627.20
Grand Trunk Pacific.. ..	Nothing.

Will the minister reconcile this statement with what he said a moment ago?

Mr. MEIGHEN: The explanation is this, and it applies to Manitoba and other provinces through which the Grand Trunk Pacific runs. These provinces abrogated the right of municipalities to tax and substituted in its place a tax to the province itself on a basis fixed in provincial legislation. Consequently there is no municipal tax but a tax paid to the province instead. Then,—although this does not really appertain very much to the question—numerous exemptions of taxation were granted.

Mr. McKENZIE: I am astonished at the answer given by the Minister of the Interior in connection with the ownership of these different roads which will come under the Government's control. We are going to take over the Grand Trunk Pacific, and we are told that we own every inch of the Canadian Northern. When we take over the Grand Trunk system it is true we shall own it in the name of the company, but that does not mean anything at all in equity and fairness. We shall be holding the system under the name of a company that is to all intents and purposes defunct. In reality it will be owned by the people of Canada. The same thing applies to every other road which we say we own; it is exactly the position in regard to the Intercolonial railway and the Transcontinental railway. Our owning these concerns in the names of companies is absolutely a fiction of law. Some of these railroads which are owned by the people will pay taxes, but the Intercolonial and the Transcontinental will not. Where is the fairness in that? The farmer in Prince Edward Island will pay his share of the deficit on the entire system, but he gets no taxes at all. He must pay his school rates the same as if these roads were not owned by the people. The farmer of Ontario pays his share of deficit, but he gets his school rates and municipal rates and every other assessable rate out of the railway. The same Government owns these different roads and it is not fair that such discrimination should be made. The people of the country will not be satisfied with such conditions.

Mr. J. H. SINCLAIR: Is not the Intercolonial Railway itself a corporation?

Mr. J. D. REID: The title of the Intercolonial is in the Crown

Mr. J. H. SINCLAIR: Before it was transferred to the Government railways it was.

Mr. MACKENZIE KING: The Intercolonial does not pay dividends?

Mr. J. D. REID: Prior to the war it did.

Mr. MACKENZIE KING: Under this Act the dividends will go to the shareholders.

Mr. J. D. REID: They will go to the people of Canada.

Mr. ROBB: Surely the minister is not serious in making the statement that the dividends go to the people of Canada?

The CHAIRMAN: Order. This interruption by the leader of the Opposition (Mr. Mackenzie King) was irrelevant. It has nothing to do with the question now before the committee, and I hope the committee will not recommence a discussion concerning public ownership.

Mr. CAHILL: Will the Government seriously consider making some provision so that the people along the Intercolonial and Transcontinental lines may have the privilege of taxing the railway the same as people along other portions of government-owned roads? I do not think that there should be any discrimination to the detriment of certain towns.

Mr. MEIGHEN: I am not very much impressed by the hon. gentleman's argument, but even if I were I do not see that there should be any discussion on the subject in relation to this Bill. If it were thought proper to do that later on, it could be done. I said I was not much impressed by the contention of the hon. member, but I do not see that my impression matters one way or the other.

Mr. CAHILL: Not to me.

Mr. MEIGHEN: I know that; I know there are other considerations that matter much more to the hon. member. Getting down to the merits of the question, in the first place, there is nothing discriminatory in connection with present conditions as against the Maritime Provinces. The Transcontinental runs from east to west. It is not taxable because it is owned by the Crown. Now, I suppose hon. members contend that because we own the stock in companies that operate certain railways we must therefore go to the Intercolonial and make that government property taxable. I cannot see any connection in the reasoning at all. The same trend of reasoning would carry you on to post offices and you would have to make them taxable because the people that use post offices contribute to the deficit on the Intercolonial or the Transcontinental or on the Grand Trunk Pacific, or wherever a railway happens to pass through.

Mr. CAHILL: Does the minister say that some post offices are taxable and others are not?

Mr. MEIGHEN: No, but the same argument that would lead you to the conclusion that because we own the stock of the Grand Trunk we must remove exemption from taxation on the Intercolonial would lead you to the argument in respect to the post offices. The same argument applies in the one case as in the other except that one is called a railway and the other is called a post office. Then there is the further consideration that in relation to these companies their property is now taxable. Many municipalities have bonused these companies to come in, one reason being that they could tax their properties. Nobody bonuses a Government road to come in. The logic of the situation drives me to the conclusion that as there is no injustice in the present conditions a continuance of those conditions will be no injustice either.

Mr. McKENZIE: The minister tells us that we are in the position of ordinary stockholders in so far as the Grand Trunk is concerned when we come to own the stock. The worst thing that can happen the ordinary stockholder is that he gets no dividend on his stock. He owes no money to the company, he has bought his stock and he has it in his possession. Our position is that if the Grand Trunk makes a loss we not only get no dividend on our stock but we must pay for that loss.

Mr. MEIGHEN: No.

Mr. McKENZIE: Certainly, the Government will have to pay the shortage or deficit, as it pays the deficit on the Grand Trunk Pacific, the Canadian Northern and the Intercolonial. Any shortage in connection with this company will come out of the revenues of the people. It is fallacious in the highest degree to say we are only in the position of stockholders.

Mr. MEIGHEN: We are exactly in the same position as stockholders are in relation to any company. We are not responsible for the deficits on the Grand Trunk. It is true the Grand Trunk must borrow. If there are further deficits, the Government lends the road money and the company pays its own debts. But we are in hopes that there will be a surplus in time.

Mr. MORPHY: I rise to a point of order. I would ask your ruling, Mr. Chairman, as to whether this discussion is relevant to anything before the Committee.

The CHAIRMAN: There is a motion to add a clause to the Bill. It reads as follows:

Nothing in this Act or any amendments thereof shall diminish or prejudice the effect of any right of assessment or taxation now or hereafter appertaining to any municipality or municipal institution over and upon the property or income of the railway or any of its subsidiaries, branches or accessories.

It is on that motion that the discussion has taken place.

Mr. JACOBS: For once I am in agreement with the Minister of the Interior which makes me believe that perhaps I may be wrong in my view. I agree with him that according to the strict legal interpretation we are merely stockholders in the Grand Trunk which is still a legal entity, and as such would be responsible in the same way as it has always been for municipal assessments and rates. This, of course, is merely a fiction of the law. We own the company and can do what we like with it, but it gives point, if anything more were needed, to the argument of my hon. friend from Prince (Mr. Mackenzie King) that this boast of the government ownership of this line is fallacious. The President of the Council (Mr. Rowell) has been heralding throughout the country that we are going to own and control this line and that in this, public ownership has been raised to the tenth power. Now, by this statement made by the Minister of the Interior (Mr. Meighen) to-night we agree we do not own the line at all. The Grand Trunk sells a portion of this stock to the Government, and the country, by the Government not taking over the line, while maintaining it, is going to lose at least $1,000,000 a year in assessments and rates.

Mr. L. A. LAPOINTE: In view of the different interpretations would it not be safe to adopt that motion of mine? Some say that we will never be the proprietors of the Grand Trunk while some others say that we will only hold the shares and that it will always be the Grand Trunk Company. I do not know; the future will tell. In view of the demand of the municipalities and of such cities as I mentioned a minute ago why would not the Minister of the Interior accept something that he might construe himself? I do not contend that the wording of my motion should be accepted but something that would satisfy the great cities that I mentioned a moment ago—even Toronto—should be inserted in the Bill. I think it is wise to make this provision in view of the different interpretations and the difficulties as to whether we will be the owners or only the shareholders. My hon. friend (Mr. Jacobs) believes that the latter position is the right one. I am not going into that discussion at all. I am trying to save the position; I am asking the Government to do something on behalf of those cities, and I am doing so at the request of the President of the Union of Municipalities of this Dominion, Mayor Fisher of Ottawa. If the committee is not prepared to decide it to-night let it stand until to-morrow.

Mr. MEIGHEN: That the hon. gentleman may not be misled, let me say that there has been no difference of opinion expressed as to what I stated immediately in reply to him, namely, that if no clause is inserted even, these properties will be subject to taxation afterwards just the same as they were before. That is all the municipalities ask. There is no difference of opinion on that. There is some difference of opinion as to whether a clause should be inserted making the Intercolonial taxable. That is all the difference of opinion there is about it. We are all agreed that the law in this respect is just as it was before and in view of that I think he should be satisfied and not press this clause.

Mr. CANNON: The Transcontinental at the present time is not taxable. According to the Bill the Committee of Management has the right to take one part of the line and join it up with another for administration purposes. Suppose a part of the Transcontinental is linked up with the Grand Trunk would the Transcontinental become a part of the Grand Trunk for taxation purposes?

Mr. MEIGHEN: No. Making it up for administration or operation purposes is not changing the ownership of the fee simple; the ownership of the fee simple would still be in the Crown.

Amendment, Mr. Lapointe, negatived.

Progress reported.

On the motion of Hon. Mr. Doherty the House adjourned at 11.50 p.m.

Thursday, October 30, 1919.

The House met at Three o'clock.

MESSAGE FROM THE GOVERNOR GENERAL.

ACKNOWLEDGMENT OF ADDRESS.

Mr. SPEAKER: I have received a message from His Excellency the Governor General which reads as follows:

Gentlemen of the House of Commons,—
I have received with great pleasure the Address that you have voted in reply to my speech at the Opening of Parliament and thank you for it sincerely.

PRIVATE BILL—FIRST READING.

Bill No. 39 for the relief of John Robert Stephenson Carson.—Mr. Hocken.

QUESTIONS.

(Questions answered orally are indicated by an asterisk.)

G.T.R.—INDEBTEDNESS TO GOVERNMENT.

Mr. CASGRAIN:

What is the amount the Government claims the Grand Trunk Railway system owes them?

Hon. Mr. REID:

GRAND TRUNK RAILWAY COMPANY.

1. Advance made to the Grand Trunk Railway Company prior to Confederation, $15,000,000.

2. Due Department of Railways and Canals on rail account, $1,279,760.07.

3. Balance owing Canadian Government railways from Grand Trunk, Grand Trunk Pacific and subsidiaries and Grand Trunk Pacific receivership, September 30, 1919, $1,040,346.79.

4. July 1, 1918, advance to enable the company to meet interest payments on Grand Trunk Pacific securities, $593,733.

5. September 1, 1919, advance to enable the company to meet interest payments on Grand Trunk Pacific securities, $554,800.

GRAND TRUNK PACIFIC RAILWAY COMPANY, A SUBSIDIARY OF THE GRAND TRUNK RAILWAY COMPANY.

6. Securities purchased by the Government under the terms of the Grand Trunk Pacific Implementing Act, 1913, £6,800,000, and being part of the guaranteed securities issued under Chapter 98, of the Acts of 1903, $33,093,000. Loan of $6,000,000 made against deposit of $7,500,000. Government guaranteed securities issued under Chapter 34, Acts of 1914, $6,000,000. Cash advances to the company at various times as follows: Under Grand Trunk Pacific Loan Act, 1909, $10,000,000; under Grand Trunk Pacific Loan Act, 1913, $15,000,000; under Appropriation Act of 1916, $7,081,783.45; under Appropriation Act of 1917, $5,038,053.72; under Appropriation Act of 1918, $7,471,399.93. Total cash advanced, $44,591,137.10.

7. In addition to the above the Grand Trunk Pacific owes the Dominion Government for interest on the various advances as per statement rendered the company to October 1, 1919, the sum of $7,568,983.83.

BUSINESS OF THE HOUSE.

DISCUSSION ON MOTION FOR MORNING SITTINGS OF THE HOUSE.

On the motion being called:

That on Saturday next, the first day of November, the House shall meet at three o'clock, p.m., and that on and after Monday next, the third day of November, the House shall meet at eleven o'clock in the morning of each day except Sundays, and that in addition to the usual intermission at six o'clock, p.m., there shall also be an intermission every day from one to three o'clock p.m., and that the Order of Business for Fridays shall be the Order of Business for Saturdays.—Sir George Foster.

Sir GEORGE FOSTER (Acting Prime Minister): Mr. Speaker, since putting this motion on the Order Paper I have been informed that Saturday next is a holy day on which it has not been the custom for this House to sit. With the consent of the House, therefore, I beg to amend the motion by leaving out the words from the word " that " in the first line, to the word " that " in the second line, so that the motion which I now move will read:

On and after Monday next, the third day of November, the House shall meet at eleven o'clock in the morning of each day except Sundays, and that in addition to the usual intermission at six o'clock p.m., there shall also be an intermission every day from one to three o'clock, p.m., and that the Order of Business for Fridays shall be the Order of Business for Saturdays.

Hon. W. S. FIELDING (Shelburne and Queen's): There are several reasons which I desire to suggest to the Minister of Trade and Commerce, why I think this motion is not timely. In the first place, I think I am correct in stating that it is a kind of motion which, in the experience of Parliament, is never made except at the end of a long and laborious session. Under some circumstances, at the end of such a session there is justification for pressure of this kind. But we have not yet reached the end of a long and laborious session. We have not yet passed the second month of the session, and that is only about half the time

that a session usually occupies. I have not looked up the records, but I am relying on my own experience and recollection when I say that I think my hon. friend will have difficulty in finding a case where a motion of this kind was made in the second month of the session. The second point I desire to make is this: When we made representations, or when it was alleged that a very important measure was being pressed through the House with what we thought was undue haste, the hon. the Minister of the Interior (Mr. Meighen) replied that there would be no undue haste, no undue hurry, no intention of departing from the regular order of business and that there would be abundant time allowed for the consideration of the measure. My hon. friend was perhaps not in the House when that assurance was given, but there was the promise and declaration of the Government that there would be no unusual proceeding, no hurry, no rush and that there would be an abundance of time. I claim that the motion that my hon. friend is making is a breach of the understanding that was come to at that time.

Third, the hon. gentleman is proposing that the House shall meet morning, noon and night. He is the oldest member of the House, but I am old enough to know —and we are both old enough to know— that when you attempt to hold meetings of this Parliament morning, noon and night you do not get any intelligent and deliberate judgment on the questions brought before the House. The pressure that is brought to bear on members sitting here morning, noon and night and attending to whatever duties they may have to perform surely unfits them for the effective discharge of their duties. That is something that should only be resorted to under the most urgent conditions. Such conditions have not yet been reached.

Last and more important than all is that I venture to say in the whole of our Canadian parliamentary history my hon. friend will not find that a motion of this kind has ever been made at a moment when the House has not had a single opportunity of discussing the general affairs of this country. We have been dealing with particular subjects. The Peace Treaty is one, the Grand Trunk Bill is another, and on each of these occasions if any member departed from the subject before the House he was very properly called to order and required to confine himself to that particular subject. That is a necessary and proper rule of Parliament, but if it is a necessary and proper rule it has to be accompanied by another, and that is that there shall be abundant opportunity for discussing the affairs of the country generally on the motion to go into Committee of Supply. We have now reached the end of the second month of this session and we have not yet had that opportunity by a motion being made to refer the Estimates to the Committee of Supply. Indeed, we have not yet had any Estimates. I asked the hon. the Minister of Justice (Mr. Doherty) the other day if there would be any Estimates and he said: "Yes, there are going to be some Estimates; they will come along shortly." I say in all seriousness that the right to discuss public affairs generally on the motion for supply is one of the most valuable privileges we enjoy under the British parliamentary system. That is purposely designed to afford a wide opportunity of discussing all questions relating to our public affairs and this is the first time in the history of this Parliament when a motion has been made before there has been any opportunity for such public discussion which is the essence of our parliamentary system. I think my hon. friend, who is an old and experienced parliamentarian, will, on reflection, regard these considerations as abundant reasons why he should not press this motion.

Sir GEORGE FOSTER: Mr. Speaker, it seems to be pretty difficult to meet the views of my hon. friends on the other side of the House. They seem to have different views at different times with no very long time between their exceedingly different views. It is true that this motion is being made, compared with other sessions of Parliament, at a comparatively earlier period than is usual in the regular sessions but if the hon. gentleman (Mr. Fielding) will take into consideration that this is a special session and that no very considerable length of session was anticipated I think he will be disposed to take a different view of the matter. If he will make a comparison as to the time of the introduction of such a motion as this in connection with the circumstance I have alluded to, the short session for which we had been summoned, he will find that relatively the motion is as well advanced in point of time as during normal sessions when it has been introduced at a later period; that is to say more days after the commencement of the session. That is in reference to my hon. friend's first reason.

The second reason, that he gives, is weakened by this consideration: Parliament does not consider it to be a good

business to meet when committees are in session because a large proportion of the most important business of the House is done in committee. The committees have practically finished all their business at this time. The members therefore have no call upon their time to attend the sessions of these committees in the forenoon and the conditions are not the same as they were when they had that call. We are simply asking the member of Parliament to come and deliberate upon or consider matters in this House when in a normal session he would be at work in committees. The committees have done their work and the time of the members is at their own disposal. It does not seem to me to be very much to ask them, being relieved of work in the committees, to come to the House of Commons and undertake the consideration of questions which are proper and necessary to be considered in the House itself. I think that these two suggestions I have made take away from the force of my hon. friend's objection. What we are here for, when you come down to basic principles, is to get through with the work of the session. We have not pushed it by extraordinary methods; we have not used any compulsion at all; we have not hurried up the deliberations of the House, nor have we proposed to do it, but in consideration of the fact that the committees are not sitting, it does not seem to be unreasonable to ask the members to stay in the House and to devote all the time which they would otherwise, under normal conditions, give to the committees, to the work in the House.

Then, a word in reference to the programme which seems to have sprung up all at once in the mind of my hon. friend, and which opens up vistas of distance which we did not contemplate before. It seems that my hon. friend feels that at this special session it is incumbent upon him after two months of cogitation to open up the affairs of the country and go into a general discussion of conditions, financial and otherwise. This had not been contemplated at this special session. It is to my mind a question whether it is necessary or wise. I think there would have to be some very strong reasons given as to why a large amount of time should be spent after this in discussing general political conditions because that is about what it would mean, or whether we should finish the necessary business, get to our homes and be prepared to come back at the regular session of Parliament and discuss the affairs of the country. We would have had this purpose, and this purpose alone, if it had not been for the intervention of a special session called for a special purpose. For that special purpose it has been called and along with it advantage has been taken of the presence of the members here to bring before them a little necessary and urgent legislation for their consideration and opinion.

I do not, as a member of the Government, want to compel members of the House who, on broad principles, have the disposal of their time in their own hands, to sit in the mornings at this period, if they do not desire to do so; but under the present circumstances, there being no committee work to be performed, we might well add the mornings, which we would otherwise spend in committee work, to the sittings of the House and attend to the business of the country. My hon. friend (Mr. Fielding) is not much older than I am and he is quite as vigorous. I am quite willing to come morning, afternoon and evening, if it is necessary, in order, in an orderly way, to put the business through; and those young fellows opposite, some of whom have very lately entered Parliament, surely cannot plead physical fatigue against the duty of a member of Parliament.

Mr. J. J. DENIS (Joliette): Although I am very sorry to take up the time of the House I cannot let the opportunity pass without expressing my opinion upon this motion. I am not by any means satisfied that the leader of the Government has made out a good case, or in fact any case at all, in support of the motion. He began by telling us that while different views had been expressed—

Mr. J. W. EDWARDS (Frontenac): I rise to a point of order. My point of order, Mr. Speaker, is this: The motion having been spoken to by the hon. member for Shelburne and Queen's (Mr. Fielding) and replied to by the leader of the Government, thus closing the debate, any hon. member so disposed should have spoken before that reply was made.

Mr. SPEAKER: The point of order would be well taken if I had directed the attention of the House to the circumstances that the acting leader of the Government was closing the debate. But in cases of this kind, which are always more or less matters of arrangement, latitude has always been shown the leader of the Government and the leader of the Opposition in order that a decision should be arrived at that will be convenient to the House. I therefore do not think the acting leader of the Government has replied

in the ordinary sense of the term, and the motion is still open for discussion.

Mr. EDWARDS: May I ask if the acting leader of the Government will have an opportunity to make a further reply?

Mr. SPEAKER: Yes.

Mr. DENIS: The leader of the Government seems to entertain the idea, or at least has tried to make us believe, that he is presenting the motion with a view of giving satisfaction to members on this side. We certainly are not accustomed to such treatment from the Government side and if true it will be the first time since I have been a member of Parliament that a motion was offered by the Government for the sole purpose of giving satisfaction to the Opposition. I am really surprised that our views should have such weight as to have made such an impression on the leader of the Government. Coming now to the merits of the question, let me say that we have been repeatedly promised by the Minister of the Interior, and other members of the Government, that the Bill for the acquisition of the Grand Trunk railway, which will be the chief issue before us until the session closes, would not be pressed with any haste whatever, but that all the time necessary should be given members to discuss the measure. We have been debating the Bill for several days and it is now proposed that the House will hold three sittings a day. In my opinion this is equivalent to chloroforming Parliament.

Some hon. MEMBERS: Oh, oh.

Mr. DENIS: Yes, I say that and I mean it.

An hon. MEMBER: Shame.

Mr. DENIS: I mean what I say, and no one will deny the statement. No member who stays out of the House will be chloroformed, but not a single member can stand three sittings a day. I claim to have been just as assiduous in my attendance here as any other hon. gentleman and physically I am just as strong, but I cannot stand three sittings a day and I would like to hear from any hon. member who can endure that number of sittings and give reasonable and proper consideration to the legislation before us and arrive at a well-considered judgment. I do not think that could be said of any member on either side. It has been said, Sir, that this session, having regard to the object for which it was called, was a farce. If at the beginning it was a farce it has now developed into a very serious matter. We have now been here for two months and the leader of the Government is satisfied that our object has been accomplished, that we have earned our indemnity and that we should go home. Well, my understanding, to which I propose to adhere, is that full opportunity should be afforded to consider such legislation as is brought down and especially such important legislation as the acquisition of the Grand Trunk. Otherwise, we might as well go home, or remain out of the House, and simply come here to vote when a division takes place. It is an easy matter for hon. gentlemen who were interrupting me a minute ago to say "We are ready to vote and to go home." Let me recall one circumstance to illustrate how these hon. gentlemen regard their parliamentary duties. When the Grand Trunk Bill was introduced by the Minister of the Interior, I saw around him a galaxy of Government supporters who had gathered simply for the purpose of applauding the project. As everybody will acknowledge this measure contains one of the most important propositions that has ever been submitted to Parliament. It is one of the most difficult in its character that we have ever been called upon to consider, and yet these hon. gentlemen have already made up their minds in regard to it. They congregated around the Minister of the Interior and after he had submitted the Bill to the House applauded him. Well, for that kind of work, the House might sit three times a day and even for the whole twenty-four hours; it would not involve any great hardship to hon. gentlemen who had made up their minds in advance. But that is not true of those members who want to form a well-considered judgment with respect to this legislation. They must not only steadfastly attend the sittings but carefully study the legislation. No man can sit at his desk in this House and do that unless he has had ample opportunity in advance to consider the subject and make up his mind on the provisions of the Bill. I could give many other reasons why this motion should not be entertained, but I know it would be useless. I will simply register my protest against this motion as I will protest against any motion of the same nature which may be submitted to the House in future.

Mr. R. L. RICHARDSON (Springfield): As a western member I want to endorse very heartily the suggestion of the Government that we should get on with the busi-

ness of the session. It is all very well for hon. gentlemen to protest who live in Ottawa or whose homes are so near that they can reach them during the weekly recess to favour delaying the session, but we members who reside in the West and are obliged to remain here month after month, and I think I voice their sentiments, chafe very grievously when any unnecessary delay takes place. As a matter of fact, the commitees have finished their work and members are merely idling about the corridors and the smoking rooms restless because they have in the morning nothing to do. I see no hardship whatever in sitting three times a day and I am much older than my hon. friend who has just spoken. I do not find anything laborious about attending the sessions of Parliament; the trouble is that so many of us at certain hours have nothing at all to do; and if we intervene in a debate we are liable to be frowned at and charged with speaking too long and unnecessarily taking up time.

But this is a special session called for a special purpose, and if men who have businesses to look after are to be kept here month after month they will be obliged to retire altogether from politics. Surely the session has already lasted almost a month longer than we expected.

Some hon. MEMBERS: Hear, hear.

Mr. RICHARDSON: Certainly, because very important business developed, and I take it that members are perfectly willing to remain here until that business is finished. But why we should not occupy the entire day, or most of it, in sitting in the House is more than I can understand. As to opening up the whole business of the country in connection with the Budget, if we do that we will not need to adjourn at all; there will be no need for an intermission between this and the regular session. I feel that I express the sentiment of members from the West when I say that while every reasonable courtesy should be extended to the Opposition, no time should be lost in driving the business of the House through in a legitimate manner.

Mr. D. D. McKENZIE (North Cape Breton and Victoria): Mr. Speaker, the leader of the Government (Sir George Foster), with his usual facility for finding suitable words, twitted us for changing our minds so very often. I think that is one of the things he should not have said, for if there have been any rapid changes about how long the session should last they surely have their origin with the hon. gentleman himself. It is not more than two or three weeks since he called me to task for suggesting anything but an immediate winding up of the business of the House. He said then, as he says now, that this was a special session called for a special purpose; he intimated that purpose had been fulfilled and the minds of members had been made up that their work was finished and that Parliament should prorogue. We accepted that as the opinion of the hon. gentlemen on that side of the House, expressed through their leader; now we find that the hon. gentleman has radically changed his mind. We cannot continue to call the session a special session, because business far wide of the subject which the session was specially called to consider has been introduced; the session has become one of general import, dealing generally with the business of the country. The business that is now before the House was not in the mind of any members when they came here on the first day of September. We were called here hurriedly for the purpose of dealing with the Peace Treaty. I need not go into the mental philosophy of the thing; my hon. friend knows that when a man makes up his mind to a certain line of action and thinks that a duty that he had in hand is finished he is not so very ready to throw away that idea and the impression that is on his mind and entirely change his course of action. We have been told by the Minister of the Interior (Hon. Mr. Meighen) and others that there is plenty of time; that there is no need of chafing under continuous sittings. The leader of the Government knows that if he makes up his mind that he has to stay in a place for a certain number of days and is to go at the end of that time it is not pleasant if he has to stay longer, because, as I have said, he has made up his mind to a certain course of action. But we are now in the midst of this business; our minds are fully charged with it. We realize the responsibility which attaches to it and I do not think we should be hurried too much. The Minister of the Interior has said that there would be no need to hurry; that all possible convenience and time would be at the disposal of members.

Now, the wisdom of the ages has fixed the sittings of Parliament from three o'clock in the afternoon until such hour as we may adjourn. Those are the regular working hours; they have prevailed for the last fifty years in this country, as they have, I think, in the Old Country, and they should not be

departed from without good reason. The hours are so arranged that hon. members may have part of the day for reading and study and for seeking information in connection with the subjects under deliberation. I submit that to go home at ten or twelve o'clock at night and come here at eleven o'clock the next morning and enter upon the grind of sessional work leaves no time for anything of that kind. It is part of the member's work to read the newspapers. If you see a member reading a newspaper you may think that he is enjoying himself. But that is not the idea; it is a duty; he must read the papers if he wishes to keep in touch with public opinion. The leader of the Government will admit that certain time must be given for that if for nothing else, but under the arrangement suggested there will be no time at all for any of these things.

The Treaty of Peace and the Grand Trunk proposal are very important subjects, but the most important business of the session has not yet been brought before the House. I submit that the question of the re-establishment of the soldier is the most important question—looked upon, at all events, from the humanitarian standpoint—with which we have to deal. The report of the committee is not yet brought down. I have no idea, except from what I have seen in the press, of what the report is going to be. I assume that legislation will be introduced, and that serious consideration is to be given to that question. That alone, I submit, is good reason why at least during the whole of next week we should proceed along the old lines.

The Minister of Railways twitted us rather sarcastically the other night about the desire to go home; he suggested that we were running from work and wanted to go home. It seems that the shoe is on the other foot now; the extreme desire for quitting is on the other side of the House.

Mr. J. D. REID: Our desire is to work.

Mr. McKENZIE: I trust that the leader of the Government will allow us at least half of next week before he brings this new regulation into force.

Hon. A. K. MACLEAN: Mr. Speaker, if there is any good ground for not accepting the resolution, it has certainly not been established by hon. gentlemen opposite. In presenting the resolution there is no intention or effort on the part of members of the Government to suit their own convenience, because individually they would much prefer a continuance of the usual hours. The resolution is merely an honest and sincere effort on the part of the Government to meet what they thought was the desire of the House. After all, this is a matter for Parliament to settle; if it is the desire of Parliament that we meet during the remainder of the session at three o'clock as usual, the Government will bow to the wishes of hon. members. It has never been officially intimated to the House by the Opposition that they desire an early termination of the session; nevertheless—and I hope I am not violating any principle of propriety when I say this—to me personally and to members on this side individual members opposite have expressed a desire that the business of this session be concluded at the earliest possible moment consistent with its being properly considered and dealt with.

After all, the question is: Is there any substantial reason why we should not hereafter meet in the mornings at eleven o'clock? As has been pointed out by the leader of the House, there is no further committee work. I have never been partial to morning sittings, and I would not favour this resolution if committees were to meet during the balance of the session. I agree with the suggestion entirely; but inasmuch as there will be no further sittings of committees, might not hon. gentlemen as well assemble here at eleven o'clock in the morning, as at three o'clock in the afternoon? Would it not be wiser on our part to put in two hours' work between eleven and one o'clock and endeavour to close at a respectable hour in the evening, say at ten or eleven o'clock? I think that would safeguard the health and comfort of the hon. member for Joliette (Mr. Denis) better than if we met at three o'clock and sat until twelve or one o'clock at night, and it would afford the hon. member for Cape Breton North and Victoria (Mr. McKenzie) ample opportunity for reading the newspapers late in the evening, which is the time when all busy men read the newspapers. I do not think it is fair to suggest, as it has been suggested, that this represents an intention on the part of the Government to curtail or minimize debate on the Grand Trunk Bill. The Minister of the Interior (Mr. Meighen) has given his word to Parliament that every opportunity will be afforded to hon. members in this House to debate that measure, and the Government will adhere to the promise made by that minister. It does not mean that the session will perhaps close any earlier by our meeting at eleven o'clock in

the forenoon; but on the whole, considering the fact that there are no further committee meetings, I think it is for the comfort of members that we should meet at eleven o'clock and endeavour to close at an earlier hour than we have been doing lately. The motion is a fair one, and it is submitted with the sincere desire of meeting what was apparently the wishes of hon. gentlemen, and I am surprised that there is any opposition to it.

Mr. CAHILL: Apparently, it is not the intention of the Government to accede to the wishes of the hon. member for Shelburne and Queens (Mr. Fielding), and I should like to make the leader of the Government the suggestion that he change the date from Monday, November 3, at eleven o'clock to Tuesday, November 4, at 11 o'clock in order to give members who are away over Sunday an opportunity of being here in time for the opening of the House on Monday afternoon at three o'clock. That would make a difference of only two hours to the members who spend their time lounging in the lobby, in going home in the evening.

Sir GEORGE FOSTER: Mr. Speaker—

Mr. SPEAKER: As the Minister of Trade and Commerce will close the debate, if any hon. member desires to speak, he should do so now.

Mr. VIEN: The suggestion of the hon. member for Pontiac (Mr. Cahill) should be accepted. The delay is not a very long one; it is a matter of only two hours. Hon. gentlemen opposite know that most of the members from Quebec and Ontario, just as much on that side of the House as on this, go home for Saturday and Sunday, and they cannot possibly be back until Monday noon. The suggestion that on Monday we should not sit in the morning is a fair one, and it should be accepted, unless it is the unavowed intention of the Government to press a vote on Monday morning when some of the members will certainly be absent. Might I ask the leader of the Government when he speaks again to tell us what legislation will be brought down so that we may better understand what work will be left to the House for next week?

Sir GEORGE FOSTER: I have nothing particular to add to what I stated before. The leader of the Opposition has commented upon a text given him in some utterances of mine at an earlier period, and I was interested while he was making the comments. He is a very facile commentator; but I should be very chary about relying upon the comments that he made, because I am afraid that it would be found out that the summation of his comments would present such a radical difference from the original text that he would lose authority as soon as people compared the two. The whole object has been not to deprive members of an opportunity to express their opinions, but to give them all possible opportunity to do so; and to ask members to come back at eleven o'clock in the morning now that committees have finished their work and members have no committee work to do seemed to me to be giving an opportunity for better and more extended consideration than could otherwise be given. If the leader of the Opposition makes it a point that he would like to have this order commence on Tuesday, I would like to consider his request if he makes it; but I can undertake to quiet the anxiety of the hon. member for Lotbinière (Mr. Vien) by telling him that it is farthest from the mind of the Government to force a catch vote on the Grand Trunk arrangement or anything else between eleven o'clock and twelve or one o'clock on Monday morning. My hon. friend knows that the Government would not do that, and if it wanted to, it could not, for with the quantity of steam-power or wind-power available on the other side, two hours could easily be taken up in the morning so as to prevent a vote being taken. There is no flank movement in that respect, I beg to assure my hon. friend. If the leader of the Opposition wishes to have this first Monday excepted, I would be glad to accede to that request, but I would like him to make the suggestion.

Mr. McKENZIE: For anything that we may be about to receive, the Lord make us thankful.

Sir SAM HUGHES: Does that include Saturday?

Sir GEORGE FOSTER: This first Saturday is excluded.

Mr. SPEAKER: The technical rule is that the mover of a motion may not amend his own motion, but I take it that the House gives its unanimous consent to the amending of the motion. The motion now reads:

That on and after Tuesday next, the fourth day of November, the House shall meet at eleven o'clock in the morning of each day except Sundays, and that in addition to the usual intermission at six o'clock, p.m., there shall also be an intermission every day from one to three o'clock, p.m., and that the Order of

Business for Fridays shall be the Order of Business for Saturdays.

Motion as amended agreed to.

TELEGRAPH RATES TO VLADIVOSTOK.

On the Orders of the Day:

Sir SAM HUGHES (Victoria): I should like to ask the Government how it happens that the Government cable rate to Vladivostok is $1.60 a word and the rate on commercial lines only forty-five cents a word? I mention that so that action may be taken to reduce the Government rate.

Sir GEORGE FOSTER: I shall make inquiry.

CANADIAN TRADE COMMISSIONERS IN CHINA AND SIBERIA.

On the Orders of the Day:

Mr. W. G. McQUARRIE (New Westminster): I wish to direct the attention of the Minister of Trade and Commerce to an article in the Vancouver Daily Sun of October 24, reading in part as follows:

Mr. SPEAKER: Cannot the hon. gentleman summarize the article for the purpose of putting his question?

Mr. McQUARRIE: I shall make only a short extract:

Lieut-Colonel J. W. Warden, who returned recently after an extended stay in Siberia and China, spoke before the domestic and foreign trade bureau of the Board of Trade yesterday upon the trade possibilities of China and Siberia. During his remarks he declared that the Canadian trade commissioners in those countries were "a farce." He was sure—

Mr. SPEAKER: Order. It is not competent for the hon. member either in his remarks or in reading a document, to call in question the action either of the Government or of its servants. If he desires to direct a simple question on a matter of policy he may do so, but he may not proceed as he now purposes.

Mr. McQUARRIE: My purpose was not to criticise the Government at all, but to direct the attention of the minister to this article, and to ask what action he is going to take with regard to it.

Sir GEORGE FOSTER (Minister of Trade and Commerce): The charge is such a sweeping one that I shall have to ask for a considerable time to take it into consideration before I can give my hon. friend an answer. Prima facie I should say that any man who makes a charge of that kind has probably nothing to back it up.

Mr. McQUARRIE: Well then—

Mr. SPEAKER: Order.

Mr. McQUARRIE: I have not finished, Mr. Speaker.

Mr. SPEAKER: Order. The hon. member's question is of such a sweeping and general character and would involve so long a debate if any useful purpose were to be served, that he must either be satisfied with the answer he has received, or else put his question on the Order Paper in the ordinary course.

THE GUELPH NOVITIATE INQUIRY.

On the Orders of the Day:

Sir SAM HUGHES (Victoria): I see by the evening papers that the commission appointed to inquire into the Guelph Novitiate matter has presented its report to the Government. When will the report be laid on the Table, and will it then be immediately printed?

Sir GEORGE FOSTER (Acting Prime Minister): The report has been received, and I was under the impression that it had been laid on the table of the House. I will make inquiry, however.

Hon. W. S. FIELDING: Was that a report of a committee?

Sir GEORGE FOSTER: No, of a Royal Commission.

Sir SAM HUGHES: May I ask whether the Government would take into consideration having the report and the evidence, or the evidence at all events, printed immediately, so that it would be ready for this session if it continues?

Sir GEORGE FOSTER: When the report comes down to the House, it will be for the House to say what shall be done with regard to the printing.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House again in Committee on Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system, Mr. Boivin in the Chair.

On section 5—Government may call in or redeem present guaranteed stock and new guaranteed stock.

Mr. MEIGHEN: With reference to the proposed amendment to this clause of my hon. friend (Mr. Mackenzie King), I promised to ascertain if the Government

could see its way to reduce the number of years, just to cover the possibility, the rather remote possibility, I fear, of the rate of interest going lower than 4 per cent, so that the Government might redeem the stock in that event before the thirty years were up. It has been found possible to reduce the thirty years, if the House feels it would be of any advantage at all. Personally, I see very little possibility of advantage in reducing the thirty years to five. It will still leave the bond a bond, although bearing only slightly the properties of a bond. Of course, it will obviously cover every possible contingency of it being of advantage to the country to redeem the bond. I therefore move in amendment to the amendment that the word " thirty " in line 45, on page 2 of the Bill, be changed to the word " five."

Mr. MACKENZIE KING: In view of what the minister has just said, I would ask leave of the House to withdraw my amendment, as I think his fully covers what I had in mind.

Amendment (Mr. Mackenzie King) withdrawn.

Amendment (Mr. Meighen) agreed to.

Section as amended agreed to.

On section 8—Loans to Committee of Management upon notes or obligations of Grand Trunk:

Mr. MEIGHEN: After listening to the comment on this clause of my hon. friend (Mr. Fielding), I made the statement yesterday, after going more fully into it, that the clause seemed of too wide and sweeping a character. I may say once more that I did not draft this Bill, and I remember no specific instructions at all on this point. I have considered the clause further, and I do not think it is necessary at all. If any money is needed in regard to operation—it is hoped it will not be—an appropriation will be asked for in the Estimates. I move to withdraw this section from the Bill.

Mr. FIELDING: I think the conclusion of the hon. gentleman is entirely satisfactory.

Section withdrawn.

On section 12—Discharge of receivership of Grand Trunk Pacific and termination of proceedings in Exchequer Court.

Mr. McKENZIE: This seems to be incomplete; it does not say what is to become of the road. Before the receivership the road belonged to a private and independent company, the Grand Trunk Pacific. Now we propose by this section to put an end to the receivership, but there is nothing to show what becomes of the road. Will the Grand Trunk Pacific Railway Company have absolute control of the property as before the receivership, or is it the intention of the Government to continue it as part of the Government-owned system?

Mr. MEIGHEN: On the discharge of the receivership the road would go back into the legal position it occupied before the receivership. That is to say, it would be administered by the stockholders of the road.

Mr. FIELDING: The Grand Trunk?

Mr. MEIGHEN: The stockholders of the Grand Trunk Pacific Railway Company, who are the Grand Trunk Railway Company. Of course, the Government being owners of the stock of the Grand Trunk would necessarily have full supervision and be in absolute control. That is all that is wanted.

Mr. FIELDING: Is it clear from the Bill that provision is made for then merging it with the Canadian National roads? We all know what the intention is, but I am inclined to think that the point taken by the hon. member (Mr. McKenzie) is correct, that there is no provision as to what is to become of the road. When the receivership ends it goes into the hands of the Grand Trunk Company, and we are the Grand Trunk Company. Is it intended to be continued that way and not merged with the Canadian National even after the committee of management is at an end?

Mr. MEIGHEN: It is intended that the Grand Trunk system, which includes the Grand Trunk Pacific, be merged in the Canadian National system under one control.

Mr. FIELDING: Is it so stated in this Bill?

Mr. MEIGHEN: I do not think there is any specific provision in the Bill, but the moment the Government gets into the shoes of the shareholders of the Grand Trunk then it may exercise any powers that those shareholders previously exercised. The Government will then be in a position to appoint a manager of the Grand Trunk system, and I presume they will do just what they did in appointing a manager of the Intercolonial to succeed the previous manager. The Government would appoint the Canadian National Board of Directors to administer the Grand Trunk under its

authority as owner of the Grand Trunk stock.

Mr. FIELDING: Did we not by legislation specifically transfer the management of the Intercolonial to the Canadian National? I think we did, and I do not think we are doing it in this case.

Mr. MEIGHEN: I do not think we did. I do not speak with absolute certainty in answer to the hon. member on that point. It may be possible that we did later on in the Canadian National Railway Bill, but previously to that the management of that road was transferred by Order in Council simply as an Act of the Government which owned the road. It was placed under the management of the Canadian National railway just under the same authority as the Government would exercise in appointing Mr. Gutelius or Mr. Brady or any one else to manage the road.

Mr. JOHNSTON: After the receivership is at an end what will be the position of the branch lines companies and what will be the responsibility of a province in respect of its guarantee on their bonds?

Mr. MEIGHEN: That matter was specially called to my attention by the member for Kindersley yesterday. The answer is that they are just in the same legal position precisely after as before. We are simply stockholders of the parent company. The branch lines bear the same relation to that company, to their own bondholders and the guarantors, be they a province or private persons, afterwards as before.

Mr. JOHNSTON: The province of Saskatchewan has made a payment of interest on some of these bonds. When this matter is concluded will this Government make good that payment?

Mr. MEIGHEN: My information is that the provinces made some payments in answer to their responsibility as guarantors on some of the bonds. When the Government becomes owner of the road it does not pay the debts of the road; the road pays its own debts. It has happened in the past, and it may happen in the future, that if the road is not able to secure capital or money with which to take care of its obligations the money may be loaned by the Government under the authority of Parliament. It is expected that the Grand Trunk Company will take care of its obligations afterwards, including the obligation to which the hon. gentleman refers, even though it may be necessary to borrow money from the Government for the purpose.

Mr. MYERS: Does the minister know anything about a rumour that prevailed many years ago at the inauguration of the Grand Trunk Pacific railroad that that company purchased stock in a publication known as the Edmonton Bulletin amounting to $20,000? If so, will that stock receive the attention of the arbitrators?

Mr. MEIGHEN: I do recall something of the incident to which the hon. gentleman refers, but I think it was the Grand Trunk Pacific that held this stock in the Edmonton Bulletin, either directly or through the medium of a third party. Of course, if that stock is still in the same position it will be the property of the Grand Trunk Pacific, and the Government being the owners of the stock of the Grand Trunk, of which the Grand Trunk Pacific is a subsidiary, I suppose it would be in the highly desirable position of being the equitable owners of that asset.

Mr. CAHILL: At the present moment, if the Grand Trunk desired to amalgamate with the Canadian National railways, would it be in a position to do so without the authority of Parliament?

Mr. MEIGHEN: No.

Mr. CAHILL: The Government is not in any way changing the standing of the company, which is still the Grand Trunk Company. The Canadian National railways have power to acquire any other railway in Canada, but that would not give the Grand Trunk Company the right to sell out to the Canadian National or amalgamate with them without some authority from Parliament. If the authority is not given in this Bill, where will it lie?

Mr. MEIGHEN: There is a difference between amalgamation and what will be done in this case. Amalgamation is one thing and appointing a joint management is another. I would not say that the Grand Trunk to-day could not appoint as manager of its system the manager of the Canadian National System, or appoint even the Board of Directors of the Canadian National System, but that would not be an amalgamation of the systems.

Mr. CAHILL: But suppose they pooled all their receipts?

Mr. MEIGHEN: I presume they could put their receipts where they liked, but the supposition is monstrous. They would not put their receipts, if they were a

private company, into a separate company but into their own treasury. They could divert them from their own treasury if they were mad enough to do so. We are simply, as stockholders of the Grand Trunk, in control of the company. Exercising that control, we appoint the Canadian National railway director and manager of the Grand Trunk business.

Mr. CAHILL: Will the receipts of each of these companies be kept separately?

Mr. MEIGHEN: I do not feel that I can answer that question finally. I would presume that there would be separate accounting for the Grand Trunk and the other roads. There is separate accounting now on the Intercolonial, the Transcontinental and the Canadian Northern. When the Grand Trunk comes in even though there is a merger, separate accounting, I think, will continue.

Mr. McKENZIE: The minister tells us that when the receivership of the Grand Trunk Pacific is over the company will be back where it was before the order putting into the hands of the receiver was made. The financial ability of the company will be no better after the receivership is cancelled than before. The obligations of the company are still outstanding and it is open to any of the creditors to put it in the hands of a receiver again. What steps do the Government intend to take to secure the road and the physical assets of the company? No doubt they propose to take over the road and operate it. What means are they going to take to prevent an occurrence of that kind? If we do not pay the obligations against the road we cannot stand in the way of any person who seeks to enforce his rights against the physical assets of the company. There are bondholders and, I suppose these bonds are secured by a mortgage. They can foreclose their mortgage and to prevent that we will have to pay the bonds. Those who have claims can apply to a judge to have the company put into liquidation. I presume the Government have considered all these matters and have devised means of dealing with eventualities of that kind. Will the minister explain to the committee what course they propose to take in order to hold the company and at the same time pay off, or arrange the claims against the road.

Mr. MEIGHEN: When the Canadian National railways are called upon by appointment to administer the Grand Trunk in unison and harmony with the Canadian National system, any portion of that system has to be protected in its obligations to bondholders or others. It would be protected by the Canadian National management and no doubt when it undertakes the Grand Trunk Pacific it will be done in just the same way as all the component parts of the Canadian National system are protected. We will inquire for a moment how this is done to-day. On the Canadian Northern Ontario, or the Canadian Northern Quebec whose stock is owned by the Canadian Northern, and which in turn is operated by the Canadian National railways, an obligation falls due. If there is no money in the treasury of the Canadian Northern Ontario to discharge that obligation it is lent by the Canadian Northern. A similar process would, I presume, go on in connection with an obligation of the Grand Trunk Pacific. If the money were not there it would be loaned by the parent concern. It is hoped that by means of the advantages of the merger, we may not be far from the day when the revenues will take care of these obligations. It may be that one would fall behind but another would go ahead and as the receipts of all are finally pooled, although separate accounting takes place, there will be money enough, it is hoped, in the treasury, to take care of these separate and individual obligations. But in the meantime a loan will be made out of the common pool to an individual concern to take care of the obligations. If the common pool does not contain sufficient money for that purpose it will then be for the Canadian National railways to secure the funds. They may secure that by a loan from outside in the same way that any other railway does or they may come to the Government for a loan. The Government could not make it, of course, except under the authority of Parliament. I understand that the Canadian National railways have made loans outside. They have borrowed money outside and the new road may do the same. It will be managed just the same as any other road. If necessary and if Parliament grants it, a government guarantee can be given to the bonds of the system. I hope I have made it clear to the hon. gentleman.

Mr. McKENZIE: It is clear enough to me but I am not satisfied that the Grand Trunk Pacific is good value for the Canadian people to take with its present obligations. I am afraid we are taking too many obligations in connection with this property and that the property is not worth it. The other day we heard from the hon. member for West Algoma (Mr. Nicholson) who is a

railway expert that the $280,000,000 which is said to have gone into the Grand Trunk Pacific never went into that road. He takes the responsibility of saying that. I do not know; I am simply quoting his words. We are taking over the road subject to all these liabilities and the minister hopes that the operation of the road will provide for them. If not the main reservoir, which is the treasury of Canada, will have to be called upon to pay the shortage. If the road itself will not pay we will have to pay the obligations out of the revenues of Canada, because we own it. It does not make any difference what the minister says about companies and owning it under different names; when it comes down to the last analysis and money is wanted, it has to come from the treasury of Canada. It is of the highest importance that the people of Canada should know whether they are paying too much for the road and whether they are assuming too great a liability in connection with it. It has had to go to the hands of a receiver because its obligations are too high and its income is too small. I cannot see any good reason to think that the sledding is going to be any better after the receivership is closed out than it was before. I would think that to allow the receivership to take its course would be the safer proposition for the people of Canada. Then it would be stripped of everything about it, the claims could not be satisfied out of the treasury itself and we could certainly afford to buy it better than anybody else.

It would not pay anybody else to buy—at least we would have the advantage over everybody else in buying—and as a business proposition, to a person like myself who has no feeling or sentiment in the matter at all, and perhaps no great responsibility, it would appear that we should get the property for what it is worth—stripped of all the obligations that are against it—which I regard as superfluous obligations, and obligations that are greater than the intrinsic value of that property. If the minister satisfies us, or satisfies the country, he is getting good value and that taking over this property and assuming the liabilities is a good business transaction we have nothing to find fault with; but our experience in connection with this road is that it was not built to weather the storm —it went under because it was top heavy, it was laden with liabilities, and its earnings were not sufficient to meet the necessary demands. Now if we are going to take over that road would it not be good business to strip it of those superfluous liabilities, get it down to real running weight, and have nothing to pay but what the road would ordinarily have to pay and what would be a fair liability upon its true and proper capital value.

Mr. MEIGHEN: I must say that I am in full agreement with the hon. member that the Grand Trunk Pacific to which he has been referring is not worth the liabilities against it. The only regret I have is that the hon. member himself did not come to that conclusion quite as soon as I did. I think if he and his associates had, we would not be in the difficulty we are in to-day. Now assuming that, the question is what is the next best thing to do? But before I come to that point, the hon. gentleman referred to the allegations that the moneys that were charged against the road had not all gone into it. I fear he is possibly correct in that regard, but there is no money recoverable that I know of; you cannot get that money out of the bondholders. But that fact has nothing to do with the obligations to the creditors of the road to-day, so we leave that out of consideration. Now let us assume that the Grand Trunk Pacific as a running proposition is not worth the obligations against it. I assume it cheerfully; I have not the slightest doubt the road is not worth it—not at all. I think the excess of obligations over assets, as a practical running proposition, is very high. What can be done? The hon. gentleman says, strip it—strip it of these liabilities and get it down, as he graphically expresses it, to running weight before we take it. Let us inquire just where that leaves us. What is the first mortgage on the Grand Trunk Pacific? It is a mortgage to the Government, I forget the amount, but it is somewhere under $100,000,000. Teh second mortgage to the Grand Trunk, the parent company, I was about to say is $97,000,000, but it is much less than that. What is the third mortgage, what does that apply to? The obligations on which the Government and the Grand Trunk are jointly responsible up to I think about $25,000,000. Now then, there are the three: The first is the Government, the second the Grand Trunk, and the third the mortgage obligations in respect to which we are jointly responsible. But what is the last? A long series of loans that this country was compelled to make to prevent the crash and that were made with the unanimous approval of both sides of the House—securities in respect of which the Grand

Trunk is not liable at all. If we start the stripping process, who loses first? Who are we stripping in order that we may protect the people of Canada? We are stripping ourselves. The first things to topple over are the loans that we ourselves made. We are the losers; naturally we lose the whole amount that we have been advancing year after year for that line.

Mr. McKENZIE: If we do, under our first mortgage do we not have the property?

Mr. MEIGHEN: Now the hon. gentleman says: "Let it go to wreck and buy in under the first mortgage." Well, of course, the second mortgagees would have something to say about that, and I do not think anybody would suggest that it is not worth—if we can get the Grand Trunk and have a railway system—a good deal more than the first mortgage anyway. But suppose it is not worth the amount of the second mortgage? Suppose it is not worth the total amount of the mortgages—that is the total of the first and second mortgages and the total of the mortgage in respect of which we and the Grand Trunk are liable? Are we going to be the losers by the policy of the Government now embodied in this Bill? No. All we have to do is to show that to the board of arbitrators and to the extent to which that road is not worth the sum of the first and second mortgages—the Government's mortgages and the Grand Trunk's mortgages—and the joint mortgages, to that extent the Grand Trunk's obligations to the Grand Trunk Pacific are a liability, and the amount of that liability comes off the value of the Grand Trunk's stock. In a word, we are saving ourselves.

Mr. McKENZIE: That is a very indirect way of doing it.

Mr. MEIGHEN: I know it is an indirect way, but it is the only way in the world to do it. Now let me repeat my statement, because this is really very important, and I am anxious that hon. members should fully understand it—that is, if they agree that I am right. If we were to adopt the stripping process by means of liquidation, first of all we would have all the disadvantages of liquidation, all the destruction and impairment of credit —everything that is entailed thereby, perhaps for a generation. Secondly, the mortgages that would be swept away into a complete loss would be first our own mortgages.

Mr. McKENZIE: But we would have the property.

[Mr. Meighen.]

Mr. MEIGHEN: I know, but what is the good of wiping out our own security; we do not gain anything by it anyway. It is true we are not losing if the property is not worth it, but we certainly are not gaining anything.

Mr. McKENZIE: But we get the property.

Mr. MEIGHEN: True, but does not the hon. gentleman see we are getting it now? Now, his method is to throw overboard our own securities until we get down to weight, throw over all these mortgages that we have been taking year after year, throw over these $7,500,000 loans and so forth. Take the $16,000,000 guarantee that we gave in the year 1914—all that would be gone. I do not know what they all amount to, but it must run up to thirty or forty millions. That would all be lost and then we would have the road and it might not be worth what would be against it. But the way we are doing it, if the road is not worth the amount of the first mortgage to which our guarantee applies, the second mortgage to which the Grand Trunk guarantee applies, and the mortgage guaranteed by both the Grand Trunk and the Government, then the arbitrators are bound to say that to the extent of the excess of those obligations over the value of the road the Grand Trunk Company have a liability in the Grand Trunk Pacific, and that excess would be the amount to be taken off the value of the Grand Trunk stocks by virtue of their Grand Trunk Pacific obligations. Now, I think I have made that clear.

Mr. MAHARG: Might I ask how that excess would be arrived at at the present time? Would the arbitrators take the valuation of the property at the present time and then set that over against the liabilities?

Mr. MEIGHEN: I would say certainly not, because if you assume it would cost that much to replace the road that does not say the road ought to be replaced at all—I would think it would be perfectly absurd for the arbitrators to do that. Anyway, we are not dictating to the arbitrators at all, any more than we do in all our expropriation legislation; it is for the arbitrators to say what is the business value of the Grand Trunk Pacific road. Taking everything into account, what is its business value? Do not tell us that its business value is what it cost or what it would take to replace it to-day, because perhaps it should not have been built at all. Take everything into account; determine what its fair value is as a going con-

cern. Having done that, add the total responsibilities until you get to the end of the Grand Trunk responsibilities; then take the difference between the two. That difference represents the net liability of the Grand Trunk and should come out of the value of their stocks. So that we are saving ourselves in relation to the Grand Trunk Pacific by a charge against the inherent value of the parent company's stocks. That is the very essence of this policy: first of all, a desire to have a real Government system that ought to pay if it does not pay; second, a desire to save to the greatest extent that we can whatever asset the country may have in the Grand Trunk Pacific by charging our loss against the value of the stocks of the parent company, the Grand Trunk.

Mr. MANION: Am I right in supposing that the arbitrators, in arriving at the value of the road, will take the value of the rolling stock, the road-bed, or other part of the road, at pre-war prices; that is, that they will not take the cost of a locomotive, for instance, at what it would cost to replace it to-day?

Mr. MEIGHEN: I would not say that the hon. gentleman is not right in that. First of all, let me repeat: we make no rules for the arbitrators; if we started to do that we would certainly get into trouble. The arbitrators must use their common sense, business judgment. But it would seem to me not unfair that the present value of the rolling stock might well be taken into account. The road itself may not be worth anything like what it cost, much less what it would cost to replace it now, due to the fact that the road should not have been built. The arbitrators might so decide, and, I think, ought so to decide. But as to rolling stock, that is different. The rolling stock is of value to-day and I do not think the arbitrators would go far wrong if they said: these people are entitled to at least something approaching the present cash value of that rolling stock.

Mr. MYERS: It is well known that the Government of the province of Saskatchewan have guaranteed many million dollars' worth of bonds respecting the branch lines of the Grand Trunk Pacific in that province. Am I to understand that this interest is in the nature of a first mortgage on the branch lines?

Mr. MEIGHEN: Speaking from memory, I think it is.

Mr. MYERS: Any interest on these bonds, then, or arrears of interest, will simply be charged up to the mortgage which the Provincial Government have, and they will be amply secured in that way?

Mr. MEIGHEN: Well, I cannot say as to the security, because I am not a practical railway man, but presumably they are. We, the owners of the company which owns the stock, would certainly have to take the road subject to any claim of present Governments in that regard. We would have to take care of that claim if we were going to continue in that position.

Mr. J. D. REID: The member for Brantford (Mr. Cockshutt) asked me the other evening for some information with regard to the operation of Pullman cars on the Grand Trunk system. I have the following memorandum from the Grand Trunk officials:

Re Pullman Company.

Contract dated July 1, 1916, for a term of 20 years between the Pullman Company and the Grand Trunk Railway of Canada including subsidiary companies except the Grand Trunk Pacific Railway Company. Under the terms of the agreement the Pullman Company are obligated to pay over to the Grand Trunk 50 per cent of its gross earnings in excess of $7,500 per car per annum. Grand Trunk proportion of such excess for the year ending June 30, 1919, was $31,000. The Grand Trunk are obligated to pay the Pullman Company three-tenths of a cent per car mile for installation and operation of electric lighting of Pullman cars equal to about $1,000 per month. The agreement provides that should the earnings per car per annum fall below $6,000 for two years or more the Pullman Company may cancel contract on six months' notice and the Grand Trunk in such event has the option to purchase the equipment at a price to be agreed upon.

Pullman Company pays all cost of repairs and renewals except those caused by railway accidents; they also pay all inside cleaning of cars, all wages of conductors, porters, and generally all operating expenses except outside cleaning, furnishing water and lubricating oil. Pullman Company must also supply all cars necessary to meet the requirements of traffic.

The contract is deemed by the Grand Trunk to be an advantageous one.

Mr. COCKSHUTT: Do I understand that the employees on the Pullman cars are appointed by the Pullman Company?

Mr. J. D. REID: They are appointed by the Pullman Company, whose head office, I understand, is in Chicago.

Mr. CAHILL: The Minister of the Interior, in speaking of the position of the Grand Trunk in respect to the Grand Trunk Pacific, tries to lay the blame for the present difficulty on the Liberal party. The answer given to questions

put by the member for Temiscouata (Mr. Gauvreau) and my hon. friend (Mr. Casgrain) shows that of $109,721,000 advanced to the Grand Trunk and Grand Trunk Pacific, only $10,000,000 was advanced through the Liberal Administration.

The CHAIRMAN: Before the hon. member proceeds further, may I ask him whether he intends now to discuss the responsibility of the respective parties concerning the construction of the Grand Trunk Pacific?

Mr. CAHILL: Not at all. The minister stated that the Government of Canada had guaranteed the bonds of the Grand Trunk Pacific and held a first mortgage, and that the Grand Trunk guaranteed the second mortgage bonds. The minister proceeded to argue that under this arrangement the Government is being protected. I do not see how he reasons that out. How does he hope to get anything from the Grand Trunk on account of its guarantee of Grand Trunk Pacific bonds? He said the other night that he would not take $30,000,000 in settlement. But the stock exchange value of these stocks on the 11th of September, as published in the London Daily Chronicle, was only $28,677,000, and against that there is an advance of $15,000,000 and the guarantees of these bonds which the minister says we are going to hold the Grand Trunk responsible for. According to the London stock exchange quotations $56,000,000 would have bought all these stocks, first, second and third preference and common stocks, including the guaranteed stock which we are now practically making a $60,833,000 bond issue. We are starting out by paying that money for what could not have cost us more than $56,000,000 for all of the stock. The minister will argue that money is worth more than 4 per cent. We will grant that, so that a 4 per cent Canadian Government bond would be worth only 80. If you sold $70,000,000 worth of these bonds and acquired all of the stocks, you would get $56,000,000 for the bonds. Therefore, the total possible cost to the country for acquiring those stocks would have been $70,000,000, without any recourse to arbitration. But we are guaranteeing $60,000,000 worth, and then we are attempting to arbitrate the balance, and the minister states in his letter that the assets and the liabilities of the Grand Trunk, including the Grand Trunk Pacific, will be taken over. There is no way in which the Grand Trunk can be held responsible for the Grand Trunk Pacific obligations. The arbitrators will value the worth of the whole system; they will find out what the assets and the liabilities of the whole proposition are, and the difference will be the amount that the property is worth. Therefore, the Grand Trunk Pacific bond guarantee will have absolutely no bearing on the matter at all, since the bonds that are guaranteed by the Grand Trunk are a second mortgage, and the Dominion of Canada has a third mortgage, over and above that, and that means, as the minister says, if we were to take our losses on that, the road might be worth the first and second mortgages, so that we would lose the $90,000,000 in any event

The CHAIRMAN: Will the hon. member inform the committee whether his judgment is in favour of the discharge of the receivership or against it? I cannot see how his argument has anything to do with the clause under discussion.

Mr. CAHILL: It shows for one thing that the Administration of which the minister is a member has advanced $100,000,000 to the Grand Trunk—

The CHAIRMAN: The hon. member must not forget that we are in committee and that we are discussing the provisions of clause 12 of the Bill. He certainly cannot take advantage of this clause to bring forward and discuss all the real and pretended faults of the present Administration.

Mr. MEIGHEN: The hon. member referred to two things. The first was an explanation that I gave of the previous question—

Mr. CAHILL: If my question was out of order, is the minister in order in answering it?

Mr. MEIGHEN: I assure my hon. friend I was not going to do so. I was merely going to say that in his reference to the two subjects, the explanation that I made, and the other a point of his own, he asserts that he did not understand my explanation and I, with equal confidence, state that I cannot understand his point, so I would suggest that we call it square.

Mr. MOWAT: As regards the termination of receivership, I think it is proper to point out that there is amongst some persons in the country a misunderstanding regarding the meaning of the words "receivership" and "liquidation." This agreement being of such great importance must go, not only before lawyers and businessmen accus-

tomed to transactions like this, but before all the people of the country who must be satisfied in regard to it. I find that some people, especially those who are timid about entering upon a policy of government ownership, do not understand the meaning of these words "receivership" and "liquidation." They are pleasant, sibilant words, and people not having been accustomed to them before and these words being suddenly thrust into this debate, there is being attached to them by some people an importance which should not be. The leader of the Opposition said in one of his speeches during the course of this debate: Why not liquidate? or words to that effect. Why not continue the receivership? It seems to me important that the country should understand that a receivership must be only a temporary holding. When a man has a debt against another man, he has ways of collecting it; or if he has a mortgage securing bonds, he has ways of collecting it. One of those is to get a judgment against the debtor and then issue execution to the sheriff and sell the property. But if it is not advisable to bring a property to auction by public auction, then it is proper that a receiver should be appointed to collect the revenues and prudently to make expenditures and so on. That, however, is only a temporary expedient; you cannot continue a receivership except for a very ordinary length of time. Therefore, a receivership which sounds so pleasant and easy, is really only something that can be contemplated to last for a time. As regards the word "liquidation," I find some people say: Let us liquidate. That sounds well. They do not seem to understand that the word "liquidation" has a very serious meaning, different from the way in which it sounds. I am speaking now, not for the expert, but for the ordinary everyday citizen who is not accustomed to these transactions. Liquidation means, as the Minister of the Interior (Mr. Meighen) has said, that you strip off all the debts; but liquidation in the law means only one thing, that you bring the property to sale by public auction, and in that case you have free competition by rivals for this system and a sale which cannot be brought about by any private arrangement whatever. Therefore, it seems to me that the only possible way to make a good bargain here is by the arrangement which it is attempted by this Bill to carry out, instead of bringing the matter to an auction which must be fair, open, and above board by the courts, which would allow American companies or the Canadian Pacific or any other large concern to come in and bid, and which would then force the Government to come to the auction with millions of money in its hand which would necessitate another loan. It should be well understood that liquidation means public auction under the hammer, with no secret arrangement whatever. Unless the country is prepared to put up millions of money to equip the Government to go to that auction and buy, the only possible solution is to enter into this arrangement by which they will not have to put up a dollar, but only by good business methods, linking this road up with the present system, will have to endeavour to meet the interest on these bonds and earn the balance for the public treasury.

Mr. McKENZIE: I have been anxious to know what kind of a bargain the Canadian people are making in connection with this road, and that is why I am inquiring as to the liabilitites of this road and what we are paying for it. The hon. member for Parkdale (Mr. Mowat) seems to think that liquidation is a frightful thing, an awful thing. Has the hon. gentleman ever heard of a man making an assignment? I am sure in the great metropolis in which he lives he has heard of men being obliged to make an assignment. After they made an assignment, the assignee would have to sell the property whatever it was, get the most money he could and divide that amongst the creditors. A receiver does the same thing if he does his duty. That is all that this means. A receiver and an assignee are as close together as any two could be. The duty of both would be to get the best possible value for the goods which they hold in trust for the benefit of the creditors and divide that money between them. That is the only way that is known to the commercial world of dealing with a man who goes into insolvency, and to all intents and purposes a single person with a mortal body and a living soul is, so far as money is concerned, put into the same category as a corporation. When a corporation gets into deep water, it gets into the hands of a receiver; or it could make an assignment just like an individual, and then the assignee could deal with the goods. Why should we be frightened into paying ten times its value for a piece of property on which we have a mortgage? That is something I cannot understand and which I believe the Canadian people cannot understand. We are told that the liquidator can hold the property only for a certain time. That is true, but after that time he should sell it and get the money for it. Why

should we buy another road when we are told we already have too many railroads? We are told we have two roads now through to the coast where one is enough. Why should we be afraid to sell one of them? Why should this House jump headlong into paying ten prices for a road when we have one too many already and when we could sell this road to-morrow and still leave us with transportation facilities adequate for the needs of the country? I do not think it is good reasoning, good law, or good logic that my hon. friend (Mr. Mowat) gives us when he says we must hang on to this road and pay any price for it lest it may go under the hammer. If a man has two horses and has use for only one, he is not going to be frightened to sell the other one. That is the case with these railroads. We have been told repeatedly that one of our roads, together with the Canadian Pacific, would be sufficient for our needs. Then why should we not sell the other and get the money for it, instead of dragging it along in this way and taking millions upon millions of dollars every year out of the pockets of the Canadian people to look after it? We are paying for a toy that does not pay and will not pay for many years to come.

Mr. MORPHY: Which road would the hon. member sell?

Mr. McKENZIE: The one that is now in the hands of a receiver.

Mr. MORPHY: Which one is that?

Mr. McKENZIE: The Grand Trunk Pacific. We should get it for something like what it is worth. It is idle to say that we should go to these arbitrators and get them to put a value upon the equity of redemption under these mortgages. Any lawyer or business man knows that the only way you can get at the value of the equity of redemption is to put up the property for sale and let the public say what it is worth. The obligations are paid out of the purchase price, and the balance goes as the equity of redemption to the man who mortgaged this property. The position we are getting ourselves into is that of a mortgagee in possession. I do not know whether the Minister of Railways is sufficient of a lawyer to know what is the position of a mortgagee in possession. It means that he is in possession of a property which he has taken as security, but the title is not altogether in him because the equity of redemption is still outstanding. He must strictly account to the owner of the property for every cent the property earns and for every advantage he has derived from it. The only thing for a mortgagee in possession to do is to foreclose and let the property be sold for what it will bring. If he wants the title himself he must pay what the public thinks the property is worth, but if somebody else bids higher and gets the property, the mortgagee gets back the interest he had in the property. I say it is not good business to take over this property or any other property and assume liabilities which are possibly twice its value. I protest on behalf of the people of this country against this transaction for the reason that we are assuming altogether too much liability, and undertaking to pay too much money for the property when we could get it for what it is worth stripped of all these bonds and mortgages and stocks. We could buy the property for what the public says it is worth at public auction. That is the position I take, straight and clear, and if it is not understood the fault is not mine. If the Government makes a bad bargain they make it in the face of the warning I am giving them that they are paying too much for this property. The Minister of the Interior said himself, not half an hour ago, that he knew the property was not worth the claims against it. He would not undertake to say what proportion of the claims it was worth, but takes this property holus bolus and assumes all responsibility in regard to it. There should be some remedy by which we could get clear of assuming obligations that are altogether too great in connection with a piece of property that we could very well do without.

Mr. J. D. REID: I am really surprised at the argument of the hon. member if he has considered the statement I gave to the House on October 8, which appears on page 1514 of Hansard. The hon. member states in the first place that the receiver should sell the road for what it is worth. Now I cannot find any person or corporation, private or public, or any railway company that will come to me and offer to take the Grand Trunk Pacific off our hands at any price. The hon. member asks why we should be afraid to sell the road. As receiver I am not afraid to sell the road, but I cannot get anybody to buy it.

Mr. ROBB: Then that disposes of the bogey that the Canadian Pacific want the road.

Mr. REID: No. The Canadian Pacific are anxious to take over the Grand Trunk sys-

tem, but I am not receiver for that system. I was speaking of the Grand Trunk Pacific.

Mr. ROBB: If the Canadian Pacific took over the Grand Trunk they must assume all its obligations and take over the Grand Trunk Pacific with it, because that is one of the Grand Trunk's obligations.

Mr. J. D. REID: If it was foreclosed. Supposing it was foreclosed, what would be the position? The Dominion Government has given guarantees, cash advances and loans to the Grand Trunk Pacific since the road was organized, as follows:

Cash loans, &c..	$ 64,010,608
Guarantees..	76,574,181
Still outstanding as a liability against G. T. Pacific.	$140,584,789

Mr. McCREA: The minister says the Canadian Pacific do not want the Grand Trunk Pacific. Was the Canadian Northern at the time it was taken over by the Government any more attractive than the Grand Trunk Pacific? We were told then morning, noon and night the same old bogey story about the Canadian Pacific wanting the road. I do not think the Grand Trunk Pacific is any less attractive to the Canadian Pacific than the Canadian Northern was.

Mr. J. D. REID: We did say the Canadian Pacific wanted the Canadian Northern. The Canadian Northern has a splendid system in the four western provinces and would be a great asset to the Canadian Pacific, which has connections in the East. But the Grand Trunk Pacific has no branch lines.

Mr. McCREA: I think the truth is that the Canadian Pacific does not want either of the roads.

Mr. J. D. REID: In addition to the $140,584,789 which the Dominion Government have advanced to the Grand Trunk Pacific the road has borrowed on its branch lines by way of bonds guaranteed by the provinces of Alberta and Saskatchewan $16,786,440.

Then the Grand Trunk Railway have advanced by way of cash and guarantees the following amounts:

Cash advanced to branch lines..	$11,019,686
Cash to hotels, steamships & lands..	11,820,668
Cash to Saskatchewan railway..	214,500
Bonds guaranteed by G.T.R..	72,301,253
	$95,356,107

The Dominion Government are first guarantors on bonds that were issued on the Grand Trunk Pacific to the extent of $76,574,181. Then the Grand Trunk come in as second guarantors to the extent of $72,301,253. The Dominion Government is a third mortgagee to the extent of $64,010,608, and if the concern were put up for sale and we did not bid enough to cover our third mortgage, of course the public would lose that amount.

Mr. FIELDING: Who would buy it?

Mr. J. D. REID: Well, no one would buy it, as a matter of fact.

Mr. FIELDING: Then you could not sell it.

Mr. McKENZIE: The hon. member could buy it for $100, and he would have the title.

Mr. J. D. REID: We cannot sell the Grand Trunk Pacific. No one would bid for it alone. We really own it now, and there is no trouble about getting the title at any time.

Mr. McKENZIE: How does the minister propose to get the title?

Mr. J. D. REID: The Grand Trunk Pacific is a subsidiary of the Grand Trunk, and when we take over that system, as we own its stock, we shall get the title of the Grand Trunk Pacific. We must assume the liabilities that we have already guaranteed. There is no way of avoiding the guarantees I have already mentioned.

Mr. McKENZIE: If a man has a first and third mortgage on a house and he wants to get title, his proper course would be to foreclose the first mortgage and put the house up for sale. It may not sell for enough to pay the first mortgage. If so, he has the house, and having the house, what is the use of his bothering about the third mortgage? The only good there was in that mortgage lay in the fact that it was binding on the house, but as the house is his property on the foreclosure of the first mortgage the third mortgage represents nothing to him. We could get title to the road on our first mortgage, and the arbitrators need not be befogged by considerations of the second mortgage.

Mr. J. D. REID: Suppose we put the road up for sale and some one did purchase it for $50,000,000. That would not wipe out our liabilities because we have guaranteed the bonds and we would have no security of any kind. Although our security is not considered of much value just at present, is it not better to keep it alive against the road? Perhaps in later years they may be

of value. I cannot see any object in foreclosing in order to get title, because we virtually have it now. The stock of the Grand Trunk Railway Company belongs to us and we have title by virtue of that ownership.

Mr. McKENZIE: We could buy the road, get possession of it and have the title under the foreclosure of the first mortgage. If we thought it proper to follow it beyond that in our bidding we could do so and whatever it sold at over the first mortgage would go to the second. I am satisfied that we could buy the road under the first mortgage. Why should we worry because we had a third mortgage to ourselves on our own road? If a man buys a house under his first mortgage he does not care very much what becomes of a third mortgage which he himself has against that house. It is immaterial to him because he owns the house.

Mr. BURNHAM: What about the merger?

Mr. McKENZIE: The question of merger does not come in.

Mr. MORPHY: How would you deal with the Grand Trunk's guarantee in that way?

Mr. McKENZIE: That is what I want to get clear of. We have nothing to do with the Grand Trunk's guarantee. We are not assuming it in buying this road. If we were that would be another thing. But that is the very thing I want to get clear of.

Mr. MORPHY: You want to relieve them of their guarantee?

Mr. McKENZIE: No, we want to relieve ourselves.

Mr. MORPHY: That would be the effect of the hon. member's proposition.

Mr. McKENZIE: No, whoever holds the guarantee of the Grand Trunk would have to look to the Grand Trunk. But we are taking over the property and will have to pay all its obligations.

Section agreed to.

On the Preamble:

Mr. CAMPBELL: I deire to ask a question or two regarding the liabilities of the system. On page 1447 of Hansard the Minister of Railways said that the total liabilities of the Grand Trunk Railway system are $266,023,750.03, to which should be added an amount guaranteed by the Grand Trunk Railway system of $18,936,377.29, making the total liabilities of the Grand Trunk system $284,960,127.32.

A little further on the minister said: "Of course, there are other amounts that there are not guarantees for." I take it that the system is responsible for these other amounts, as much as it is for the amounts which are guaranteed. I would like to know what these other amounts are so that we may get the grand total of the liabilities for which the Government will eventually be responsible. In this connection I now refer to the blue-book, pages 38-39. In making up the amount which the minister gave us, and which appears in Hansard, he has taken into consideration the bonded indebtedness as set out and the liabilities that I have just mentioned. There are certain other items in the statement regarding which I am not clear. They are as follows:

Notes payable—unsecured. . .	$ 3,916,362.18
Equipment trust notes.	5,344,207.54
Advance by Canadian Government.	15,142,633.13

I wish to know if these items are not part of the liabilities of the system just the same as the others are, the responsibility for which the Government will have to assume.

Mr. J. D. REID: The statement on pages 38 and 39 is a statement of all liabilities of the Grand Trunk. The hon. member (Mr. Campbell) asks if the amount advanced by the Canadian Government of $15,000,000 should not be considered a liability. It is considered a liability and it is shown in that statement as a liability. This amount was advanced to the Grand Trunk before Confederation, it is still on the books of the Government and is considered a liability. It was advanced on certain conditions, and of course the arbitrators will have to take it into consideration. The equipment notes constitute a liability against the equipment of the road. I gave a statement a few days ago which appears in Hansard with regard to the equipment and its obligations. The question was asked as to the value of the equipment and what was against it. The value of the equipment was something like $180,000,000 and against that there are equipment bonds which form a charge against the equipment.

Mr. CAMPBELL: The value of the equipment, I presume, is included in the item of assets amounting to $434.990,999.37.

Mr. J. D. REID: Yes.

Mr. CAMPBELL: The $5,000,000 odd, regarding which we are now speaking, should

be taken into consideration as a liability of the whole system just the same as any other liability. Is that right?

Mr. J. D. REID: Of course it is a liability of the Grand Trunk against its equipment.

Mr. CAMPBELL: Then, regarding the item of unsecured notes amounting to $3,916,362.18?

Mr. J. D. REID: These are the notes that are given in connection with the operation. I asked the officials about that and I understand that in the operation of such a great system there are bills payable which do not come due for a certain time and some notes are given in connection with materials or supplies that have been bought.

Mr. CAMPBELL: The shareholders are just as much responsible for these notes as for the other liabilities?

Mr. J. D. REID: Yes, that is one of the liabilities.

Mr. CAMPBELL: There are certain items in this statement which are simply cross entries; for instance, "fire insurance" which appears on both sides of the statement. But there is another item which I am not clear on. That is:

Current liabilities.. .. .. ..$22,801,474.35

The system is responsible for these liabilities and in the final analysis the Government will be responsible when it takes over the stock. On the other side of the balance sheet there is an amount of $51,827,879.16 under the heading current assets. In a sense you set off current liabilities against current assets but the question is: Does the Government have current assets enough, after allowing for all deductions, to pay the current liabilities? The current liabilities will have to be paid. In a statement which the minister gave a few days ago a large part of the first item under current assets was made up of items owing by subsidiary companies which should not be taken into consideration and which we will not be able to collect. I was wondering if, taking all the current assets into consideration, there would be really enough, not only under that particular head, but under the heading "Calls in Arrears on Capital Stock and Traders' Sidings," to satisfy the Government that there would be sufficient value to dispose of the current liabilities on the other side of the statement.

Mr. J. D. REID: These are matters that the arbitrators would have to take into consideration. I did not go into this question myself; I simply took the statement. But, there being such a large margin of difference between the assets and liabilities, I would consider that the position was pretty safe. I based my judgment as to the whole situation principally on the report of the Drayton-Acworth commission. They took all these matters into consideration. After inquiring into the assets and liabilities of the whole system they recommended the payment of a larger amount than that which we are guaranteeing. Taking that, as well as the statement submitted, from the examination I have made of it and from that which has been made by my officials, my conclusion is that we can consider the current liabilities to be reasonably safe.

Mr. CAMPBELL: I recognize that some of these items will have to be taken into consideration in connection with the arbitration but that does not release us from the responsibility of trying to figure out approximately what this thing is going to cost. What I want to get at is whether, after eliminating the preference and common stocks which are to be subjects for arbitration and looking upon them as really worth nothing, there is sufficient substance in the balance to warrant the action which the Government is taking. Taking the minister's statement in regard to the bonded indebtedness of $284,000,000 odd, then adding the three items mentioned amounting to $24,000,000 odd, you have a total indebtedness of $309,000,000 odd in so far as the Grand Trunk itself is concerned, say, in round figures, $310,000,000. That is the total amount for which the shareholders or the Government would be liable providing the item known as current liabilities can be disposed of by the current assets. That is what I have been trying to figure out and it is my wish to know if the figuring is in accord with the understanding of the minister.

Mr. J. D. REID: I think the hon. member is pretty nearly right, but if the arbitrators should wipe out the stocks that he mentioned—the first, second and third preference stocks—and give no value for them they would wipe out $63,841,201 of stock for which cash was put into the road and on which the shareholders have received a very large dividend during many years—in fact, the amount reported by the commission was an average of $1,100,000 per annum.

Mr. CAMPBELL: The shareholders took their chances when they put money into the stock.

Mr. J. D. REID: I admit that, but if the arbitrators should decide to wipe out the $180,000,000 of stock—that is, the $116,000,000 of common stock and the $64,000,000 of other stock—there is no doubt at all we would get the system at a price much lower than what the Grand Trunk system could be sold for outside of the Government altogether.

Mr. CAMPBELL: That is the point I am arriving at. I have figured out that our liabilities in connection with the Grand Trunk system total approximately $310,000,000, leaving out the items I have already indicated. The assets—"property investment in road and equipment"—this would be taken as a valuation of the road—are placed at nearly $435,000,000. That means a nice margin to come and go on, as a business concern, if the valuation is a fair one. But in connection with this we have got to take into consideration the fact that there is going to be a very considerable shortage on the Grand Trunk Pacific end of the deal and the question arises whether that shortage is not going to eat up the margin. That is the way it strikes me, and I have done some pretty close figuring on the basis of the figures which have been submitted to us.

Mr. J. D. REID: One point my hon. friend does not take into consideration is that the property investment is charged up at the actual cost many years ago when it was very low. The amount of money invested in the terminals and in the road so many years ago would be very small compared with a similar investment at the present time. The roadbed is in very much better condition than it was at first; the company have kept it up and improved it. This is a far better system all through than it was originally when this amount was first charged up.

Mr. CAMPBELL: Then the minister thinks that this amount of nearly $435,000,000 with respect to property investment in road equipment is really an under-estimation of the actual value of the road?

Mr. REID: I do.

Mr. ROBB: Before the motion carries I would ask the minister if in the arbitration proceedings consideration will be given to the position Canada will be in at the maturity of any of the bonds of these roads—bonds of the parent company and bonds of the subsidiary companies? Some of the money was borrowed at three per cent, some at three and a half per cent, some at four per cent, some at four and a half per cent, and some at five per cent. Now, these bonds will mature in a very short time, and money to-day is up to five and a half and six per cent, which will make a material difference in the cost of carrying the proposition. Therefore, I would like to know what position Canada will be in in that regard.

Mr. J. D. REID: I could hardly say how the arbitrators will consider that matter; they will have to use their best judgment. The Government will put up as strong a case as they can and obtain the best advice obtainable as to what we consider the value of the road taking every thing into consideration at the present time.

Mr. ROBB: What does the minister think himself?

Mr. REID: I do not wish to express any opinion. I hardly think it would be fair for me to express any opinion as to what the arbitrators should do, or what I think about it. The arbitrators will have to do the best they can and come to their own conclusion.

Mr. COCKSHUTT: Has the minister given any consideration to the suggestion I made the other day as to the possibility of fixing a maximum amount beyond which the arbitrators should not go? It seems to me it is the proper time to ask that question. An offer has been made by the Government on the one hand and by the Grand Trunk on the other. But there is a difference between them. We know the maximum the Government think they should offer and we know the minimum the Grand Trunk think they should have. There must be some figure between these two amounts that could be fixed upon as a possibility for the value of the road. I was hoping that before the Bill went through the minister would say whether or not he thought it was possible that a limit should be set. I do not like to move an amendment in that direction although I feel strongly that the interests of the country would be safeguarded if we knew that we would not be called upon to go beyond a certain amount. We are pretty nearly sure as to the value of the stock. Personally, I explain it this way: The value of the stock is based entirely upon the physical assets which underlie the stock and it is not really the value of the stock that the arbitrators are called upon to fix, but the value of the road-bed, the stations, the terminals, the rolling stock, and all the other equipment. The idea, as I understand it, is that all these things will be examined

into and investigated and their condition determined. That is the reason I made my other suggestion that three judges should not be appointed as arbitrators. Now I have under my hand an article by Acworth, one of the authors of the Grand Trunk proposition, which has just appeared in the October number of the National Review. Apparently Mr. Acworth is very much impressed with railroading in America. He thinks apparently that our position on this side is not as bad as is the government operation of railways in the Old Country, and he foreshadows on government operation in the Old Country a deficit of £60,000,000 or $300,000,000. He points out too, Mr. Chairman, what I think is a matter that we might congratulate ourselves on—that we are operating railways to better advantage than they are in the Old Country, in these respects; that our car carries from four to ten times as much tonnage as does the freight truck in the Old Country, and our train carries three times as much as the British train carries. In these respects, Mr. Acworth's article is very enlightening and I would have liked to draw more attention to it but for my wish to not delay the business of the House. I would therefore ask the minister if he thinks my proposition is hopeless, that a limit should be set? I do not wish to press the point or to embarrass the Government in any way in getting the measure through, but it would appear to me the matter is worth the very best consideration in the interests of the country and of the settlement of this question.

Mr. DAVIS: Before the question is answered, and to illustrate very briefly the point which has been raised, I would like to relate an incident that occurred yesterday. A business man was playing golf with a Canadian Pacific official near where an old line of the Grand Trunk runs, and for months a number of old cars have been standing on that line. The business man said to the Canadian Pacific official, "Why do these cars stand here?" The Canadian Pacific official laughed and said, "Oh that is just a problem in railway accounting." The other gentleman said, "Read me the riddle, I do not understand it?" The Canadian Pacific official replied, "If they repaired those cars, or if they had to scrap them, it would have to appear in the operating account. But if they are left standing there, they appear as assets."

Mr. J. D. REID: With reference to the question put by my hon. friend (Mr. Cockshutt), as explained by the Minister of the Interior the other evening, that is a matter which did give us some concern. But we felt that if we did name a maximum it might be taken as an indication that we were willing to pay that amount. When the hon. member for Brantford brought the matter up the other evening, there did not seem to be any great support of the suggestion from hon. members; therefore, we still believe that it will be much better to leave the provision as it stands and trust to the arbitrators to arrive at what they believe to be a fair award. Having regard also to the reputation for fairness and good judgment in matters of this kind of Sir Walter Cassels, who will be one of the arbitrators, I think we should adhere to the decision that we arrived at prior to the presentation of the Bill.

Mr. ROBB: I wish again to draw the attention of the minister to the question of interest, which, it seems to me, is a very important one in a case where the capitalization is so large. Here are millions of dollars' worth of issues, some already matured, others maturing in a short time, the rates of interest varying from three and one-half to five per cent. We cannot get money at those rates now; money is worth five and one-half and six per cent to-day. Surely if we are going to take over these obligations and guarantee the dividends to the English stockholder, the minister ought to see that the country gets some consideration for the increased cost of carrying this property.

Mr. J. D. REID: The arbitrators will have to give consideration to all these matters. The majority of these securities are in perpetuity; the debenture stock is in perpetuity, as also is the guaranteed stock, if the Government so desires. Then the award, whatever the amount decided on may be, will be in perpetuity—all these at four per cent. But I repeat that the arbitrators must take these things into consideration.

Mr. ROBB: The arbitrators, then, will take this matter into consideration?

Mr. J. D. REID: Oh, yes.

Mr. VIEN: Some time ago the Board of Railway Commissioners ordered some changes in the Toronto terminal, and I understand that a statement has been prepared by the officials of the Grand Trunk as to the amount involved in those changes so far as they are concerned, as well as the amount involved in the proposed change of terminals in Montreal. Can the minister

give the committee any information on that point?

Mr. J. D. REID: So far as the Toronto terminals are concerned I have no information. As the hon. member knows, the terminals there are pretty well advanced. Of course, the Canadian Pacific and the Grand Trunk, who are the parties chiefly interested in this terminal, will have to pay their respective shares of the cost of whatever the Board of Railway Commissioners order to be done. But where we will save money on terminals, in my opinion, is in the uniting of these systems.

Mr. VIEN: The minister will not contend that the transaction now under consideration will save anything to the country in the matter of terminals, because whether we buy or do not buy, the Toronto Terminal Company will make whatever arrangements it thinks proper with all the railways that have entrance to Toronto through that terminal. Has the minister no information as to the amount which will be involved so far as the Grand Trunk is concerned in those works ordered by the Railway Commission?

Mr. J. D. REID: I have not gone into all these matters of detail; of course the arbitrators will have to take them into consideration. So far as the Montreal terminal situation is concerned, the Board of Railway Commissioners made a similar order, I believe, some years ago, prior to the submission of the Drayton-Acworth report. The Drayton-Acworth report also made a recommendation in that regard. However, the taking over of the Grand Trunk system and its amalgamation with the Canadian Northern may change the whole situation in Montreal as to terminal facilities; we may save in operation there. I can only say again that the Government will place before the Board of Arbitrators every argument they can possibly make in connection with matters of this kind and that the arbitrators will have to make their award upon the evidence submitted to them.

Mr. VIEN: It is well to direct the attention of the committee and the country to the fact that the Minister of Railways, when he brings down this important piece of legislation, is not aware of the expenditure he will have to meet in connection with the terminal facilities in Toronto and Montreal.

My information is that the Grand Trunk itself will have to pay some $30,000,000 for terminal facilities in Toronto, and that the changes in the Grand Trunk terminal facilities in Montreal will involve another expenditure of over $50,000,000. This, added to the amount which will be involved in bringing the physical condition of the road up to normal, as suggested by the Drayton-Acworth report, will mean a necessary expenditure of over $150,000,000. $51,000,000 necessary according to the Drayton-Acworth report three years ago; $50,000,000 necessary for the elevation of the Grand Trunk from Point St. Charles to Bonaventure station and the erection of a new station there, and $30,000,000 for terminal facilities. The Minister of Railways comes to this House and gives all the information that he has in his possession, but he has to admit that, before entering into such an agreement, before asking Parliament to enact such legislation as this, he is not aware of the amount which will be involved in those terminal facilities. The House and the country have a right to be better informed before they are asked to pass such legislation. When a man buys a house or an ordinary business plant, such as a shop, or shares in an industrial company, what is he going to do before he takes any steps towards entering into an agreement? He will inquire first as to the physical condition of the plant, the financial standing of the company, the debenture indebtedness of the company; and only when he is in full possession of those facts, will he draw up the agreement or will he discuss the various terms of it. In the present instance nothing of that kind has been done. The minister, with candour, maybe to his credit, but with an ignorance which is hardly creditable, tells us that he does not know the amount involved in those terminal facilities. Yet he is willing to assume the responsibility of taking over the road. If the information that I have is accurate, to the $501,000,000 of a liability that the country will be saddled with according to the statement of the minister, we shall also find ourselves saddled with $150,000,000 of additional expenditure just for these terminal facilities. The minister says: But this will be saved; we must have terminal facilities in Toronto; we must have terminal facilities in Montreal; we are combining all the railways, and this is one additional reason why the Government should take over the Grand Trunk railway. His argument is absolutely wrong. The terminals in Montreal will be put under a union plan, all the railways now using Bonaventure station will have to use the new terminals. Whether we buy the Grand Trunk or not, the Intercolonial and the Canadian Govern-

ment railways will have an opportunity of using the terminals in Montreal. In Toronto the same thing is true. There is already a terminal company organized to build terminals in Toronto, so that it will afford no advantage whatever to the Government or to the Government railways to take over the Grand Trunk. But the House, before it is called upon to sanction such legislation, should know the full extent of the liability that the country is being asked to assume. It is putting the country under a false impression when we say that the physical condition of the road is good and satisfactory, when, as a matter of fact, over $150,000,000 must be expended before the road will be in a normal condition. Yet the Minister of Railways tells us that he is satisfied with the physical condition of the road. He tells us that he has the information; that he has travelled over the road, and that he has a personal knowledge that the road is in a good condition. Notwithstanding that, he is obliged to make the admission that he does not know the amount of expenditure that the Government will have to make for these terminal facilities. How can the minister reconcile the statement that he does not know the amount of expenditure involved in the terminal facilities with his statement of a few moments ago that he is satisfied with the physical condition of the road? I hardly see how the minister can reconcile these two statements, and he should put before the House all the facts, so that the country may know that in buying this railway, it will have to make an expenditure of $150,000,000 for terminal facilities in Montreal and Toronto and for betterments of the road which have been neglected for a few years.

Mr. FIELDING: While the preamble may be of less importance than the enacting clauses, I would direct the attention of the Minister of the Interior to that portion of it which reads:

> And whereas it is expedient that His Majesty should acquire the whole of the capital stock of the Grand Trunk Railway Company of Canada except the 4 per cent guaranteed stock above referred to.

As a matter of fact, provision is being made later on for acquiring the whole of it, and there is one method for acquiring the 4 per cent and a different method for the other. Nevertheless, it seems to me that the preamble is making the exception; it virtually says that we are not acquiring the 4 per cent guaranteed stock. I merely call the minister's attention to this. It is a matter of drafting.

Mr. MEIGHEN: I thought of the point at one time, I remember, and I saw a difficulty both ways. If you leave it off, then the preamble would indicate that Parliament had decided to acquire the 4 per cent stock. Parliament has not so decided; we do not ask Parliament so to decide.

Mr. FIELDING: Not absolutely, but you take the power.

Mr. MEIGHEN: Yes, we should have the power. If it were worded in this way, it would be right:

> And whereas it is expedient that His Majesty should acquire the whole of the capital stock of the Grand Trunk Railway Company of Canada except the 4 per cent guaranteed stock above referred to, and should reserve an option to acquire the said guaranteed stock.

Mr. FIELDING: Something of that sort would serve the purpose.

Mr. MEIGHEN: I move to amend the preamble by adding at the end of the twenty-seventh line the following words:

> And should have power to acquire the said four per cent (4 per cent) guaranteed stock.

Mr. FIELDING: That will do.

Mr. McCREA: The Minister of Railways the other day gave us the number of freight, passenger and work cars, locomotives and equipment generally of the system, and gave the value of that rolling stock as $180,000,000. I should like to know from what source he got that estimate of the value. I am inclined to think that if all the assets of the Grand Trunk are valued on the same basis we shall have a very handsome bill to pay when the award is made.

Mr. J. D. REID: I gave the number of cars and said that if you estimated the rolling stock at so much per car it would amount to so many dollars. I only gave a rough estimate. The Grand Trunk officials tell me it was far too low.

Mr. VIEN: If the minister can obtain the information from the Grand Trunk officials, and I am informed they have it prepared already, would he give the House the company's estimate of the cost of the terminals in Montreal and Toronto?

Mr. J. D. REID: It would make no difference so far as the award is concerned. That information will be submitted to the arbitrators

Mr. VIEN: But the House is interested in knowing the Grand Trunk's estimate of its requirements in Montreal and Toronto. The minister could obtain that information in no time, if I have been correctly informed.

Mr. MEIGHEN: It might be obtainable, and if so, it will be got, but certainly it would make no difference, for the reason that the terminals are ordered by the Railway Commission to be constructed. That means that the Railway Commission has found that the building of these terminals is in the public interest. Consequently there is value to the public that should satisfy us for every dollar anyway. The information is really immaterial to the discussion, but we have no objection to getting it.

Mr. VIEN: If we buy a railroad that is face to face with an expenditure of $50,000,000 in Montreal alone, it changes the situation somewhat, to my mind, at all events. The Grand Trunk will have to spend $50,000,000 on changing its terminals in Montreal alone. I think that would have some effect on the amount of the award.

Mr. McCREA: Would the Minister of Railways obtain the exact number of freight and passenger cars and other rolling stock of the road, with the actual value of the equipment? To my mind $180,000,000 is pretty close to twice the real value of the equipment, if the number of cars was given correctly.

Mr. J. D. REID: I have already put a statement on Hansard showing the number of cars the road has.

Mr. ROBB: Let us carry a little further the point raised by my hon. friend (Mr. Vien) with regard to the terminals in Montreal and Toronto. The Minister of the Interior has told us that these improvements have been ordered for the protection of the public. Now, when we take over the Grand Trunk we shall own 2,000 miles of railway in the different states of the union, and the Railway Commissioners of these different states may say: If it is necessary for you to construct high level crossings in Canada for the protection of the people there, that is pretty good protection for the people of the United States, and we may be ordered to make the improvements. What position shall we be in when all these different states compel us to make improvements to our railways there?

[Mr. J. D. Reid.]

Mr. MEIGHEN: We would be in just this position: We would expect that the road of which we are the stockholders would be treated just the same as the others. Now, it must be presumed that if extraordinary obligations are placed by the United States on their railways the United States will permit charges to meet those obligations, and if that is to be presumed as respects railways there generally it is to be presumed with respect to our railway there. Consequently we have nothing specially to fear.

Mr. McKENZIE: Would the Minister of Railways say whether all the obligations and liabilities of every kind of the Grand Trunk Pacific are given on page 42 of the blue-book. If not, what should be added?

Mr. J. D. REID: Since that statement was made as of December 31, 1918, there have been advances made to the Grand Trunk Pacific by the Receiver. The receivership began on March 1, 1919, I believe. I submitted the liabilities in connection with that in the statement I put on Hansard.

Mr. McKENZIE: Is everything else on page 42 of the blue-book, except what the minister put on Hansard this afternoon?

Mr. J. D. REID: I think so.

Amendment agreed to.

Preamble as amended agreed to.

Bill as amended reported.

Mr. McKENZIE: I should like to have some agreement with the Government as to when the third reading of this Bill will be taken.

Mr. MEIGHEN: We will let it stand until the next sitting of the House. That makes it subject to agreement.

On the motion of Hon. Mr. Doherty the House adjourned at 6 p.m.

Friday, October 31, 1919.

The House met at Three o'clock.

BUSINESS OF THE HOUSE—GRAND TRUNK BILL.

On the Orders of the Day:

Mr. McKENZIE: On the Orders of the Day perhaps I may be permitted to say something to the hon. the Minister of Railways and Canals (Mr. J. D. Reid). The first order which we are likely to reach is that for the third reading of Bill No. 33 respecting the acquisition of the Grand

Trunk Railway system. While we have very little delay in view after reaching the proceedings connected with the third reading, I would like to say to the minister that we are not prepared to go on to-day. Knowing that to-morrow will be a holy-day, and it not having been known that the Bill would be taken out of committee last night, the bulk of our members who are within reach of their homes have gone home and it is impossible to get anything like a fair representation of the Opposition in the House this afternoon if we are forced to go on to the vote. I would suggest to the minister that he stand this order until Monday night. We will try to be here on Monday night and I think the Bill would go through on Monday night or possibly Tuesday.

Mr. J. D. REID: There are some other Bills on the Order Paper but the ministers in whose charge they are do not happen to be present. My hon. friend the Minister of Justice (Mr. Doherty) has some, but he went to Montreal this morning, I think, with Cardinal Mercier, and he is not here. Perhaps we might go on with the Grand Trunk Bill in the meantime and we can discontinue the debate at any time. Does my hon. friend not think we had better proceed in the meantime?

Mr. McKENZIE: Our discussion of the Bill will be very short. It is hardly worth while to go on in view of the little we have to say. There will be a few short amendments but very little discussion and it will be hardly worth while to begin in view of the little delay we anticipate.

Mr. J. D. REID: I see there are some Bills here which are in charge of ministers who are present. We will take these up in the meantime and perhaps later on we will discuss the question whether we shall go on with this Bill or not.

Mr. MURPHY: Has the Bill as amended been printed?

Mr. MEIGHEN: It is not usual to print a Bill as amended without special instructions. The amendments while important in one or two regards are mostly clauses struck out. There is one clause struck out and one clause in which "thirty" years is changed to "five." Beyond that there is no material change.

Mr. FIELDING: Does not my hon. friend think that a Bill of this great importance, when it goes to its third reading, should be put in its complete and perfect form before the House?

Mr. MEIGHEN: Yes. It is in complete and perfect form. There would be no advantage in printing it for that purpose. However, we do not wish to take any advantage of the situation. I endorse the suggestion of my hon. friend the Minister of Railways that we proceed with such other business as we can, depending on how long that takes as to whether it will be well to discuss later on going on with the third reading.

Mr. MURPHY: We might do as the Government did in connection with the Peace Treaty—have a certain number of copies distributed with the corrections made.

Mr. MEIGHEN: Yes, we can have that done in the meantime. I will attend to that myself.

Mr. M. CLARK: I do not know how far it is a debatable question but if it were I should like to protest against the school being run for the convenience of the truants.

Mr. FIELDING: That reflection on the Minister of Justice is hardly warranted because he has gone down to Montreal on very urgent business.

Mr. MEIGHEN: The Minister of Justice went to Montreal on the assurance that what was said last night would be carried out and that we would go on with this motion.

Mr. W. S. MIDDLEBRO (North Grey): With reference to the Grand Trunk Bill, a notification was given to the Opposition last evening that it was the intention of the Government to proceed with the third reading of the measure this afternoon, and if we did not progress far enough to reach a vote, the debate would stand over until Monday. That we should go on with the third reading this afternoon was the understanding.

TARIFF COMMISSION.

On the Orders of the Day:

Mr. VIEN: I would like to inquire what has been done in regard to the tariff commission that was to have been appointed as announced last session. Has the Government appointed such a commission to inquire into the revision of the tariff, and if not, at what time can we expect that such a commission will be appointed?

Sir GEORGE FOSTER: The Government has not appointed any such commission. It is the intention of the Government to

appoint it at some convenient time in the future.

GUELPH NOVITIATE.

On the Orders of the Day:

Sir SAM HUGHES: May I ask the right hon. the leader of the Government (Sir George Foster) if the report of the commissioners appointed to inquire into the Guelph Novitiate, with the evidence, has been laid on the Table and if the report and the evidence will be printed in time for distribution at an early date?

Sir GEORGE FOSTER: The report, as I am informed, has just come in.

Sir SAM HUGHES: And the evidence?

Sir GEORGE FOSTER: I think the evidence is with it, too.

Sir SAM HUGHES: We do not care for the report.

Sir GEORGE FOSTER: I am not sure that the evidence is attached to it, but it very probably is. It has not been opened and it awaits the arrival of the minister who will be here to-morrow, and on Monday probably the hon. gentleman will see it on the Table.

Sir SAM HUGHES: Might I inquire if it would not be well to consider the advisability of printing it? We care nothing for the commissioners' report; it is the evidence we want printed.

Sir GEORGE FOSTER: I think it would be too much to ask the House to order the printing of the evidence before the report is laid upon the Table.

Sir SAM HUGHES: In case I should not be around then I want to get my shot in now.

Sir GEORGE FOSTER: I will see that my hon. friend's rights are guarded.

Mr. R. L. RICHARDSON (Springfield): What body gives directions in a case of this kind; is it not referred to the Committee on Printing?

Sir GEORGE FOSTER: The House itself is master and in most cases it is done by general consent; or it may be referred to the Printing Committee as a matter of course.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

Hon. J. D. REID (Minister of Railways) moved the third reading of Bill No. 33, respecting the acquisition of the Grand Trunk Railway system.

Hon. W. S. FIELDING (Shelburne and Queen's): Mr. Speaker, the determination of the Government to proceed with this Bill under the circumstances of which the House is aware is another evidence of their resolve to jam this measure through the House.

Some hon. MEMBERS: Oh, oh.

Mr. FIELDING: I am glad that my hon. friends have noticed that word "jam." I want to tell them that it is not my word, it is the word employed by one of the strongest supporters of the Government in the Dominion.

Hon. Mr. MEIGHEN: Who is that?

Mr. FIELDING: An hon. gentleman asks to whom I refer. I refer to the Montreal Star.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Oh, oh.

Mr. FIELDING: The Montreal Star, on the 23rd instant, published an appeal to the Senate as to what it should do with this Bill, and it declared that this House and the majority supporting the Government are "jamming through, during the dying days of a special session called for another purpose, a measure which many Canadians believe spells ruin for their land. The Government of the day has no mandate for the Grand Trunk purchase. It has been able to give no adequate reason for the questionable urgency of its haste to force the deal through."

So my hon. friends opposite who jeer at the word "jam" may possibly now see that they are not in the company of their own friends. I do not usually attach vast importance to what the Montreal Star says, but I am bound to say that my hon. friends opposite should pay more respect to its opinion than they are disposed to do to-day.

This Bill passed through committee last evening. It is not usual in a matter of so much importance to proceed immediately with the third reading of the Bill. I think there will be no case found where, against the protests of the Opposition, a Bill of this character has been proceeded with so quickly. However, the Government are responsible for that and they must take the responsibility. Another reason is this: I think it will seldom be found that a measure of this importance, a measure of a controversial character, has been brought

to a division on a Friday, when it is well known that many members on both sides find it convenient to go home, and therefore are not able to participate in the proceedings. True they may be playing truant, but still the fact remains that the truancy is not confined to one side or the other. Members who live within easy distance of Ottawa may be excused if, at the week-end, they should go home to visit their families. I can understand that those at a distance, like my hon. friend from Springfield (Mr. Richardson) have a different view. On this question of going home we have had a change of front. We have had a pathetic statement by the Minister of Railways attributing to us on this side a desire "to go home." Now the cry is heard on the other side; it is hon. gentlemen opposite who say, "let us get through and go home." Hon. gentlemen opposite have suddenly become anxious to go home. They have suddenly joined in this desire of the Government to jam this Bill through in the manner described by the Conservative Montreal Star. What reason has been given for this extraordinary proceeding with respect to a measure brought down in the last days of a session, a session called for a special purpose and not for this purpose at all? My hon. friends opposite are blowing hot and cold on this question of this special session. When we bring forward any new business, when we suggest that there may be some other questions to discuss, they say. "Oh this is a special session, we have nothing to do but the work of the special session." And yet when the work of the special session was completed, and when the members were about ready to go home, when, in fact, the leader of the Government told the members to pack their trunks and get out,—

Sir GEORGE FOSTER: I never issued any such order.

Mr. FIELDING: No, the hon. gentleman did not put it in those words—and by the way we have abolished giving trunks to members—he did not tell members to pack their trunks, but he said that within three or four days the Government expected to wind up the session.

Sir GEORGE FOSTER: I am afraid that statement is not correct either.

Mr. FIELDING: My recollection is that my hon. friend speaking on Wednesday said he expected the House would be prorogued on Saturday.

Sir GEORGE FOSTER: I said the hope was entertained.

Mr. FIELDING: My hon. friend says that was the "hope" with regard to prorogation, so far as the Government were concerned—at all events the expectation was that prorogation would be reached within a couple of days. Is there any reason for this extraordinary proceeding? It would be incorrect to say there is no reason and I always like to be accurate in my statements in the House. It would be incorrect to say the Government have given no reason; they did give a reason. The President of the Privy Council—I am sorry he is not here to-day but he is absent on public business—gave us a reason and a reason apparently very convincing to himself and to his friends around him. The President of the Privy Council said that if this business was not rushed through now there would be opposition developed in the country—if this business is not pushed through now opposition will be organized. That is to say, if the people of this country had an opportunity of understanding this measure, then surely there would be a manifestation of public opinion against it, and therefore he said: Let us stifle public opinion; let us rush the thing through while we can and before the public can understand the true nature of the measure. Now, in so far as this is a question of public ownership I think the men—the thousands of men—who honestly believe in public ownership—and I know there are such, including a great many men in this House, although not all who are going to vote for this Bill—the thousands of men all over this country who believe in public ownership might well hesitate before asking the Government to carry this measure at the present time. I do not want to argue against public ownership. I only ask the House to admit that this matter of public ownership, as applied to the great railways of the country, is a large and important question upon which a great many of the wisest men in this country entertain a serious difference of opinion. Is it too much to say that? It is a well-known fact that while public ownership may be admitted in some cases, as applied to the great railways of the country, there is a strong feeling among those whom I have described as among the gravest and best of our people in this country who sincerely feel that this is a dangerous measure. All I ask the House to admit is this: That in view of that serious division of opinion which exists, in view of the gravity of the question, we might well hesitate to take the tremendous plunge proposed in this Bill. We now have 14,000

miles of railway under the control and operation of the Canadian Government. That is a pretty big order; that is a pretty big opportunity for testing the merits of public ownership. I believe that when I say we should for the present rest content with that, that we should operate that 14,000 miles of railway for a little while, that we should prove if we can by experience that public ownership is able to justify itself—I believe when I say that that would be a wise policy, I am saying a thing with which the sober-minded people of this country will agree. Fourteen thousand miles to-day under government ownership; yet we are asked to plunge into this large Grand Trunk enterprise.

I feel, Sir, that the information which has been given to the House on this subject is entirely inadequate. Members of the Government have shown plainly that they have not that knowledge of the question which they ought to have in dealing with so vast a measure. The discussion that has taken place, the answers that have been given to questions, all go to show that there has been a regrettable lack of information. I do not blame the Government much on that account; they could not, in such a short time, acquire the information. This Grand Trunk Railway system is a vast railway system, including railways, steamships, hotels. There are many subsidiary companies, interwoven one with the other; there are financial communications between them; the whole system is one that no ordinary man could understand except after long study.

Now, there has been no adequate investigation into the condition of this Grand Trunk system. The only pretense at investigation—I will not call it a pretense at investigation, because for its own purposes it was a good investigation—the only investigation we have had in the matter is that of what is commonly called the Drayton-Acworth Commission. That commission investigated railway matters about three years ago. I think the inquiry took place towards the end of 1916, and in the spring of 1917 they made their report. That was a report on the railway conditions of the country generally, and, of course, it included a reference to the Grand Trunk.

Now, what information do we get from that report? In the Bill before the House we are dealing largely with the value of the stocks of the Grand Trunk Railway Company and its subsidiaries. The only report to which we can look with any degree of intelligence in this matter is the Drayton-Acworth report, brought in under the circumstances that I have described. And what do they say? As respects the value of these stocks —and that is the main question in this Bill, after all—the Drayton-Acworth report says:

> Even if the Government were to relieve them entirely, as suggested by their President, of their unfortunate Grand Trunk Pacific venture —and, as we have already said, we cannot think that the request can be reasonably justified—it is evident that the Grand Trunk Railway Company is not and will not be for some time to come in a position enabling it to pay out any money at all in dividends. We regard the entire share capital as being intrinsically of but small value at the present time. On the basis of present value of maintainable income the fair compensation would be very small.

That is the report of the Drayton-Acworth Commission: That all this share capital of the Grand Trunk is worth very little; to use their own words, it is of " but small value." These stocks, which the only valuable report available describes as of small value, we, by the action we are asked to take to-day, are converting into a large and extravagant value. We are taking no less than $60,000,000 of these stocks and giving them what is practically a par value by undertaking to guarantee four per cent on them forever. As respects the vast sum of upwards of $180,000,000 of these stocks which the Drayton-Acworth report states are of small value, we are going to submit that to all the doubts and uncertainties of arbitration.

All the information, then, that we have as to the value of these stocks and which is entitled to respect on this question comes from the Drayton-Acworth report; and that report, submitted by a commission of which the present Minister of Finance (Sir Henry Drayton) was a member, tells us that these stocks are of very little value. We are asked to convert them into a value of at least $60,000,000 as respects one stock, and heaven only knows what value may be assigned by the arbitrators to the others. It is on information of that character, on a situation like that, that we are asked to-day to adopt this Bill. I believe that the sober sense of the country will say that we have not the knowledge, we have not the information, which would enable the House or the country to understand this matter.

The matter, Sir, is not being well understood in the country. I do not wonder that the President of the Council (Mr. Rowell) says that if there be delay there will be opportunity for opposition. Take what has occurred in the city of Montreal. A Board of Trade is not always the highest exponent of public opinion; its members are only human and they make mistakes. But when

you get a body of men who are exceptionally well qualified to deal with business propositions, a body of men who are usually divided, as all men are, on questions of trade and politics; when you get a body of men of that kind absolutely unanimous in condemning a measure of this character, I say that you have a conclusion to which you are bound to attach respect. The Board of Trade of Montreal did not act in a hurry. They passed their resolution, and they sent a delegation to Ottawa who interviewed the ministers and received the benefit of such information and such assurances as the ministers could give them. The delegation went back to Montreal and made a report to the Board. The Board again assembled, and in the full light of all the information that could be obtained, in the full light of all that they were told by the ministers, they passed a further resolution declaring that this measure should not be enacted at the present time. I submit that when in this careful, deliberate manner a body of that character, especially a body composed largely of friends of the Government, reiterate and reaffirm their solemn hostility to this measure, there is grave reason why the people of this country should say: You are proceeding with undue haste.

Other boards of trade are being heard from. We are told at times that the West is thoroughly alive to the desirability of public ownership. Well, the Board of Trade of the city of Regina has passed a resolution strongly objecting to this Bill. The Board of Trade of Sherbrooke, in the province of Quebec, has, as I read in the press, passed a similar resolution. I do not quote any of these as conclusive. I do not for a moment hold up the idea that the board of trade of any community is the wisest judge of all things. But I do feel, as I am sure the country feels, that when earnest business men, not animated by any party feeling, not governed by any desire to injure the Government of the day, men who are known to be friendly to the Government of the day, men who supported the Government of the day in times past and will probably continue to support it—when these men, after full study of the question, come to the conclusion that this measure is being unduly pressed on the country, I say that is an opinion which the public at large will respect and which, I believe, will have weight through the whole of the Dominion.

I do not want to enlarge upon this question. There is no desire on my part at least to obstruct this Bill. I have from time to time in discussing the various aspects of it presented my views with all earnestness and all sincerity, and I do not want to repeat myself. I am going to conclude now with a motion which summarizes in brief form much of what I have been saying. I move, seconded by Mr. Murphy:

That Bill No. 33 be not now read a third time, but that the House do come to the following resolution:

That the Grand Trunk Railway system, which the Government propose to acquire, comprises over eight thousand miles of railway line, owned, controlled or leased and operated by the Grand Trunk Railway Company and its subsidiaries;

That the parent Grand Trunk Railway Company has numerous subsidiary companies, and the system includes, besides the railway mileage herein mentioned, the ownership and management of hotels, steamship lines and other property;

That these railways and other property are partly in Canada, partly in the United States and partly in Great Britain;

That the obligations of these companies in various forms run into vast sums, and the financial affairs of the several companies are interwoven by guarantees of securities;

That the parent Grand Trunk Company and its chief subsidiary the Grand Trunk Pacific Company are admittedly unable to fulfil their obligations to the Dominion;

That the information in possession of the House is insufficient to enable the House and the people to fully understand the complicated affairs of the Grand Trunk Railway system;

That there has been no inquiry into the affairs of the Grand Trunk system since that which was conducted by the Drayton-Acworth Commission in the spring of 1917, which related to the Canadian railway situation generally, and incidentally discussed the affairs of the Grand Trunk Railway system;

That the said Drayton-Acworth Commission in their report say concerning the Grand Trunk Railway Company:

> "Even if the Government were to relieve them entirely, as suggested by their President, of their unfortunate Grand Trunk Pacific venture—and, as we have already said, we cannot think that the request can be reasonably justified—it is evident that the Grand Trunk Railway Company is not and will not be for some time to come in a position enabling it to pay out any money at all in dividends. We regard the entire share capital as being intrinsically of but small value at the present time. On the basis of present value of maintainable income the fair compensation would be very small."

That of the stock thus described by the Drayton-Acworth report as of small value the Bill proposes to place a perpetual Government guarantee of interest at 4 per cent on about $60,000,000, and to submit the valuation of about $180,000,000 to arbitration.

That the House is of opinion that before taking further action towards the acquisition of the railways referred to the Government should appoint a commission composed of persons of recognized ability and experience in railway management, railway finance and rail-

way accounting, to make a full inquiry into all the affairs of the Grand Trunk Railway Company and its subsidiary companies, their assets and liabilities, the condition of the railway lines and their equipment, the physical value of the properties, the sums required to put them in an efficient condition, their estimated earning powers, and generally into all matters in any way relating to the affairs of the companies herein referred to, and to make a full report thereon for the information of Parliament.

Mr. SPEAKER: Is it the desire of the House that I again read the amendment?

Some hon. MEMBERS: No.

Mr. MEIGHEN: Mr. Speaker, may I be permitted first to commend the decision of the House that it was unnecessary and uninformative to read the amendment again? The summation of it all is that, at last after three weeks of long drawn out and wearisome debate, chiefly consisting of allegations of haste and of jamming, accompanied by the fact of unnecessary and, indeed, sometimes irritating repetition and delay, the Opposition has come to a policy. The policy of the Opposition divulged only now on the third reading of the Bill is to appoint another Government commission. This, I take it to be the outcome of the new leadership that has recently ascended to place and power in that party. I have sat in this House now for a number of years; but if there is one cry I have heard levelled against the Government more than another in the last two or three years from the hon. gentlemen opposite, it has been that this is a Government of commissions; that instead of doing anything, taking our courage in our hands and going ahead, we appoint always one commission after another to find things out. It is some comfort to us sitting under those allegations, to find that, however recreant we may have been in that regard, we have at least an Opposition that is ready to go us one better.

Hon. gentlemen opposite say that they have been taunted from this side with being possessed of a desire to go home and quit the business here. The aspersion is quite true; they have been asking to go home for some time. The hon. member for Shelburne and Queen's (Mr. Fielding) now says that the boot is on the other foot; that it is the Government and the members on this side of the House who are anxious to go home. The only anxiety expressed on this side of the House has been to get on with Government business and all other business, to get through and to go home when we get through. The difference between our desire and that of hon. gentlemen opposite is that they want to get home before getting through, and we want to go home only when we get the public business done. The hon. member for Shelburne and Queen's, after, as I repeat, some three weeks of debate,—because this matter was introduced on the 10th October and has been pretty much the only subject of discussion ever since, gives us a disquisition on the differences of public opinion in this country on the subject of government ownership, and he says that some very important men in Canada, chiefly in Montreal—from which city, by the way, curiously enough, has generated almost all the opposition to this Bill—are very doubtful about public ownership. We on this side of the House are committing ourselves to it, he says, and he prays us to go carefully and not to go too fast in this matter of government ownership until these doubting wiseacres throughout this Dominion make up their minds on this question. I have a suggestion to make to the hon. member in that regard. He now sits at the feet of the new leader of the Opposition (Mr. Mackenzie King). That new leader of the Opposition comes here, and the first day that he is on his feet in the House he attacks this measure because he says it is not government ownership at all. He tells us that we are not going fast enough into public ownership; that we are delaying for a number of years the right to redeem the bonds which will be issued in payment of the stock which the country will secure. Because this policy does not bring government ownership fast enough, the leader of he Opposition opposes the measure. But his subordinate—the term really sounds inappropriate—from Shelburne and Queen's tells us this afternoon: Oh, please just wait a little while until we have an opportunity to think; this idea of government ownership is so fearfully new to us and so unheard of throughout the country that we want you please not to go too fast in committing the country to this policy.

To the hon. member for Shelburne and Queen's, who has occupied positions of high trust and responsibility in this Dominion, who has fathered measures of far reaching and, I fear, unfortunate consequences to this Dominion in the periods of his responsibility, whose name, I see, appears affixed to that fateful document that committed Canada to the Grand Trunk Pacific policy in 1903, I put this question: Has ever a policy of consequence, great or small, received so lengthy a notification, as ample an opportunity for premeditation and consideration as has this policy now advanced

before the House? Suddenness! Lack of notice! In Canada we have been in government ownership and government operation of railways for years already, as far back even as Confederation. As years have advanced, we have passed more and more into those responsibilities, driven by circumstances sometimes faster than many people in Canada would like; but we have advanced along lines of government ownership just as every Government of subordinate power, just as every municipality of subordinate power, just as every public institution in this Dominion has advanced during the last two or three decades in the same direction. As business institutions become public utilities through the march of events and the development and evolution of those institutions, they, gradually it is true, but inevitably come more and more under government operation and government ownership and control. We are only moving along the line over which the ages have moved.

But in any event as to this specific Act, what has been the notice to the Canadian people? On the 15th day of May, 1918, the leader of the Government in this country disclosed to the people of Canada through this House what the Government was directing its efforts towards, and why it was so directing its efforts. In the most ample way he made known to hon. members of this House that circumstances were rapidly compelling us to assume ownership, control and operation of the Grand Trunk Pacific. He went farther and stated that circumstances over which he had no control, circumstances, the unfortunate features of which were precipitated upon us by the policy of hon. gentlemen opposite years ago, were driving us, whether we were willing or not, to the goal of government ownership and operation of the Grand Trunk as well. That was on the 15th of May, 1918. Let me read what he said:

I come now to the Grand Trunk Pacific. I regard it as inevitable, that for many reasons, that road should be taken over by the Federal Government. It is a national enterprise to which the credit of the Canadian people has been committed, and in my judgment it is expedient to sustain it and not permit it to go into liquidation. It is intimately connected with the Grand Trunk Railway system in the East. . . . . The House and the country will be glad to know that the prospects of its traffic seem to be improving and I very sincerely hope that they will improve still more in the early future. That railway cannot be successfully operated without suitable arrangements with the Canadian Northern railway and with the Grand Trunk railway in the East. It cannot pay its interest charges, and it is utterly impossible for the Grand Trunk to meet the obligations which it has undertaken in respect to the Grand Trunk Pacific.

Mr. RICHARDSON: Whose words are those?

Mr. MEIGHEN: The words of Sir Robert Borden, the Prime Minister, spoken on the 15th of May, 1918, or about a year and a half before the introduction of this measure into the House. He went on:

I think, therefore, it is absolutely inevitable that the Grand Trunk Pacific must be acquired. I can only say that the Grand Trunk would no doubt be willing to hand it over to us to-day if we would relieve the Grand Trunk of all its obligations in respect to the Grand Trunk Pacific; it would hand over to us the capital stock and be glad to get out of its own obligations in respect to the Grand Trunk Pacific. But there are several conditions to be taken into account before any such proposal can be entertained, and so we are at the present time discussing the whole situation with the Grand Trunk management.

That was as far back as the 15th of May, 1918. He went on further:

Now it seems if we take over the Grand Trunk Pacific, that practically involves the taking over of the Grand Trunk railway as well. Further than that, while the present condition of the Grand Trunk is not prosperous for many reasons, some of which doubtless it could not control, I believe that it would have reasonable prospects for the future if amalgamated into one system with the Canadian Northern and the Grand Trunk Pacific. . . . . may say that we have negotiations outstanding with the Grand Trunk railway.

There was a notification to Parliament that the Government of the day was actually engaged in negotiations looking to the taking over of the Grand Trunk railway, and its amalgamation into one system with the Canadian Northern and the Grand Trunk Pacific. That was eighteen months ago. He went on:

They have given attentive study to the questions which are involved, and I have some reasonable hope that when Parliament is again summoned—

That would have been last session, not this session.

—that when Parliament is again summoned the Government may be in a position to place before it proposals which will involve the constitution into one state-owned system the chief railways of Canada, except the Canadian Pacific.

A notification to this House on the 15th of May, 1918, the second session before this, that the Prime Minister of Canada was in hopes that at the following session, that is, at the session previous to this, government proposals would be submitted for the consideration of this House looking to the

acquirement of the Grand Trunk railway. Those negotiations did not mature in sufficient time to be presented to Parliament last session in the form of legislation, but they are presented now, almost a year after it was hoped they would be presented, and of which presentation notice was given and hon. gentlemen opposite now make it their chief cause of complaint that they are presented too suddenly and without sufficient warning to them.

What was the attitude of the leader of the Opposition at that time? What did he say to the suggestion of the Prime Minister that the conjunction of events had hastened the day of government ownership in Canada, and was driving the Government as a matter of business necessity to the acquirement of the Grand Trunk railway? What was the attitude of the right hon. Sir Wilfrid Laurier? Here is what he says:

> The Government now proposes to launch into a new enterprise, that of acquiring the Grand Trunk railway itself.

He seemed to understand what the Prime Minister had said. He seemed to realize what we were confronted with. Did he take even a hostile attitude? Even had he taken a hostile attitude it would be no argument that there was no notification; it would be no argument in support of this complaint of surprise now; but he did not take a hostile attitude at all. His statement was rather encouraging to the proposals of the Government, because he realized that whether as a matter of theory he favoured public ownership or not, as a matter of stern necessity, from the compelling circumstances that surrounded us, which he himself had largely precipitated, public ownership we had to have, and public ownership extending to the Grand Trunk itself. Here is what he went on to say:

> The Grand Trunk has been in existence about sixty years. It passes through one of the best parts of the American Continent, unquestedly through the best part of Ontario; it ought to be, and it is, productive. . . . . That the Grand Trunk Railway system can be made a profitable enterprise I have no doubt. I do not pretend to be an expert in these matters, but applying the ordinary principles of common sense, looking on the advantages enjoyed by this railway, its splendid location, its line from the great centre of Chicago to the fine harbour of Portland, I think that the Grand Trunk Railway system should be productive of good results and profitable returns. For the present I do not condemn the idea of taking this railway over.

The then leader of the Opposition in this House, Sir Wilfrid Laurier, who had lived with this subject for many years, stood up on the 15th of May, 1918, eighteen months ago, and receives with equanimity and even with favour the notification of the Prime Minister of Canada that the policy of the Government looks to the acquirement of the Grand Trunk, and now a year and a half afterwards the lieutenant of his successor stands up in Parliament and says: These things are so novel, these proposals are so sudden, it is so terribly unprecedented a suggestion, that for the life of us we cannot come to a conclusion until you have appointed another commission.

Mr. RICHARDSON: Did the hon. member for Shelburne and Queen's (Mr. Fielding) speak in that debate?

Mr. MEIGHEN: He was a member of this House at that time and heard those words. He sat in Parliament then somewhat in the attitude in which he was expected by his constituents to sit in this House when he was elected. Since that time he has shifted around by slow degrees to the other side of the Chamber, but that is no reason why he should complain of surprise or of suddenness. Surely he is not surprised now as a member of the Opposition when as an occupant of the cross benches he heard in 1918 the clear announcement of the Government. But that was not all. The Prime Minister at that time stated that negotiations were in progress. Between that time and the end of the session reference was made again to the subject, and about that time or somewhat later the Minister of Finance of that day stood up in this House and read a letter which contained the proposals of the Government to the Grand Trunk relative to the acquirement of their system.

He read the whole letter written on behalf of the Administration, in which this Government committed itself frankly and definitely to a policy of acquisition of the Grand Trunk railway, if that asquisition could be attained on reasonable terms. Will the hon. member opposite be good enough to tell me now what is necessary in the way of notification? In the work of Parliament in future what will, in his opinion, be necessary in the way of opportunity for premeditation and thought? If a year and a half is not sufficient, then how long is sufficient?

But it was not only a year and a half. Why, for years before 1918 intimations were given repeatedly in this House that the march of railway events in Canada was driving us probably to Grand Trunk acquirement. What was the purpose, for example, of the Drayton-Acworth Commission? What was the idea that prompted its appointment?

The Drayton-Acworth Commission was appointed because there were problems of railway operation and control that lay on the backs of the Canadian people and were confronting the Government of the Canadian people—problems that required consideration by experts to determine what course we should pursue. That commission reported early in the year 1917, more than two years ago to-day, in favour of the acquirement of the Grand Trunk railway. The majority report of the commission favoured such acquirement. So that at all events, from the hour the Drayton-Acworth Commission reported, the people of Canada had before them for consideration the policy of acquiring the Grand Trunk railway. The Government had not been committed itself to any definite proposals, but a commission appointed by them had reported to the Government, and through them to the Canadian people, that the solution of the railway problem of Canada was the acquirement of the Grand Trunk as well as the Canadian Northern. That report was before the Canadian people long before the campaign of 1917, and the policy has been discussed in the press of the country ever since its enunciation in the Drayton-Acworth report. If ever there was a subject regarding which there was the most ample and prolonged opportunity for consideration at large, for newspaper debate, for discussion in Parliament, it has been this subject—this problem sought to be disposed of by this Bill.

Now, not only have Parliament and the people of Canada had before them for a year and a half the exact proposals of the Government in writing, but in the course of that year and a half—and this is the most astonishing fact of all—in the course of that year and a half, right up to the hour that the Grand Trunk came to terms, there was never a voice raised on the part of any hon. gentleman in this House representing the people of Canada that he was at variance with the policy of the Government, as expressed in the statement of the Prime Minister or in the express terms read to the House, designed to acquire the road. How can that fact be explained? There was a year and a half ago a notification of general policy in the clearest terms by the Prime Minister and a notification of precise terms by the Minister of Finance, and no objection, not a word of adverse comment, from hon. gentlemen opposite. Parliament sat until the month of August, 1918, for many months after the notification. Parliament sat from the first day of September, 1919, to the 10th day of October, and all through that time until this Bill was brought down on the latter date there was not an intimation from hon. gentlemen opposite, nor from one of them, that they dissented in the slightest degree from the policy of the Government so clearly expressed. Then they come before us now and adopt the phraseology of a Montreal newspaper, make that meaningless phraseology the foundation rock of their policy, telling us that we are surprising the people of Canada in a matter of important legislation and that they themselves cannot tell what in the world to do with the railways of Canada until we appoint another Commission of Inquiry.

Were there any reasons advanced by the hon. member for Shelburne and Queen's (Mr. Fielding) why this commission should be appointed? He quotes in his amendment two or three sentences from the Drayton-Acworth report. Well, it is a new manner of framing a policy to quote in commendatory form from the report of one commission and then to conclude the statement of policy by advising that another commission be appointed to review that report. Where they can find something in the Drayton-Acworth report which, removed from its context and consequently misrepresented, appears at the moment to favour their point of view, they select that and embody it in their resolution and then end that resolution by asking that the whole report be buried in oblivion and that another commission be appointed to go over the work again.

Such is the policy of His Majesty's loyal Opposition in the Canadian Parliament!

But is it a policy; is it an alternative? Suppose we do as they say and just let all things go for a year or more and leave the Grand Trunk where it is. Suppose we continue to act as we are doing to-day with respect to the Grand Trunk Pacific. Well, every hour we continue as we are doing with the Grand Trunk Pacific, to that extent we are relieving the Grand Trunk of its obligations to that road. The suggestion is: Just lie by; just let things go; you bear up the unpaying end of the system, or, rather, bear up the two long streaks of rails which by themselves are no system at all; you stand under all that; pay another $10,300,000 of a deficit next year on the Grand Trunk Pacific; pay another deficit of $6,000,000 on the Transcontinental; pay your interest besides on the cost of the Transcontinental railway, a matter of $10,000,000 more; pay all these things out; go ahead and leave the Grand Trunk running

its own way and appoint another commission to find out what we ought to do. Supposing that commission discovers in a year or so, by the time it has got through, that the Government of this country is out more money in deficits on the unpaying part of the system than would have bought the Grand Trunk, lock, stock and barrel.

Fourteen thousand miles, the hon. member tells us we have already. Now, he says: "Keep that and let it test the efficacy of public ownership." There is the policy of hon. gentlemen opposite; there is the cloven hoof disclosed. Just take the Government system as it stands to-day; the Canadian Northern in the West, the long reach of Grand Trunk Pacific at a cost of $200,000,000 and the long spoke of Transcontinental built by himself and reaching out through Northern Canada into nothing; "Call that" he says "your Government system and go to work and see if you can make that pay." Don't take the parent system, the big feeding system but just appoint another commission and you will have our support."

Hon. gentlemen know that we have no system now that can be called a railway system, because we have not the feeders for it such as can make it a success. They want us to stick to something which they know can never succeed, in order that government ownership may be damned forever by failure and their friends and associates may secure a domination of policy which will make well for them but which will not be very good for the people of this country. They suggest a policy of endeavouring to make the Transcontinental pay with no freight to go over it and make the Grand Trunk Pacific pay with no freight to feed it. That is a policy of failure. It is the policy of hon. gentlemen opposite. A system that is not a system, a commission that would not be a commission; but a repeater, an extravagant and worthless duplication, evasion, drift and delay, dangerous, futile and expensive—all these things are embraced in the policy of hon. gentlemen opposite. Beyond that they have no solution at all; they do not know what to do.

Let me attack the subject from another angle. The late leader of the Opposition took up an understandable position on the 15th of May, 1918. He said in effect on that date: You cannot make a railway system pay unless there are gathering feeders for these great trunk lines. A railway system that is overloaded with trunk lines and without feeders is not a system at all. It is, in fact, a white elephant, as hon. gentlemen have used the term. But, he said that the Grand Trunk is a great system; the Grand Trunk has branches through the United States, traffic is gathered there and distributed through this country, traffic that represents imports of Canada from the United States. It has its great gathering system through Ontario and Quebec and through the north of the Republic, and he plainly saw, as intimated in his statement, that the trunk lines of this country might be supplied with freight and that would bring what would otherwise inevitably be a failure to a condition of success. That is understandable; that is reasonable. What would be his attitude if two years later he found his followers in this House—led on the one hand by a gentleman who says we are not moving fast enough towards Government ownership and led on the other hand by a gentleman who says that we are moving so fast that it staggers him so that he cannot make up his mind and come to a conclusion—saying that we can make a great traffic line without any system of feeders, that the Grand Trunk is a white elephant, and that we must keep our hands off that railway because the more feeders we secure the less likely we are to make the system succeed. This shows how far hon. gentlemen opposite have departed from the attitude of their leader—and at the dictation of whom? Who is the real leader of hon. gentlemen opposite in this fight? Who represents the real Opposition to this Bill? Hon. gentlemen opposite tell us that they are acting independently. I commented, as I opened my remarks this afternoon on the very curious fact that the opposition to this measure is generated from and revolves around the city of Montreal. It will be remembered that hon. gentlemen opposite, and particularly the hon. member for Shelburne and Queen's (Mr. Fielding) in years gone by referred very sarcastically to the interests of "estimable sirs" and to big business in this country as opposed to the will of the general people. But I wonder how comfortable the hon. member for Shelburne and Queen's feels to-day associated with and founding his doubts and his drifting shadow of a policy upon the resolutions of the Montreal Board of Trade and the manifest and only too evident hostility of the Canadian Pacific railway.

Very strange that in the city of Montreal, the home of the Canadian Pacific, a city that no doubt has benefited largely as a result of being the chief centre and fortress of that railway—very strange I say it is, that there should be found the whole head and front of the offending to the Government policy on this matter. The hon. gen-

tlemen, it is true, tracked over the whole of this Dominion in search of encouragement and landed at Regina. He says: Besides Montreal I find that the Board of Trade of Regina have actually resolved against this Bill.

Mr. COWAN: Is the hon. gentleman aware that at that famous meeting of the Board of Trade of Regina there were seven men present and voting in a city of 40,000 people?

Mr. MEIGHEN: I was not aware of that fact but I thought as much. I have some conception of how Regina will likely feel about this Bill. I think I may safely surmise as well that the telegraph lines had not been idle between the city of Montreal and the city of Regina before that Board of Trade met.

Mr. M. CLARK: Regina is quite close to Assiniboia.

Mr. MEIGHEN: Regina is quite close to Assiniboia where recently they had a by-election and both candidates in that by-election, I am informed, stood up for government ownership, and no candidate would have had a chance in the world there who took the other side of this issue. Let the hon. gentleman (Mr. Fielding) not deceive himself. Throughout Western Canada they divide amongst themselves but the people of Western Canada on this subject have made their minds up and there is no mistake where they stand on the question of the Grand Trunk. There is a considerable measure of so called liberalism in Western Canada, there is a farmer movement in that country; they make the same plea as hon. gentlemen to trust the people but they do not stop in actual practice where hon. gentlemen opposite stop. Across the floor of this House they tell us: We have great trust in the people; we have unlimited confidence in their capacity, but we cannot trust them to run a railway; they are not fit to run a great railway system. Although it might otherwise be a splendid thing to unify the Grand Trunk with the Canadian National railways, they say we have not confidence enough in the people of Canada to believe that they can make a success of such an enterprise. Such is not the spirit of Western Canada. Do not let the hon. member for Shelburne and Queen's deceive himself for a moment. He will not find many resolutions outside of Montreal in opposition to this principle. Possibly in the province of Quebec he may get some but I venture to say that he will get mighty few objections if there be first a fair presentation of the case to these people; even in the city of Montreal.

What I bring to the attention of the House is this: Take a look at the railway map of Canada. If there is one argument for this measure that is more forcible, more compelling than another in driving the mind to a conclusion on this subject it is the railway map of this country. Between the great cities of Eastern Canada and between here and the west, everywhere there is duplication, waste of capital and waste of operation and waste of management. Between here and the city of Montreal, between Toronto and North Bay and between points in Western Ontario and Western Canada. What duplication! what cost of multiplication of lines and officers——?

Mr. ROBB: What duplication is there between Toronto and North Bay?

Mr. MEIGHEN: The Canadian National railways go out of Toronto northward towards North Bay, the Grand Trunk goes to North Bay. Only this morning I had in my office a traffic expert of the Canadian National railways and he emphasized the condition of affairs between Toronto and North Bay. He told me that there would be an opportunity there for economies, an opportunity for the saving of coal, for the elimination of the small, half loaded train, for the unification of traffic. He explained that it would mean a tremendous saving of money if we could unify these lines and operate them as one system between Toronto and North Bay. You there see trains going out, one on the Grand Trunk, another on the Canadian National destined by shifting later to another line for North Bay and they have to go out only half freighted. Where two trains run between Toronto and North Bay you could run just one and a great saving would be effected. That is only incidental; only by way of example. The same thing exists from end to end of this country, but by unification, by bringing the roads into one system instead of splitting them as they are split up now in their operation is a cause of the embarrassment we find ourselves in to-day, we will have a practicable and perhaps a profitable method of handling the traffic of this Dominion. There is no other solution that has been found; there is no other solution that can be found.

Mr. ROBB: Is the minister arguing that there are two lines of railway between Toronto and North Bay?

Mr. MEIGHEN: To North Bay I think this railway runs over another track in the

northern territory for part of the way. I am not quite sure of that, but I do know that duplication exists between Toronto and North Bay. I know that I had it discussed with me this very morning by the traffic expert of the Canadian National railways. That was only one case—it happens to be one of those I mentioned—but it was one of scores where, as he expressed it, there was waste and duplication of capital, of effort, of man-power, and of salary and expense—much of which could be avoided under reasonable and proper government management, under reasonable and proper unification. Such are the great advantages to be sought. In addition to that one great object to be attained, there is this: We have by this method, and by this alone, an opportunity to exact from the other partner to the transaction of 1903-4 some share or contribution to the tremendous loss that ensued from that transaction. There is no other method whatever of dividing the loss or splitting in two the burden of disaster that came out of that unfortunate bargain. By all other means we bear the loss alone. By this means the board of arbitrators will be enabled to assess the value of the Grand Trunk Pacific railway and to assess against that the responsibilities of the Grand Trunk for that enterprise, and by taking the difference between its value and the amount of the Grand Trunk responsibilities they will deduct that against the value of the stock of the Grand Trunk itself, and thus the Government will have charged against the Grand Trunk, the other party to the transaction, a share of the loss that pursued that enterprise—a share that the Grand Trunk ought to pay. Now if hon. gentlemen opposite can tell us any other way in which that loss ought to be taken from the Grand Trunk Company can be taken, I would like to hear their plan.

This has not been a matter of sudden adventure. It did take some time and a long time for the Grand Trunk authorities to come to the rather severe terms—at all events severe in their eyes—that the Government proposed to them. And when the leader of the House rose, on the occasion referred to by the hon. member, and expressed the opinion that hope need not be given up of an early adjournment—even at that hour there was not any final intimation that the Grand Trunk Company were prepared to come to the terms the Government had advanced. They did at least come to those terms for not by one hair's breadth or by one jot or tittle had the leader of the Government moved from the substance of the proposals which we had made long before. When the Grand Trunk's acceptance came the business of the Government was to lay that fact before Parliament and submit their proposals so accepted to the consideration of this House. That is the course we have pursued, that is the course in which we purpose consistently and resolutely to continue, and all and sundry may take notice that the administration of this country, and the vast majority of hon. members who represent the Canadian people, have made up their minds that that course alone shall be pursued, that the goal we seek shall be reached, and that nothing that now stands in the way of our reaching that goal shall be permitted to succeed.

Mr. D. D. McKENZIE (Cape Breton North and Victoria): The Minister of the Interior complains that there was a great deal of repetition in connection with the discussion that took place upon this Bill and that much of it was vain. Let me say with all due respect to the minister that he has not produced anything new in his speech this afternoon.

Mr. MEIGHEN: Hear, hear. I agree with that.

Mr. McKENZIE: I have followed his discussion of this Bill for the last ten days or two weeks and I heard nothing advanced by him this afternoon which has not been presented a hundred times.

Mr. MEIGHEN: I think that is correct.

Mr. McKENZIE: I do not say whether the repetition was vain or not, I do not wish to ascribe vanity to the hon. gentleman; but it was repetition and we will have to leave it to the judgment of the House as to whether it was "vain" or not. Now, before entering into a consideration of the amendment or the resolution that is before the House, I wish to remind hon. gentlemen and you, Sir, of the fact that this procedure is really jamming the Bill through the House as fast as hon. gentlemen can jam it. Whether or not there is a rule to that effect—I do not profess to be a high authority on parliamentary procedure—during all the years I have been a member of the House it has only been by common consent that a Bill would be read a third time on the day that it came out of committee. This is a well-established practice in this House. Yesterday, under our rules, the Bill could not be read a third time; this is the first day that such a course could be followed. Now, how could hon. gentlemen opposite, or the Govern-

ment, force this Bill through more rapidly than they are doing? They could not do it yesterday but they are doing it to-day. We asked them to delay the third reading; they refused our request. Now it is sometimes fortunate that we have Hansard to establish what has taken place. The Chief Government Whip said it was intimated to us in the House—because what is said outside of the House I do not think is binding on all the members—that we must go on to-day with the third reading. I was anxious when this Bill came out of committee yesterday that we should know definitely, or positively, as far as was possible, when the third reading was coming up, and this, according to Hansard, is what took place:

> Mr. McKenzie: I should like to have some agreement with the Government as to when the third reading of this Bill will be taken.
>
> Mr. Meighen: We will let it stand until the next sitting of the House. That makes it subject to agreement.

What is clearer, Mr. Speaker, than this intimation to us that there was to be some agreement at the next sitting of the House as to what was to be done about the third reading. The excerpt I have quoted makes it absolutely clear.

Mr. MIDDLEBRO: My hon. friend has misunderstood my statement. I did not say that the notification or the agreement took place in the House. Last evening at the Chateau Laurier I spoke to my hon. friend and to the Chief Opposition Whip. I was asked to see a member of the Government and he advised me that the Government would go on this afternoon with the third reading of the Bill. I so notified my hon. friend and the Chief Opposition Whip.

Mr. McKENZIE: I had a conversation with the Chief Government Whip, in which he suggested to me that we should go on with the third reading of the Bill to-day. I replied: "You see Mr. Robb,"—who at that time was within hailing distance of my hon. friend at the Chateau Laurier—"and if Mr. Robb finds that he has his crowd here"—that is the expression I used. Now I have not seen the Chief Government Whip since. That is the last word I had with him. I found on consulting Mr. Robb that he did not have his crowd (meaning members on this side). Therefore, the conditions that I submitted to the Chief Whip were not complied with and we were not in a position to go on. So I misled nobody and we are, I submit, entitled to the benefit of the record and are not bound by anything casual that may have taken place outside unless it was a definite agreement. I submit, Mr. Speaker, that if anybody in authority in this House agrees to anything, he should adhere to it but neither the Chief Whip nor anybody else can contradict what I said. I have not deceived the Chief Whip; I am not deceiving him now—I am not deceiving anybody. I am standing by the arrangement, as I understand it, made last night and also by the arrangement made as reported in Hansard that when the Bill came up to-day it would be subject to agreement as to when the third reading of the Bill would be proceeded with. We tried to have that agreement carried out, Mr. Speaker, but hon. gentlemen overruled us and went on with the Bill. I leave it to the good nature and judgment of hon. gentlemen opposite whether that is giving us all the time that is proper.

Mr. MORPHY: The crowd is all there.

Mr. McKENZIE: It is only a small crowd; they are not all here. Let me remind the Minister of the Interior of the promise he made in connection with the time that he was going to give us. The minister said, page 1026 of Hansard:

> Until an agreement was arrived at on each of these details of principle it would have been unfair to intimate that a final adjustment and arrangement was even possible. Consequently it was not competent for the Government to say that it was in a position to announce legislation this session until this very day. Had this legislation not finally been found necessary it was hoped that we might have reached an early termination of the session. Now that it has, the desire of the Government is that the fullest, the lengthiest, if necesasry, consideration be given in this very important matter by Parliament.

There the minister promised that opportunity would be given for the lengthiest possible consideration of this matter. He went on to say that it had been hinted in the newspapers that the Government were going to railroad the Bill through, and that nothing could be further from the intention of the Administration; every opportunity for the fullest possible consideration of the matter would be given. I invite hon. gentlemen to read the minister's speech as it appears on the page from which I have quoted, in which he scouts the idea that there would be any shortening of time for the discussion of this matter or that any advantage would be taken of hon. members because of lack of time or opportunity to discuss every phase of the Bill. Now, we pleaded that promise to-day and asked for further time; our request was refused, and we are shoved right along.

So far as promises are concerned and expressions of opinion on this subject in the House, I wish to settle a matter of controversy between the leader of the Government and myself and between the leader of the Government and the member for Shelburne and Queen's (Mr. Fielding) as to what the leader of the Government said about the termination of the session. We might as well know exactly what it is. I quote from Hansard of October 3, page 858:

Sir George Foster: There is also this consideration to be taken into account, that this evening we shall have one opportunity of going through those.

He is referring to certain notices of motion.

Next week we shall have an opportunity to take up those that are for the production of papers and that are germane to the session in this respect: that they give members information which they might be able to use between this and next session and for the next session. This session of Parliament was called, not for private business, but for one special purpose, and it has been confined largely to that, and I think the general sense of the House has been that it should be confined to that. The Peace Treaty has been disposed of, and the legislation necessary in order to carry out Canada's part with reference to that has also been disposed of. Those comprise the important business for which we were brought together; we were not brought together for the purpose of private business. I should hope it is the unanimous wish of the House that the session should end as quickly a possible, and there is no reason why we should not end our work next week. I think both the House itself and the country outside of us will rather be glad if that takes place.

Now, Mr. Speaker, nothing can be clearer than that the intention on that occasion was that we were to finish the next week. Almost a month has passed and we are not through yet; but the minister will not admit that he gave us to understand that that was to be the case. There is, therefore, no room for controversy on this point; what the minister said is there in print and any one can see it.

One word about this question of public ownership. The minister says that we are going to take this road over as a publicly-owned property in furtherance of the policy of public ownership, and that it is to be linked up with the other railway properties which the Government own. I ask the minister, as did several other members, whether this property of the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern was to be subject to municipal taxation, and he said: "No." Now, let us apply the test of the British North America Act, the plain language of which we cannot dispute. Section 125 says:

No lands or property belonging to Canada or any province shall be liable to taxation.

That is what the Constitution says; yet the minister intimates that although this property will be owned by the Canadian people, it will be subject to taxation. Now, one of the advantages of publicly-owned property is that it need not pay taxes. It is one of the reasons why I could understand the Canadian people being favourable to the ownership of a large railway system such as the Grand Trunk—because they would get the full benefit of its use in connection with the public business of this country; it would not be obliged to pay any taxes. These properties that we own, the Intercolonial and the other railway systems that I mentioned, are either publicly-owned or are not publicly-owned. One of the tests that we would naturally apply to determine this question would be: Is the property subject to assessment? If it is subject to assessment, it is privately-owned; if it is not subject to assessment it is publicly-owned. This property, therefore, that we are making such undue haste to bring into public ownership, as hon. gentlemen say, really does not come under public ownership at all; it is to be run as private property.

The minister says that on the 15th of May, 1918, the Prime Minister, in a speech which he made to the House, announced the policy of the Government in connection with this matter: that the road was to be taken over. Now, it is not necessary to say that the 10th of September, 1918, is a later date than the 15th of May of the same year; what the Prime Minister said on the 15th of May on a given subject would be considerably qualified by what he said on the 10th of September on the same subject.

We were told by the minister (Mr. Meighen) that a final and definite policy was reached on the 15th May and set forth in the speech of the Prime Minister on that day. On the 10th September of the same year the Prime Minister sent a cablegram to the Canadian Commissioner in London stating:

Please inform Smithers with respect to his letter 13th August that I have consulted Minister Finance who has just returned as well as my other colleagues. The Government has not power to guarantee proposed note issue without the authority of Parliament and we do not consider it practicable to ask Parliament for such authority. The Government is disposed to assist in every reasonable way the maintenance of company's credit as is evidenced by the advance of one hundred and twenty-two thousand pounds on July 1st and by our offer of 12th July last to advance three hundred and eighty thousand pounds to meet fixed charges upon

terms which were regarded as reasonable but which the company declined. We shall be glad to have any further suggestions from Smithers as to methods of assistance. There is strong objection in Council to any increase of our offer for the following reasons. It is most unwise and undesirable for a Government without the report of a commission or Board of Arbitration or a vote of Parliament to undertake a large annual payment which would represent the capitalization of eighty or a hundred million dollars. The offer already made is based on the Drayton-Acworth report which affords a sufficient foundation for Government's proposal.

If we go beyond the bounds of that report we have no certain guide as to what we should propose. Council will not accept either of the offers which Smithers put forward and unless they receive further offer before end of month they will consider negotiations at an end.

We are taken severely to task because we questioned anything that was said by the Prime Minister on the 15th May in regard to this bargain. On the 10th September of the same year he writes to Smithers through the Canadian Commissioner that all negotiations are at an end unless a further offer is made before the end of that month. The blue-book that is given to us contains no such offer, no such proposal, nothing to place between the 10th and the end of September on the lines of those negotiations. Consequently, according to the proposition of the Prime Minister, all negotiations were ended, and yet we are ridiculed by the Minister of the Interior (Mr. Meighen) because we did not know all about the matter, because we did not continue to think that the offer was all right; that the speech of the 15th May was all right, although the Prime Minister himself brought the whole thing to a conclusion and an end and threw it all to the winds on the 10th September of the same year. That disposes entirely of the accusation and upbraiding of the Minister of the Interior that we knew all about those negotiations, and that we should have complained against them if we had any complaint to make.

The agreement that is before the House to-day is not based upon any part of the Drayton-Acworth report, and no authority whatever for it will be found in that report. The amendment that is now before us comes right within the attitude of the Prime Minister himself when he says, according to pages 14 and 15 of the blue-book, that it would be unwise for any government to proceed with a transaction of this magnitude involving a capitalization of $80,000,000 or $100,000,000 without a report from a commission. That is the attitude taken by the Prime Minister, the head of this Government, the right hon. gentleman whom all hon. gentlemen opposite love to follow and quote whenever they find it to their advantage to do so. Nothing could be stronger than the declaration of the Prime Minister when he says: Negotiations are at an end; we made several offers to you; you did not take them; if you do not make a further offer before the end of this September, the thing is all off and there is nothing further about it; before we make any further advance, there should be a full inquiry into the condition of the road. Did that inquiry take place? Nothing of the kind. We have this lamentable condition of things in the House this afternoon. Possibly the best informed minister of the Government on this subject is the Minister of the Interior, and he makes desperate efforts to keep up with the times and the best possible efforts to to fill up the interstices, where he has no information. In those cases he tries to pull things together and to give what might make a presentable case as well as, or perhaps better than any other hon. member on that side. He tells us that we are unreasonable and not sensible in our requests for further information about this transaction, and yet with all his responsibility in connection with this transaction and when he invites us to speak about duplications and lines which should be cut out and how economies could be effected in the running of the road, to the very plain question whether there are two railroads belonging to the Government between Toronto and North Bay, he has to admit that he does not know. That is evidence to me that the Government are not seized of all the information that could well be expected to rest and lodge in them in connection with so important a transaction as this. I have shown very clearly that there is nothing unreasonable in our asking the Government for a further inquiry in connection with this matter; but we are twitted with the remark: Oh, you have been finding fault with the multiplicity of commissions in the past. So we have, and the hon. gentleman who leads the Government added to his many striking phrases when he coined the expression that commissions were as numerous as blackberries and that they were of no service whatever except, that when they reported, their reports were put into dusty pigeonholes and that was the end of them. That is practically what the leader of the Government has said about those commissions. This Government issued possibly hundreds of commissions that were abso-

lutely useless and that had no purpose except that of giving a job to a heeler who was everlastingly bothering them about some job when they had none to give him; they could not give him a position as there was none vacant, and so they said: Oh, well, we will appoint you a commissioner and that will keep you agoing for a while, and when you get through with that, perhaps you will be satisfied or there will be something else. And if he was old, they hoped that he would probably die before he reported in regard to the commission. We had hundreds of commissions under such contingencies; but because there were such commissions and such contingencies, was that a reason why a commission should not be appointed when one was reasonable and proper? This is an occasion when there was every reason to expect that the Government would appoint a commission to look into this matter before they would take over this great railway system which is sixty or sixty-five years old and which has gone through many changes, ramifications and vicissitudes during that time, especially as we have no knowledge of its condition except that we have as to its financial condition the fact that the manager Sir Alfred Smithers came to the Prime Minister of this country asking for help, to endorse his note, so to speak, some time in 1918, to get a little money to keep the wolf from the door for a few years longer. In the last report on the operations and earnings of the road that we have he said that the most heart-rending cries were coming from people all over England who had put their money in this enterprise because he had nothing to give them in the way of dividends; they were everlastingly opportuning him to give them some return on the capital they had invested in the road. There we have evidence that the road is not in a healthy condition, that it is not paying its way. We have the further evidence that $51,000,000 is required to put the road in proper running condition. We have that statement in the Drayton-Acworth report. When this country was organized and became a Dominion in 1867, the total revenue of the country for the first years of its existence was only $38,000,000. If we were back in those days it would take every dollar of the revenue of Canada to put this road in proper running condition, and we would still be short $13,000,000 of doing it. We are accustomed to talking of millions and billions to-day. We should try to realize what this expenditure would have meant in more normal times, what it would have meant to us, for instance, in the first few years of Canada's existence as a Dominion when our revenues were only about $38,000,000. My hon. friend from Shelburne and Queen's (Mr. Fielding), a far better authority than I, informs me that our revenues were only $13,000,000 in the very morning of our existence as a Dominion, but to-day the Government think nothing of spending $51,000,000 of cold cash to put the road in proper running condition. We are taking over a road that has not been able to pay any dividends on its stock for the last two years at least, and which has paid dividends irregularly throughout practically its whole life. It is a non-paying proposition. Nobody who had sufficient money to purchase this road to-day would put his money into the Grand Trunk as a private investment. I would ask my wealthy friend from Brantford (Mr. Cockshutt) if he would think it an inviting proposition to put a few of his millions in the Grand Trunk in order to make money. He would say at once: I will appoint a man at your expense, Sir Alfred, to go over the whole road and make a report on every phase of it, to examine every car and every spike on your road before I will put one dollar of my hard-earned cash into this venture.

But when it is the money of the people of Canada it is a different matter. None of us seem to have a proper comprehension of the thing at all. As long as the money belongs to the whole of Canada, and we should remember we are a very important part of the whole of Canada, we are quite willing to let it go. I repeat there is not a single member of this House, or a properly constituted business man in Canada or anywhere else in the world who would take over this vast undertaking in the haphazard and loose way in which it is proposed we should take it over. We know nothing at all about it. What do we know about the road-bed, the rolling stock, or the equipment generally? Nothing at all, except what is contained in one short letter from some high official of the road who is trying to advance these negotiations as rapidly as possible, who says the road is in good condition. That is all we have. I appeal again to my wealthy friend from Brantford, would he accept evidence of that kind if he was going to buy the Grand Trunk? Certainly not. He would have a thorough investigation made and a business report upon every phase of the property before he would think of taking it over.

It is for these reasons we have moved this resolution. We are asking the members of

this House and the people of this country to consider whether we are not justified in saying that we should go slow in this matter and know what we are buying. We are not obliged to buy this property. There is no foundation for the statement that we are up against it and have to buy this property. Nothing of the kind. If we have properties on our hands that are not paying, whoever would expect to make a fortune by adding to them another property that is not paying its way? To go back to the old illustration of which so much fun was made, if a man has ten cows and cannot make them pay, and gets another two of exactly the same kind and quality, what great chance has he of making twelve pay when he couldn't make the ten pay?

Mr. RICHARDSON: It all depends on the sex of the two.

Mr. McKENZIE: I made it perfectly clear that they were two cows. Perhaps my hon. friend knows so little about farming he does not know what a cow means.

Mr. RICHARDSON: I was brought up on the farm and went for the cows when I was a child.

Mr. McKENZIE: In view of the present state of the political atmosphere I would advise my hon. friend to learn a little more about farming. I was saying that the roads we now have are not paying. The Intercolonial is not paying, the Grand Trunk Pacific is not paying, the Canadian Northern is not paying. According to figures given me by the Department of Railways and Canals we will have a deficit of at least $49,000,000 or $50,000,000 this year on the Government railways. These are official figures without the slightest monstrosity about them. I was accused the other day of having mathematical notions that were monstrous, but these figures come from the orthodox source I have mentioned. We are going to have a deficit of $50,000,000 on our railways this year, and now when it is proposed to add another railway to the system, we are told we are wasting our breath when we ask hon. gentlemen who are responsible to the Canadian people for the expenditure of the people's money to inquire into this transaction more fully before we go any further into it.

We are not obliged to buy it, but if it is necessary, in order to make a success of the Grand Trunk Pacific or of the Canadian Northern, that we should own this road, we can immediately get the benefit of it by compelling the company to give us running rights over the road on proper terms. They owe us something like $200,000,000 and we can give them an opportunity to pay us back some or the whole of that amount by giving us the use of their rails and terminals on rental. We have two lines running across the continent now.

Mr. G. B. NICHOLSON: Can the hon. member give the House an illustration of any similarly situated railway system that is operated successfully by the forcing of running rights of one road over another?

Mr. D. D. McKENZIE: I said running rights on reasonable terms; whether they are forced or not is not very material. One railway might not be willing to give another reasonable rights, but the Government are in a position to submit to any company rights within reason and if they do not accept them then they can be enforced. Perhaps the experiment has not been tried, but I am told that in the United States there is not a single complete system of railway from one coast to the other, and therefore there must be a great many arrangements by which one company secures running rights over the rails of another. We had such an arrangement in this country, for the Canadian Pacific Railway enjoyed running rights over large sections of the Intercolonial for many years. I am not sufficiently acquainted with the details of the matter to-day to know whether they have those rights now or not, but I know that they had them for many years, and the arrangement was an altogether voluntary one on the part of the Government.

Mr. MEIGHEN: Who is asking for running rights? We have sufficient roads to carry more traffic than we have. What we want is traffic.

Mr. D. D. McKENZIE: If we could make money by acquiring the road we could make an arrangement by which we could use the road and give the Grand Trunk an opportunity of paying back their debts by way of rentals. If they are on the verge of receivership now we could say to them: " Don't pay cash. We will give you an opportunity of paying what you owe us by renting to us your terminals and giving us certain running rights which are essential to the success of our road." But, Mr. Speaker, I do not admit that such rights are essential. We have two lines from coast to coast now. We have the Intercolonial running down to the Atlantic, and if we cannot come near enough to making one hand wash the other, so to speak,

under these conditions and with the very heavy mileage we now have, I do not for a moment admit that we are going to remove all the difficulties that confront us and make a success of government-operated railways by acquiring the Grand Trunk.

Mr. MEIGHEN: Is it the hon. member's plan to help the Grand Trunk to pay its responsibilities to the Grand Trunk Pacific by taking their business from them?

Mr. D. D. McKENZIE: I am not saying a word about the Grand Trunk Pacific. I presume we are going to take the Grand Trunk Pacific, and, as a matter of fact, we have it now. I simply say that if it is indispensible to the success of the Grand Trunk Pacific to connect with lines of the Grand Trunk proper, we could very reasonably expect that arrangements might be made by which its traffic could be carried through to the Intercolonial and thence to the Atlantic coast.

Mr. MEIGHEN: We can carry it now. But if the hon. gentleman is going to take the Grand Trunk's traffic how is the Grand Trunk to live?

Mr. D. D. McKENZIE: I am contending now that we can carry our traffic, and it is nothing but camouflage to say that more roads are necessary. We have plenty of rails and terminals and plenty of cars to carry all the freight we have, and it is merely passing the buck to say that we are taking over this railway in order to be able to handle the traffic adequately.

Mr. MEIGHEN: The hon. member does not understand that it is traffic we want. We do not say that we cannot carry the traffic we have. We can carry three times our present traffic, and it is more traffic that we want. The hon. gentleman proposes that we should get it from the Grand Trunk, but how is the Grand Trunk to pay us what it owes us, according to the hon. member's suggestion, if it cannot live?

Mr. D. D. McKENZIE: It will not better our condition to take the Grand Trunk and its traffic, for it is not getting enough traffic now to pay. It is not and never was suggested by the Grand Trunk that we were going to get traffic from them. They cannot pay themselves, and in view of that fact how much better off are we going to be by taking their road and its traffic.

Mr. MEIGHEN: We shall be getting the through traffic which we have not got now.

Mr. D. D. McKENZIE: I do not think it can be contended that we have better facilities for management than this company of sixty or sixty-five years of age, who surely have learnt the art of running railways if it ever can be learnt. We have no one whom we can put in charge of the road who can manage it better than they have done, and with all their traffic in the United States and elsewhere the whole thing is a huge failure. It is not making money, and any dividends it has been paying have been taken, according to the Drayton-Acworth report, out of the very life blood of the road. The sum of $30,000,000 or $40,000,000 has been diverted from legitimate expenditure on the road and spread among the shareholders, but the road has not been paying. That is the condition of things which I protest against on behalf of the people and which I submit is sufficient ground for a proper inquiry. We should be in a position to know whether this proposition is a paying one or not, and if it is not a paying proposition, we do not want it, because we do not need it. On the other hand, if it is a paying proposition, a few months' delay until we have secured this desired information will not make much difference. I presume that I am very much in the same position as the Minister of the Interior himself. He admits that he has given us nothing new on the subject. It is difficult, indeed, to get anything new, for we have gone over these points repeatedly. But the proposition is different from our standpoint. We are defending the rights of the people. To the best of our ability we are defending the purses and pockets of the ratepayers of the country, and it is our solemn duty again and again to force upon the attention of the Government, as strongly as we possibly can, our objections to this proposition as it stands. Hon. gentlemen opposite make fun of me because I quote Holy Writ. Well, I am glad that my good friend from Brantford (Mr. Cockshutt) comes to my aid occasionally, very fittingly and properly quoting from the same source. Those who profess to be in opposition here are the watchmen on the walls; and the watchman, Sir, is told "Woe unto him if he does not cry out."

Sir GEORGE FOSTER: And they do cry out.

Mr. D. D. McKENZIE: Yes, we cry out in warning to the people; and particularly, Sir, we cry out in warning to the representatives of those people in this House. We warn the Government against this pernicious transaction, and if they do not heed

that warning, then the sword will descend and cut them down, and their blood will be upon their own heads. We need not tell them of their sins and iniquities. Indeed, if we did, they might say, "We may die in our sins but our blood will be on your heads." Hon. gentlemen on this side take good care that if the Government do meet political death, devastation and utter destruction, it will not be because we did not warn them against the errors of their ways and ask them definitely and repeatedly and in an earnest voice to avoid the pitfall into which they are now dragging this country along with them.

Mr. R. L. RICHARDSON (Springfield): I should not like to undertake to make a speech on the merits of this case, as presented by the Government, after having listened to the eloquent, forceful and convincing address of the hon. Minister of the Interior (Mr. Meighen). I think he has covered the ground very fully and I shall therefore take but a few minutes in dealing with one or two points which I think have not been touched upon. I was surprised to hear the leader of the Opposition (Mr. McKenzie), in his outburst before he concluded, refer to the Opposition as defending the rights of the people in this connection. I could not fail to be convinced that he had used the wrong verb.

As a matter of fact, whatever he thinks, or whatever those who are associated with him think, instead of defending the rights of the people both he and they are betraying the rights of the people up to the hilt.

Mr. MEIGHEN: Except some people.

Mr. RICHARDSON: Except a few people whose names might suggest themselves to us and whom we find it unnecessary to enumerate. He had the amusing assurance to speak of himself as the faithful watchman up on the tower switching on the danger signal to warn the public. When he used that metaphor I could not help but think of the words I once heard from the lips of William Jennings Bryan, who was then a candidate for the presidency of the United States. He said: "Woe be to the watchman on the tower if he fails to give the proper signal in the hour of danger when his fellowmen are perishing." A public man to whom his fellows look for leadership and direction is equally guilty if he fails to give honest direction. No greater curse can fall than that which fate reserves for the faithless watchman up on the tower who lures the shipwrecked mariners to their doom, or the public man who leads the people astray.

This country is in an exceedingly dangerous position at the present time. It is critical almost beyond exaggeration. Hon. gentlemen opposite tell us, one after another, that they believe in public ownership. They will argue in favour of public ownership and make out an excellent case, but when it comes to the point they say: "This is not public ownership, and they do their best to find partisan excuses for voting against it. The leader of the Opposition points out as one of the reasons why this is not public ownership is that we propose that when the Grand Trunk is taken over taxes shall be paid to the municipalities as has been done by the Grand Trunk in the past. Let me institute a comparison. Take the Government and the city of Ottawa. The Government owns and controls enormous real property interests in the city of Ottawa. It is true it does not pay taxes directly to the city of Otawa, but in lieu of taxes it pays to the city something like $375,000 a year, carries on the important work of beautifying parks, boulevards, etc., and makes other expenditures out of the funds of Canada.

Mr. McKENZIE: Where does the hon. gentleman get the authority for that statement?

Mr. RICHARDSON: I think it was published in the press very recently. It is done by agreement with the city of Ottawa.

Mr. McKENZIE: Not in lieu of taxes.

Mr. RICHARDSON: Would the hon. gentleman suggest what, in his view, the large annual payment is in lieu of?

Mr. McKENZIE: In lieu of nothing but for the beautification of the city.

Mr. RICHARDSON: Does the hon. gentleman really suggest that the Government contributes $375,000 a year to the city of Ottawa for the privilege, if it be a privilege, of keeping the Capitol here?

Mr. McKENZIE: It is not for that purpose. This is the capital city of Canada and this commission is appointed for the purpose of beautifying the capital city and we are contributing to it.

Mr. RICHARDSON: As a matter of fact the hon. gentleman—I do not want to use the word offensively—is squirming.

Mr. McKENZIE: No, I am not squirming.

Mr. RICHARDSON: I am not seeking to be offensive but I used that term because I could not think of any other. There can be no doubt that it is in lieu of the exemption from taxation that the Government contributes this enormous amount of money to the municipality of Ottawa. I cannot conceive of any other reason why it should be contributed. The municipal authorities of Ottawa themselves give that as the reason why this contribution should be made to them. It is not really disputed and we might pass on from that consideration. Suppose that we should adopt the amendment moved by the hon. member for Shelburne and Queen's, this great project of amalgamating the Grand Trunk with our publicly owned system would be thrown into the air. We would never reach a satisfactory conclusion. If you appoint a commission to go into the question you might wait for years before you receive their finding, so great and complex is this problem. This is a very intricate and broad subject. It is absolutely essential in my judgment that there should be as little delay as possible.

Talk of jamming the thing through Parliament, to use the expression of the hon. member for Queen's and Shelburne (Mr. Fielding) it has been before Parliament and the country for over two years. The Drayton-Acworth report, made nearly three years ago by the best experts the Government could secure, recommended this very thing. Surely hon. members sitting opposite must realize that in connection with the railway question the country has been on a great debauch, for twenty-five, thirty or forty years and we have got into this frightful mess. I am not blaming one party more than another; the country itself it to blame for tolerating the blundering, incompetent, or worse, mis-called statesmen or politicians who got us into this mess. Being in that hopeless position, we called in the doctor. If my hon. friend the leader of the Opposition has a sick child, he calls in the doctor, and the doctor diagnoses the case, and prescribes the desirable medicine, and if he be a wise father he will follow the doctor's orders. In this railway extremity we called the best doctors we could, there was no politics about it, and the doctors, in the persons of the commissioners who prepared the Drayton-Acworth report, said that the remedy which the Government's proposals embrace, should be applied. Surely three years is a sufficient lapse of time to enable the country and its representatives to consider the question. They have pondered over the question and this decision may be assumed to be the considered judgment of the country. It is true that in the province of Quebec and in the city of Montreal—doubtless in the city of Montreal—there is a strong current of public opinion against it. But let me remind hon. gentlemen opposite that the press, financial and otherwise, which seems to be very largely under the influence of the big interests, are pretty generally opposed to this project and the people have had no opportunity of studying or of even learning the facts. I am satisfied that if the Minister of the Interior were to go to Montreal, talk to a thousand of the best and wisest business men of that city, and make the speech that he has made here this afternoon, the men of substance of Montreal would, if not unanimously, at least overwhelmingly, support this Bill. I myself, with my limited ability, would not be afraid of exacting a favourable verdict did I but have the opportunity of pressing the case to the men of Montreal.

What the Government proposes is the only thing to do. We are losing, as the Minister of the Interior pointed out, $25,000,000 a year in the upkeep and operation of these railways that have against our will been dumped into our laps. You could not give the Grand Trunk Pacific away if you tried; the Canadian Pacific railway say they don't want it; nobody wants it, but you cannot afford not to operate it, because if you did not operate it you would have a rebellion in the country that it serves. Large business centres and populations throughout the country have been created by virtue of the construction of this railway. Hon. gentlemen opposite must know that they, or their party, are responsible for this huge, this colossal, this bewildering blunder. This road has been thrown into the lap of the country. It must be operated and so must the Transcontinental. But in connection with that operation we are losing approximately $25,000,000 a year. If we have the Grand Trunk, which was destined to work in connection with these two other railways, I am satisfied that by practising economies, cutting out superfluous trains, cutting down the number of offices, cutting out officials and making savings in connection with the operation of express and telegraph companies—because instead of having two telegraph companies as we now have, the Grand Trunk Pacific and the Great North Western, we shall have only one—and in a hundred other ways enormous economies can be effected, and instead of losing $25,-

000,000 a year, we may be able to break even in a short time. That is what experts tell us. This is the only thing to do. If we want to ruin the country we can go on pouring out these tens of millions to the corporations, but by doing so we may strangle for all time the great ideal of public ownership. I thought the leader of the Opposition would not have referred again to the most unhappy and inept illustration he gave to the House the other day about the cow.

He now talks of the country owning ten cows instead of one and he suggests that it would be a mistake to add two more. It makes no difference whether we have ten cows or one cow; at least we have got the cow which was left in our yard, and we are obliged to support that cow. But it is a dry cow, it is producing nothing, not even a pint of milk a year and in addition its upkeep is costing us millions every year. But if we add another animal we can probably start the two, or at least start one of them in the direction of producing something, and that is the only way in which we can make a success of public ownership. I see what is in the minds—I shall not say in the mind of the leader of the Opposition nor shall I say in the mind of the former leader of the Opposition—but certainly of some hon. gentlemen opposite. I take it that the two leaders have managed to persuade themselves or are convinced that they are on the right track, but I want to tell all hon. gentlemen in this House who call themselves Liberals, that in supporting such a policy as they are supporting they are endeavouring to destroy for all time, so far as Canada is concerned, the idea of the success of public ownership. We can make a success of public ownership under right conditions; but until Gabriel blows his trumpet we could not make a success of such public ownership of railways as we have at the present time. The conditions are impossible. And that is what the interests who are behind some people on the Opposition side, a fact perhaps of which they are unconscious, are afraid of. They do not want the Grand Trunk railway to be acquired because with that accomplished public ownership will have a chance for success—it has no chance whatever for success at the present time. To me, as a man who always believed in Liberal ideas, it is distressing and painful to find my old friends opposing the idea of public ownership and betraying the very cause they profess to have at heart. We can make a success of public ownership because, as I pointed out the other night, it has been made a success in many countries. I omitted to mention then that in all the Australasian colonies the railroads belong to and are operated by the governments. Let me point out to the leader of the Opposition that there, instead of railroads being built to oblige exploiters and railroad buccaneers, they are built where the settlers require them—they are built for the purpose of extending settlement and the development of the country, one of the great and primary ideas of public ownership; the railroads there are a success and the railroad rates are low. I have not got the schedules of rates of those railways with me although I saw them some time ago, but my recollection is that the rates are very moderate, and we can attain that success in Canada at the present time if we have the opportunity. One thing, however, will have to be done. When this railway system is co-ordinated, we will have to lop off all the unnecessary mileage and then we will be able to extend moderate rates and give the people of this country real service. I can understand why the interests should be opposed to this measure, because when the people of Canada realize that they have an efficient public-owned railway system and telegraph system of their own it will percolate through the cranium of the average man that he had better patronize his own system. That is really the explanation of the opposition to this measure. When the Canadian people become proud of their public-owned system they will patronize it, and then we shall have some kind of decent competition in this country. With a great public-owned system of over 20,000 miles of road, reaching every important point in the country, Canada can make a success of her public-owned system. The people themselves will patronize that system and for all time will control rates and dictate the railway policy of this country. Should we allow this system and all the railway mileage of this country to pass into the hands of the Canadian Pacific Railway Company, we are bound body and soul to that corporation for the rest of our natural lives. That is why the members on this side, that is why the people of Ontario in great unanimity and the people of the West almost in entire unanimity, are in favour of public ownership. We had railway corporation dictation in the northwestern country for years and years, and the time came when the people practically rebelled against it. I remember myself going out with a revolver in my pocket, as one of a large band

of special police appointed by the city of Winnipeg, to force a crossing where the Canadian Pacific company had attempted to bar the entrance of a railroad to relieve the people. We in the West know something about what railway corporation dictation means, and we are determined that that sort of thing shall never happen again. We cannot lose money by consummating this deal—the worst that possibly could happen is that we should save millions every year. And we have not got to pay out any money. Some members and newspapers who are supporting the Opposition talk about the appalling amount of money we must pay out on this transaction and they use that argument for the purpose of stirring up opposition and prejudicing public interests with our returned soldiers. We have not got to pay out money at all. It is true that we assume the bond and debenture indebtedness of the Grand Trunk railway, but the earnings of that system wil pay the interest. Therefore, we are not called upon to pay out this large sum of money, the railway itself will provide the revenue. I repeat, when the railway is amalgamated with the mileage we have at the present time, I have no doubt, and the experts who have studied this question have little doubt that we can make a financial success, of the system instead of going on, as we are doing, losing $25,000,000 a year. If the Opposition could propose any reasonable or acceptable alternative, I for one would be perfectly satisfied as the country has not sought this proposal, but they propose no alternative. They come forward at the last moment with the futile suggestion that we refer the whole thing to a commission. Just reflect, Mr. Speaker, where that proposal if accepted would place us: We would be wallowing in the slough of despond and despair before we would receive the report. The time to act is now. Every hour that we continue the operation of the system that we have got—which we had no desire to take over but which was forced upon us—we are losing thousands of dollars. I marvel that hon. gentlemen opposite have not studied this question for themselves. If there was any question about the right thing to do, one could understand their position; but there is no alternative. The proposition has no feasible or even possible alternative. The Government must take the exact course it has set out to take, and by following that course I believe the public-owned system will be made a success.

[Mr. Richardson.]

One word further before I sit down. I find great difficulty in understanding the hon. member for Shelburne and Queen's. In the old days he was a valiant fighter in the Liberal ranks and he is the man more than any other--although the Old Chieftain must be saddled with his fair share of the responsibility—he is the man that is responsible for driving the Grand Trunk Pacific arrangement through Parliament. The so-called Liberal Government appealed to the country on it and used such arguments as helped to secure a majority in their favour. I myself ran against the western minister in the Laurier Cabinet in opposition to the perpetration of this scheme, because I realized then, although much younger than I am now, that it was a tremendous blunder, and hon. gentlemen opposite know it was a blunder, the whole country now admits that it was a blunder, but it was largely through the specious arguments of my hon. friend, who was then the Minister of Finance, that the country accepted the proposal. Do we find him offering any alternative worth considering to what the Government proposes? No alternative whatever. He is the last man in Canada that should get up and oppose the Government's solution of the existing difficulties in regard to the railway situation. I do not think the country is necessarily clamoring for public ownership of railways with its present handicap. To help ourselves out of our present unfortunate position we must take over the Grand Trunk system. To find the hon. member (Mr. Fielding) an old stalwart in the so-called Liberal ranks, taking such an attitude makes me wonder sometimes whether he is mentally sound. The idea of the hon. member, an old newpaper man too, citing the Montreal Star, forsooth, as a mouthpiece of this progressive Union Government. As if an organ of the interests of so pronounced a type could have any influence with any party. Why you could not blast the average Montreal paper asunder from the interests. Think of papers like the Financial Times in Montreal pouring out its wrath and its criticism upon a man whom I regard as the greatest apostle of public ownership in this country, or anywhere else,—the man, living or dead, who in my judgment has done more during the last quarter of a century for the interests of Canada than any other man in the Dominion—I refer to Sir Adam Beck! The Financial Times, last year, heaped abuse and vituperation wholesale upon

this great public servant, this man who has rendered such sublime public service to his country. The Financial Times denounced him because of his work on behalf of the people. That is your Montreal press for you. Why, Lord Atholstan, the proprietor of the Montreal Star, went West a year or two ago to "study the railway question." How does the leader of the Opposition suppose he studied the railway question—reclining upon a luxuriously upholstered leather sofa in the observation end of Lord Shaughnessy's private car. These are the men who are quoted to us in connection with railway matters. I marvel that this sort of thing continues. I marvel that this House has been kept as it has been kept for the last two or three weeks to debate a proposal which is so clearly and demonstrably sound; a proposal which is so manifestly in the interests of the public. I congratulate the Government upon the patience exhibited in explaining and re-explaining, and reiterating its explanations, although the opposition was so futile and puerile and the power behind the throne was so thoroughly suspected and understood. In saying that I do not wish to be offensive to hon. gentlemen opposite, because many of them believe in the position they have taken.

Mr. McKENZIE: If Sir Adam Beck is such a wonderful man, why did the good people of London turn him down?

Mr. RICHARDSON: I am glad that the hon. gentleman asked that question, because it suggests to my mind a sort of satisfaction in the hon. gentleman's mind because Sir Adam Beck was turned down.

Mr. McKENZIE: I am asking the question, that is all; it is no satisfaction to me.

Mr. RICHARDSON: If the hon. gentleman was a sincere friend of this country, if he loved his country and desired to see it progress and prosper, he would hang his head in shame rather than ask such a suggestive question. I say that it is a reflection on the judgment of any constituency that turned down Sir Adam Beck. But mark my words, Mr. Speaker, the time will come and in Sir Adam Beck's case come swiftly when the pendulum will swing the other way and Sir Adam Beck will occupy possibly the highest position in the land. He now occupies despite his temporary set back by a spiteful constituency, a position in the affections and esteem of the people of this country that any citizen of the land might well envy. Perhaps, after all, I might appeal to my hon. friend the leader of the Opposition who loves scriptural allusions. It may be, nay it probably is, that the hand of Providence was behind Sir Adam's reverse and merely brought it about that he might the more effectively exalt so great and so sincere a public servant. It sometimes happens that when a man's great qualities, a man's real usefulness to the country, is emphasized, he has to first suffer attack and defeat but the very blow that is dealt often sends him to the topmost rung of the ladder of fame. That is where Sir Adam Beck is likely to go; and if he does not, there is something that is worth far more than worldy success—it is to deserve and not to receive it. It is a princely thing, as Marcus Aurelius said, to serve the State even though one may not receive the plaudits of the multitude. Possibly that may happen in the case of Sir Adam Beck.

Mr. VIEN: The hon. member has said that by taking over the Grand Trunk we will make money in the operation of the Canadian National railways. Will he reconcile that assertion with the fact, acknowledged by the member for Brantford (Mr. Cockshutt) and the ex-Minister of Finance (Sir Thomas White) that for a number of years to come—a number which it is impossible at the moment to determine—the country will be faced with successive deficits in the management of the Canadian National railways? And how does the hon. member reconcile his opinion as to the profits to be derived from the operation of the Canadian National railways with the experience of United States in connection with their management of their own roads?

Mr. RICHARDSON: I will answer the last question first. So far as the American railroads are concerned, I think it may be accepted that government ownership during the war did not prove successful; they lost money on the railroads. But much of the loss was based on the enormous overcapitalization of these American roads, the doubling of the cost of operation and much of it was due to the fact that the movement of the troops and the carrying on of the war were the paramount objects which the American Government had in view in taking over these railroads. The giving of service to the people and the earning of dividends was altogether subordinated to the winning of the war, and that is why the state operation of the roads was not financially successful. But let me point out to my hon. friend this: I saw it recently in a white book issued in

England that the British Government realized a surplus of $81,000,000 in the operation of their roads under government ownership during the war.

As to my hon. friend's first question, I will tell him how the operation of these roads can be made successful. He will admit that the greatest folly was perpetrated in the construction of our railroads. Has he ever gone through the Yellowhead Pass? Does he know that there he can stand on the platform of a car on one line of railway and throw a stone a few yards and hit a train running on the track nearby of another line of railway? For hundreds of miles through that district the Canadian Northern and the Grand Trunk Pacific run parallel. Now, one of these lines is entirely unnecessary.

Mr. VIEN: How will the taking over of the Grand Trunk remedy that?

Mr. RICHARDSON: I will show the hon. member, if he will let me go on; I want to make this explanation. When you take over these roads you have to eliminate hundreds of miles of lines which parallel each other; you have to co-ordinate the system so that we shall not have deficits. If we are going to give public ownership a chance for its life, the Government or Parliament must co-ordinate the systems acquired and retain only what would have been necessary had the lines been built under proper conditions. Put a fair capitalization on what constitutes a real system; wipe all the rest from the ledger. Then, when you have cut the capitalization down to a reasonable and just and proper basis, you will only have to charge freight rates which are sufficient to pay operating expenses and upkeep, and the interest on a reasonable capital. I do not know any other way of making a success of it.

Mr. ROBB: The hon. member condemns the railway policy of the member for Shelburne and Queen's. Is it not a fact that in 1912 the hon. member was a candidate at a by-election in Macdonald and then supported the policy of Sir Wilfrid Laurier and the member for Shelburne and Queen's?

Mr. RICHARDSON: No, my dearly beloved brother——

Mr. SPEAKER: Order.

Mr. RICHARDSON: Well, my dearly beloved Mr. Speaker.

Mr. SPEAKER: The hon. member must address the Chair.

Mr. RICHARDSON: All right; the hon. gentleman (Mr. Robb) put a straight question to me, and without thinking for the moment, I was going to reply to him in a like manner. The fact of the matter is that in 1912 I was a candidate in the by-election in Macdonald. But the question of public ownership or the Government's railway policy in that question was not considered; that question had no more to do with the election than had the reconstruction of the sphinx of Egypt. Does the hon. gentleman not know that I ran against Clifford Sifton, Laurier's Western minister on this very issue a few years before and then denounced the project from every angle? I will tell you what was the issue in the Macdonald by-election—the issue was reciprocity. The Laurier Government had been defeated on the great question of reciprocity.

I, although having differed with my leader before that, supported that policy, and through the newspaper which I control supported every candidate that was running on that policy. When the Macdonald seat was subsequently opened, I ran on the question of reciprocity as a supporter. I have always believed in it, and I believe in it still, as I am certain all the people of Canada very generally believe in it at the present time.

Some hon. MEMBERS: Question.

Mr. VIEN: Hon. gentlemen should have a little patience. I wish to ask another question of my hon. friend (Mr. Richardson). Does the hon. gentleman admit that his sanguine view as to our future profits are at variance with the opinion of the hon. member for Brantford (Mr. Cockshutt) and the ex-Minister of Finance (Sir Thomas White), who stated in this House that by the taking over of the Grand Trunk we would be saddled with an extra expenditure of $20,000,000 a year?

Mr. RICHARDSON: I did not hear the figures given by the ex-Minister of Finance or the hon. member for Brantford, but it is very likely that they did not misstate the position. They probably had in view the payment of interest on an enormous capital, an unnecessary capital and a capital which, as I pointed out a moment ago, must be wiped out if we are to make a success of public operation. But here is the point and I conclude with it, and the hon. gentleman must agree with me. Our loss, if we go on as we are, will be tens of millions; if we take over the Grand Trunk and co-ordinate it with our system, we shall be able to cut that loss down to a vanishing point, and it is my judgment and it is backed by experts that ultimately we shall

be able to make a sucess of the whole system.

Mr. VIEN: I should like to put another question to the hon. member. Is it in his opinion——

Mr. SPEAKER: I think the hon. member is hardly proceeding in the proper form. He may submit a question to an hon. member who is on his feet, but the hon. member for Springfield (Mr. Richardson) has concluded his address.

Mr. VIEN: I might remind you, Sir, that whilst the hon. member was on his feet I asked him the privilege of putting a question to him, and he asked me to let him conclude his remarks and said that I would then be welcome to put any question to him.

Mr. SPEAKER: I quite understand the position is as stated by the hon. member. Nevertheless, the hon. member for Springfield and any other hon. member must abide by the rules of the House. The fact is that the hon. member for Springfield has concluded his speech.

Mr. THOMAS VIEN (Lotbinière): Mr. Speaker, I absolutely abide by your ruling.

DEPARTMENT OF SOLDIERS' CIVIL RE-ESTABLISHMENT AMENDMENT ACT.

REPORT OF SPECIAL COMMITTEE TABLED.

Hon. J. A. CALDER: I wish to lay on the Table at this stage, as I think it would expedite the business of the House, the report of the Special Committee to which was referred Bill No. 10, to amend the Department of Soldiers' Civil Re-establishment Act.

Mr. SPEAKER: The report can only be tabled at this stage with the unanimous consent of the House. In view of its importance and the present stage of the session I think the minister may properly ask for consent.

Report tabled.

Mr. CALDER: I wish also to give notice that on Monday next I shall move:

That the Report of the Special Committee appointed on the eighteenth day of September last, to which was referred Bill No. 10, An Act to amend the Department of Soldiers' Civil Re-establishment Act, and the Orders in Council relating to the work of the Department of Soldiers' Civil Re-establishment, which were laid on the table of the House on the sixteenth day of September for the consideration thereof, and of all matters pertaining thereto, which was presented to the House on the thirty-first day of October last, be received, and that the expenditure recommended therein, or which be required for carrying out the recommendations therein, be commended to the consideration of the Government.

Mr. D. D. McKENZIE: When will the report be printed and ready for distribution? It is absolutely impossible for members to discuss the report until they have had an opportunity of reading it.

Mr. CALDER: We have the report now ready in galley form. We were not able to get it in regular printed form for presentation this afternoon, but it is being printed now and possibly will be ready for distribution before the House adjourns to-night.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

PRIVATE BILL.

CONSIDERED IN COMMITTEE—THIRD READING.

Bill No. 37 for the relief of Frank Thimm. —Mr. Nesbitt.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

House resumed consideration of the motion of Mr. J. D. Reid for the third reading of Bill No. 33, respecting the acquisition of the Grand Trunk Railway system, and the motion of Mr. Fielding in amendment thereto.

Mr. THOMAS VIEN (Lotbinière) (translation): Mr. Speaker, I have the honour of representing in this House the constituency of Lotbinière, the population of which is 90 per cent French Canadian; therefore, I am most happy, in the course of this third session of my parliamentary career, to address the House in my mother tongue, in that beautiful language which resounds on the shores of the St. Lawrence, a language which we keep as the apple of our eyes, and which, to use an expression you have heard within these precincts "partakes of the limpidity of a stream and the resonance of metal."

In rising to discuss the question which is now focussing the attention of the House, I do not stand here as a politician or a partisan; I stand here as a representative of the people; and did I wish to put on airs as my hon. friend from Annapolis, I might perhaps say that in addressing the House, I do so as a statesman. As a matter of fact, being once called upon to give evidence before a court of justice in Nova Scotia, and being asked, when about to be sworn in, what his functions were, whether

he was a politician, he made reply: "No, sir, I am a statesman."

Mr. Speaker, I harbour in my soul no such pretension, but I may say that in intervening to-day in this debate, I do so in my capacity as a representative of the people, a friend of the people, a citizen of Canada. It is from the viewpoint of the best interests of my country that I shall consider the question which has now been discussed for over three weeks.

I have abstained from participating in this discussion, when the resolution was brought down; I did abstain from any commentary on the principle of the Bill, and during the debate which took place in committee, with all the broadmindedness at my command and free from any political bias, I endeavoured to obtain from the Government such information and light as was required, that we might judge the question on its merits and proceed in giving our vote upon a thorough knowledge of the matter.

Mr. Speaker, the country to-day is seething with unrest and discontent. Heaven forbid that I should hold this Government wholly responsible. Necessarily that unrest is an aftermath of the war; it is, to a large degree, a corollary of that evolution in the field of human thought which is taking place in a world emerging from an epochal conflict. But if that unrest was partly inherent in the conditions which have prevailed these last three or four years, it has none the less been intensified to a great degree by lack of foresight on the part of the Government in many a field of governmental activity. Do not we hear rising from every quarter, sharp criticisms directed against the Government who failed to bring to bear upon the administration of public affairs that breadth of conception, that freedom from narrowness, that far vision of the statesmen who presided over the destinies of France? From 1911—because the present Administration is after all but a continuation of that of 1911, somewhat modified—the Government has blundered egregiously in railway matters.

In 1903, Parliament had passed an Act sanctioning a contract entered into between the Grand Trunk Company and the Canadian Government. Under this contract the Canadian Government undertook to build a National Transcontinental, from Moncton, in New Brunswick, to the City of Winnipeg, in Manitoba. On the other hand, the Grand Trunk Company undertook to build under the name of Grand Trunk Pacific, the other sections of that system, from Winnipeg to the British Columbia coast. On the completion of that system, it was agreed that the Government would hand over to the Grand Trunk Railway Company that portion of the system known as the Transcontinental by way of lease, for a period of fifty years, so that the Canadian Government might be relieved of any responsibility, during that period, in connection with the management of the Transcontinental.

What happened then? Down to 1911, it was all plain sailing; the Canadian Government built that portion of the system which runs from Moncton to Winnipeg, and the Grand Trunk Company built the sections from Winnipeg to the British Columbia coast. But in 1911, a political revolution occurred in the country, and seizing the reins of power, the present Administration assumed the obligation of going forward with the construction of the Transcontinental. What did they do? Instead of adhering to the terms of the agreement of 1903, they degraded the line, altered the grades, the various inclines of the road; they did not proceed in building the line according to the specifications approved by the Grand Trunk Company; they changed, without the assent of the company, the terminals at Quebec and Winnipeg, and many other important details, in utter disregard of the agreement.

No wonder then that, in 1914, on the completion of the Transcontinental, when the Government presented it to the Grand Trunk Railway Company and told them: "Gentlemen, this is the railway we have built, this is our National Transcontinental; take it under lease, agreeably to your contract of 1903," no wonder, I say, that the Grand Trunk Company answered: "You cannot force us to carry out the terms of our contract unless you carried them out yourselves; you have altered the specifications, you did not build the road as it should have been built; therefore we consider ourselves relieved of our obligation."

What did the Government then do? Did they protest? Did they force the Grand Trunk Company to accept the Transcontinental? Did the Government claim that they had carried out their obligations?

No, the Government confessed judgment; they admitted that they had not discharged the obligations binding on them under their agreement of 1903, and they told the company "You refuse to take over the Transcontinental; we cannot force you to take it over." The Drayton-Acworth report admits that the Government has relieved

the company of any obligation with respect to the Transcontinental.

What happenned then? The Grand Trunk company came forward and told the Government: "Gentlemen, we have built the Grand Trunk Pacific from Winnipeg to the Pacific coast. Never would we have agreed to construct that line had we not had a connecting link between our Western system and the Eastern system. Our Grand Trunk has its terminus at Sarnia, and our Grand Trunk Pacific has its terminus at Winnipeg. Without the linking up of those systems, how could we carry our traffic from Sarnia to Winnipeg?

Under our contract, the National Transcontinental should be the connecting link between the Grand Trunk Pacific and the Grand Trunk system. Now, as things stand, we cannot possibly make a success in operating the Grand Trunk Pacific. It will not be a paying enterprise, for this reason that it is an isolated system, without any outlet to the West, and such outlets we should undoubtedly have had, had you carried out the agreement of 1903."

Again, the Government of Canada confessed judgment; they realized that the Grand Trunk Pacific could not be a paying enterprise, deprived as it was of the services of the Transcontinental. What occurred under those circumstances? The Grand Trunk Company, in 1913, applied to the Government for a loan of $15,000,000 to operate its subsidiary company, the Grand Trunk Pacific. They came back before Parliament in 1916, for another loan of $7,081,703; and in 1917 $5,038,053 was authorized and advanced, and in the spring of 1918 a further loan of $7,471,399 was authorized by Parliament. Every year the Government once more confessed judgment that the Grand Trunk Pacific was entitled to Government aid, for the reason that the Government had not respected their agreement of 1903.

Mr. Speaker, in going into those facts, I want to show you that if we are confronted to-day with such an involved situation so far as our railways are concerned, and if we find ourselves face to face with an almost inextricable tangle, the blame falls on those reckless administrators who have shown themselves unable to respect their undertakings entered into with a private company and who, by the very fact, were making it impossible for them to bind the other contracting party to the discharge of its obligations.

To-day the Government is without a ghost of a chance to compel the Grand Trunk Company to live up to its obligations. I do not agree with the Minister of the Interior and I am satisfied that were that question referred to a tribunal the Grand Trunk Company would be relieved of its undertakings as regards the Grand Trunk Pacific, the other contracting party having failed to meet its obligations resting on it, under the agreement. Therefore if we are brought face to face with such an appalling situation, the blame is to be laid on the men who now sit in the seats of office.

In 1918, a new situation arose which eventuated in the Government deciding to acquire the Grand Trunk and the Grand Trunk Pacific. At this time of speaking, I may say that we are in the dark as to the inner reasons of this transaction. But when the friends of the Government and those who benefit by this transaction shall have swept off the millions which this legislation is going to enable them to pocket, some day we shall know the ins and outs of this business.

The other day, I was told that I was throwing mud and casting reflection on the Government without being able to substantiate my statements; but to-day have not we heard the hon. minister of the Interior and the other gentlemen who sit to your right, Sir, casting on us the imputation that, if we rise at this stage of the debate to register our protest against the measure which the Government is trying to push through in the dying hours of the session, the reason is that we are tied hands and feet and at the mercy of the Canadian Pacific Railway Company and the big Montreal interests.

I say, Mr. Speaker, that no body should fling broadcast such a charge and state that we are actuated by pecuniary considerations, without substantiating such a charge, and I challenge the hon. gentleman and those who sit behind him to prove that we on this side of the House are in the pay of the Canadian Pacific Company or the big Montreal interests.

Actuated solely as I am by a sense of the duty which is incumbent on me and by a desire to discharge it, I say without any fear of contradiction that never have I been approached by the Canadian Pacific Company or by the great Montreal interests; never did I receive a single cent or any other consideration that might sway the judgment I have to render in this House.

I am quite satisfied that all the hon.

members who sit to your left, Mr. Speaker, are in the same free state of mind as I am myself, and if the hon. gentlemen on the other side want to level such charges against us, they are in honour bound to substantiate them and to show that their statements are borne out by the facts.

Should they prove to be unfounded, let the hon. gentlemen recant, or public opinion will point the finger of scorn at them and make them swallow their statement as an infamous lie, a downright slander, without an atom of truth in it.

Now, let us come back for a few moments to the nature of the charges brought forward by the hon. gentlemen on this side of the House when we stated that out of the deal which the Government is asking the House to sanction friends of the Government and a few financiers in the ring around the Government were going to pocket millions of dollars.

First, we are buying the capital stock of the Grand Trunk Railway Company. That capital stock is subdivided into five classes: guaranteed stock; first, second and third preference stocks, and the ordinary or common stock.

The president of the Grand Trunk Company, Sir A. W. Smithers and Mr. Kelly have come to a decision. In a letter tabled in this House, they give their assent to the proposed agreement. The Government of Canada undertakes to reimburse at par the $60,000,000 of guaranteed capital, after paying for a certain number of years interest at 4 per cent; further, the Government undertakes to submit to arbitration the value of the four stocks—the three preference stocks and the common stock.

Undoubtedly, Mr. Speaker, Messrs. Smithers and Kelly and their partners did not subscribe to that agreement without having in hand the majority of the guaranteed and preferential capital stocks for, if they did not have that majority in hand, or under their control, how could they enter into such an undertaking?

Therefore, Mr. Speaker, Messrs. Smithers and Kelly and their partners have now in hand a majority of the capital stock of the Grand Trunk Railway Company.

Let us try to form an estimate of the value of that capital stock. In the Drayton-Ackworth report, which has so often been referred to during this debate, there is to be found clearly set out an answer to that question: page lxv:

"We regard the entire share capital of the company as being intrinsically of but small value at the present time. On the basis of present value of maintainable income the fair compensation would be very small."

What was the value of that capital stock?

Mr. Speaker, I looked up the market quotations on the London and New York stock exchanges and I find that previously to this Bill being foreshadowed, the guaranteed stock which ranks first, was quoted below 45 per cent.

On the announcement of the terms of the arbitration agreement, there was a sharp burst in Grand Trunk issues and this guaranteed stock jumped in a few days from 45 to 50, and from 50 to 60 points, and ere long, under cover of the Government guarantee, it will no doubt sell at par, to the great advantage of the present holders.

From the market quotations, at this time of speaking, the capital stock of $60,000,000 would not be worth thirty millions, and yet the Government is guaranteeing the entire value of the sixty millions. Moreover, the Government guarantees the entire payment of the stocks of the company, as they will be valued by the arbitration award. Therefore, it was on good ground that I said the other day, that this deal was going to allow some financiers in the ring around the Government to pocket millions. That I stated was grounded on actual facts and on undeniable official documents.

I wish to point out a few inaccuracies in the speech of the hon. Minister of the Interior.

He charged that we availed ourselves of the Drayton-Ackworth report, when it suited our purpose, and that we laid it aside when it did not serve our end. Could it not be said that the minister as the pharisee of old sees the mote that is in his brother's eye and sees not the beam that is in his own eye? The minister relies on the Drayton-Acworth report, when it recommends in the summary of conclusions, clause 41, "that the entire share capital of the Grand Trunk, guaranteed and ordinary, be surrendered to the Trustees in exchange for an annuity based on a moderate but substantial proportion of $3,600,000, the average sum paid as dividend in the last ten years." But the minister brushes aside the report when, after going extensively into facts and figures, the signatories of the report tell us that the sum which ought to have been spent out of revenue for the upkeep and rolling stock of the road was diverted for dividend purposes.

The minister charges that in quoting the report we wrench certain passages out of

their context. But the hon. gentleman himself easily gets rid of an important part of the report when it does not answer his purpose.

The hon. minister is no doubt right in discarding certain passages of the Drayton-Acworth report, the more so as the authors of this report stultify themselves; but he is wrong in finding fault with us for doing the same thing.

The commissioners appointed to inquire into and report on the situation of the Grand Trunk and the Canadian Pacific railways have taken cognizance of a mass of documents and established certain facts, but their findings and conclusions do not flow from their premises.

They tell us, in their report, that the Grand Trunk Company did not keep the road into a fair state of maintenance; that the $25,000,000 which ought to have been spent out of revenue for the maintenance of the road and rolling stock was diverted for dividend purposes.

But so much being said, the commissioners recommend that an indemnity be paid, based on the average amount paid as dividends in the preceding years, dividends that have not been earned.

Therefore, I submit that the conclusion and the premises are self-contradictory.

Mr. Acworth, one of the members of the Royal Commission, was looked upon in Great Britain as a railway expert. He had written "An Essay on the history of state owned railways, in foreign countries."

He came over to Canada, thoroughly imbued with the idea that public ownership of railways was an unmitigated evil. After a rather summary investigation, when it was clearly impossible for him to await the result of exhaustive inquiries, and hailing as he did from overseas, without being conversant with the special conditions which prevail here, he recommends as one of the findings reported that the Government would act wisely in absorbing into their railway system the Grand Trunk, the Grand Trunk Pacific the Canadian Northern and perhaps other railways. Is this report well grounded?

Some time after the Drayton-Acworth report had been published, Mr. Acworth was invited to go and give evidence before the Congressional Committee at Washington, which was then sitting.

What did he say, when he appeared before that committee? His evidence would prove interesting reading and it would be no less interesting to see the sudden and new change of front made by Mr. Acworth, following so close his volte face in the Drayton-Acworth report. Let me quote that extract in English, lest an ex-tempore translation of mine should prove too imperfect:

Ottawa despatches contrast the evidence given by Mr. W. M. Acworth before the Congressional Committee at Washington with the conclusions embodied in his report on the Canadian railway situation. The two positions certainly cannot be reconciled. Mr. Acworth in conjunction with Sir Henry Drayton proposed for Canada a stupendous scheme of government ownership of railways. Before the Congressional Committee, only a few days following the publication of his report on the Canadian railway situation he condemned public ownership of railways in unqualified terms. He cited the numerous failures of state owned railways—in Prussia, in France, in Russia, in Italy, in Austria, in India, in Holland, in Switzerland and in Australia. In all these countries Mr. Acworth declares public ownership of railways has been associated with high rates, inefficiency and stunted development. Summarizing his conclusions he says:

"Railroading is a progressive science. New ideas lead to new inventions; employ new plant, new methods. And this means the spending of much new capital to be recouped by larger economies later on. The state official mistrusts ideas, pours cold water on new inventions, grudges new expenditure."

Mr. Acworth admits that the world's best example of a successfully administered state owned railway is Prussia and at once proceeds to demonstrate that the success is more apparent than real. He says:

"The German government has for many years offered an unyielding opposition to any reduction of rates while it has extracted from passengers and shippers a net revenue which after paying interest in full on the railways debt, yields in normal times a sum of $50,000,000 towards the general expenses of the government. . .

"The rosy views of the authors of state purchase (in Prussia) have been far from materializing. They promised reductions of rates and fares and with the great increase in traffic density ought, one cannot but think to have been able to obtain them. The average fare was indeed reduced by 13½ per cent between 1900 and 1911. But freight rates were rather worse than stationary. . . . The authors of the purchase further estimated that the profits to be realized would suffice to extinguish the railway debt within 60 years. In fact the sum paid for the acquisition of the railways $205,493,830, and the debt at the date of the last account with one quarter of the period expired so far from being reduced had risen to $270,132,800."

Mr. Speaker, from the evidence given by Mr, Acworth it follows that in every country where state ownership has been given a trial, has resulted in the piling up of deficits and in deepening more and more the channels through which the people's money is being drained.

Let us still further study that opinion:

Mr. Acworth goes into facts and figures to prove that state ownership in France has been a dismal failure. Summarizing, Mr. Acworth quotes a French authority as follows:

"From all points of view the experience of State railways in France is unfavourable. The state, above all, an elective administration, cannot be a good commercial manager. It works expensively and is powerless before its employees. The experience which we have recently gained has had at least one result. It has provoked a very lively movement not only against the repurchase of the railways but against all extension of state industry. The result seems to me fortunate. I hope this opinion will be maintained and that not only we but our neighbours may profit from the lesson of these facts."

The Daily Mail does not share Mr. Acworth's sweeping denunciation of the principle of public ownership, nor does it believe that all the state owned railways in the world are as bad as he paints them. The point is that Mr. Acworth has proposed for Canada the very thing he condemns in all other countries where it has been tried. He revealed himself before the Congressional Committee as a violent and indeed prejudiced opponent of government ownership of railways. Yet that is what he would give to Canada and he would demolish one very strong and solvent Canadian railway system in order to accomplish his purpose.

To say that Mr. Acworth is inconsistent is to state the fact mildly. The evidence he gave at Washington completely discredits his report on the Canadian railway situation. And it tends strongly to indicate that Mr. Acworth was not a real influence in the preparation of the report to which he has appended his name.

Well then, Mr. Speaker, when we find so flagrant contradictory statements of facts and conclusions in that report; when we find self-contradictory opinions expressed by Mr. Acworth in his report and before the congressional Committee at Washington, are we not justified in subscribing to the statements of fact, but in putting aside conclusions that are not derived from the premises? We are charged by the Minister of the Interior with discarding the report when it suits our purpose to do so. We have scrupulously avoided discarding that part of the report which was grounded on facts, but we have taken the liberty of showing that the conclusions were not borne out by the actual facts.

State ownership of railways is a question that is quite frequently on the tapis, and is discussed at great length, whenever a question having reference to Canadian railways comes up before the House, whether under the shape of a subsidy for the construction of a new line, or the guaranteeing of a debenture or the payment of an obligation. Invariably, some honourable gentlemen try to make out of this principle of nationalization a little political capital and draw a red herring across the track to cover the misdeeds of the Government, so that the people may not discriminate between truth and error.

[Mr. Vien.]

Mr. BURNHAM (text): Would the hon. gentleman object to our acquiring the Grand Trunk system now if it were a good bargain?

Mr. VIEN (text): If it were a good bargain for the state I would certainly favour it because I would consider it to be in the interest of the state; but my contention, as I have tried to explain it in French, is that this is not a good bargain for the state, but only a good bargain for the sellers, the owners of the capital stock of the company, a stock at present much depreciated, which will go to par as soon as the agreement is carried through and approved of by legislation.

(Continuing in French)

Let us return to our subject, the railway question.

Mr. Speaker, we should like to know whether the country ought to commit itself to the principle of public ownership of railways. Are we going, without any further examination, to settle the question and decide whether we should take over the Grand Trunk railway? Willing or unwilling, we already have a state-owned system of railways. Those railways are now nationalized, but when we are about adding to our State-owned system another system of railways, which will double the mileage of our present system, I say that the mandate given to the members of this House is quite inadequate for such a purpose. In 1917 the members of this House did not receive a mandate to take over the Grand Trunk Pacific or to nationalize the Grand Trunk. When in 1917, the honourable gentlemen went about the country from ocean to ocean and asked the electorate for a new lease of power, they told the people that the only issue before the country was the winning of the war, that every other issue was to be brushed aside so that the Government coming into power, fresh from the people, would have no other mission that the winning of the war. The war is over; peace has been declared, the empire is safe, but the Government is not appealing to the electorate.

Suppose this Government went before the people, I take it as a foregone conclusion that they would be turned out of office. I have not the slightest doubt that a majority of the electors would not return to power the present Administration, regardless of the question of state ownership of railways. Suppose a general election came on, should this issue be referred to the people, by

way of referendum, I do not entertain the slightest doubt that—

Mr. MORPHY (text): On what does the hon. gentleman base his information that the people are not in favour of the nationalization of railways? How does he get his information from the people?

Mr. VIEN (translation): I am happy to reply in Molière's beautiful language to the question put by my hon. friend who is quite conversant with the French language.

I was just going to explain to the hon. gentleman that supposing the question of nationalizing the railways were referred to the electorate, and a general election came on, a similar result would be obtained to that just reached in the province of Ontario; this Administration would beyond the shadow of a doubt be defeated, but the project of nationalizing railways might possibly carry.

Mr. BURNHAM (text): Is the hon. gentleman not going back now on what he said? Did he not say that he was agreeable to the acquisition of the Grand Trunk system provided it was a good bargain? Why go into all this?

Mr. VIEN (text): It is quite evident that my hon. friend (Mr. Burnham) is not absolutely conversant with the French language. He has not followed the argument I made a minute ago. But in my opinion he does not even understand the English language, because I explained to him in English that although I would be in favour of a good bargain for the Government, I was against the present one, because I did not consider it a good bargain. I am not going back on any of my statements. I shall in a moment establish that the acquisition of the Canadian Northern railway has not been a good bargain for the Canadian people.

(Continuing in French):

Without assimilating a referendum on the nationalization of railways to the referendum on prohibition, I submit that, should this policy be endorsed by the people, it would be the outcome of a popular whim; but that the Government would be turned out of office, because they no longer enjoy the confidence of the electorate and they have no mandate to introduce such a legislation. On a referendum, certain sections of the country would probably endorse state ownership. In Ontario and the Western provinces a majority of the electors would possibly vote in favour of such a measure, but as I said, it would only be the outcome of a passing fancy.

The Canadian government have helped develop that fad in not clearly explaining to the people the real status of our railways.

I understand perfectly why the Western provinces advocate and endorse State ownership. The West is a wheat producing country, a great producer of grain. As the Western farmers are distant from their markets 3,000 miles, they need transportation facilities for their grain; they know very well that so long as railways are under private control, those railways have to yield an adequate revenue to cover operating and maintenance expenses; they also know that, in order to carry the increased cost of railway operation, they should enjoy sufficiently high freight rates. Now, the Western provinces object to the increase of the passenger and freight rates on State-owned railway, because they want cheap transportation facilities, and by means of public ownership they believe that they might exert enough influence over the Government to force it to keep the rates down, even though the railway were operated at a loss.

A few days ago, discussing this question with a great land-owner from the West, I could not help telling him how surprised I was to see that the farmers advocated public ownership. I was trying to impress on his mind the fact that ultimately the farmer would be called upon to make good the yearly deficits and that inevitably land taxation would have to be resorted to, should deficits be further piled up and supposing we were unable to make both ends meet in balancing income and expenditure. How then could the Canadian farmer advocate the acquisition of another railway operating at a loss, so contributing to load the country with a colossal debt?

Now let us give heed to that land-owner's reply!

"For over sixty years the farmer has kept contributing to the maintenance of manufacturing industries in Quebec and Ontario, in paying the surplus-value given to their manufactured products by a protective tariff. On all manufactured products, such as hats, clothes and shoes, we have to contribute to the protection of the Canadian manufacturer. Is it not fair that the industrial provinces of Ontario and Quebec should start now helping the great farming industry of the West, and providing us with the transportation facilities which will enable us to successfully compete in the world markets, in spite of the intervening distance? With that end in view we want

railways for the cheap transportation of our products.

"We shall never get from private companies such reductions of freight rates as we stand in need of, the State alone can do so. If in so doing, the railways pile up deficits, it is but fair that the whole country should help protecting our farming industry, just as the Canadian consumer protects other industries."

Such was my interlocutor's reply; but I could not help reflecting under what a deep error he was labouring! If it be true that the consumer has to pay for what is involved in protection, is it not fair that the user of our railways should pay an adequate freight rate, in order that the railways may carry on?

Further, when the era of our loans is closed, which cannot be far distant, Mr. Speaker, the Canadian farmer will realize the sad outcome of his infatuation.

We cannot go on forever borrowing from three to four hundred millions a year. A country is administered like a going business concern. We have now to settle our accounts. The financial status of the country is soon going to give rise to a new problem.

How are we going to meet the heavy obligations involved in the debt under which our country is staggering?

How shall we succeed in giving a fair and square deal to our soldiers? How are we going to raise an already insufficient revenue which will prove still more inadequate to-morrow? And if we have to make good the deficits which will occur in the operation of our railways, shall we not be stared in the face by land taxations, by taxation on the products of the farm, as in certain countries in Europe where each bushel of wheat pays tribute to the State, and where each acre of land under cultivation has to bear a heavy burden of taxation.

I cannot help believing that the Western farmer will soon realize the utter falsity of the policy he is now advocating.

Let us now revert to the province of Ontario. Here again, an important group of farmers advocate nationalization.

Some of them are being carried away by a movement developing in such a direction. The inception of that movement dates back to the time when the Hydro-Electric commission was created, with a view to transforming water-powers in electrical energy, under provincial control.

Starting from that principle that public utilities should be developed by the State, and assimilating as they did a water-power to a railway, and intoxicated by the passing success which attended the creation of that commission, certain groups in the province of Ontario are advocates of state-owned railways.

M. BURNHAM (text): Does the hon. gentleman object to the government's owning and managing a line of vessels upon the ocean?

Mr. VIEN (text): The question which the hon. gentleman (Mr. Burnham) has put is absolutely irrelevant to the subject under consideration. It involves a study of the policy of the Canadian Government in so far as state ownership of steamship lines is concerned, as well as a study of the general policy of the Government in relation to its shipbuilding programme and its ownership of vessels produced in Canadian shipyards. I do not believe that this would be the proper time to discuss the subject.

(Continuing in French).

Mr. Speaker, before being interrupted by my hon. friend (Mr. Burnham) I was stating that a certain group of people in Ontario were advocating in good faith Government-owned railways, but let me add that they are not a majority.

The majority of those who to-day are in favour of the Grand Trunk being nationalized and taken over by the State are the very people who, while charging us with being in the pay of the Canadian Pacific and the great Montreal interests, sit at the feet of the magnates of the Bank of Commerce and the former owners of the Canadian Northern by whom they are prompted in the expression of their views. These magnates control this Government. They have succeeded in having appointed as managers of the Government-owned railways their most devoted friends, and what they most strenuously want to bring about is the displacing of the financial centre from Montreal to Toronto.

Making of Toronto the metropolis of Canada ,concentrating thither the administration of our railways, such is their dream. They shrink not before the taking over of the Grand Trunk, or even the acquisition of the Canadian Pacific, nothing, regardless of deficits. Were we not right in saying that, in pushing this Bill through, the Government were playing into the hands of their friends?

Far be it from me to suggest that all those who, in the province of Ontario, ad-

vocate the taking over of the Grand Trunk are acting in bad faith. Many advocates of nationalization are intoxicated by the apparent success of the Hydro-Electric. I am personally inclined to believe that it is a wise policy that water powers, as public property should be transformed into electrical energy, to the advantage of the people. As many private companies have abused the privileges granted to them, in indulging in a rate raising orgy to the detriment of the people, it is not to be wondered at that the good people of Ontario should be in favour of the Hydro-Electric commission. But there is a world of difference between developing a water-power and operating a railway.

Once a water-power is transformed into electrical energy, operating expenses are kept very low. There is only the upkeep of the transmission line to attend to, as the municipalities themselves are the distributing agents within their own limits.

But when we have to deal with a railway, it is quite another matter. In the hands of a Government how easily it degenerates into an engine of speculation, favoritism, undue influence and bad administration!

Are railway ties to be bought, the Goverment favorite will be neither the most honest merchant, nor the lowest tenderer, but a political friend, regardless of the quality of the railway ties which, owing to poor quality, will soon rot beneath the rails and may cause a train to run off the track, an accident which occurred several times, last year, on the Intercolonial.

When coal is to be bought, they will not consider the lowest tender, but they will look for a friend of the men now seated in power. In many cases it will supply nothing but coal dust, and the engines fed with this fuel of an inferior quality will be unable to haul the train within the time fixed in the schedules, and often will they be from ten to fifteen hours late, as is well known to those who have had the sad experience of this, while travelling on the government railways.

Every year, the House of Commons will be asked to vote moneys required as a result of the deficits. How will the honourable members of this House be able to get a clear idea of what the management of the railways really is? It would be impossible to find out whether it was honest or dishonest, the volume of business transacted being so large.

Secret funds will be created to feed the electoral machine, and in election time pressure will be brought to bear on the thousands and thousands of employers by the party in power. That the Government operated railways are a source of increasing deficits. I have amply shown, I think, in quoting the evidence given by Mr. Ackworth, the report of the Drayton commission and our own personal experience. But were any further evidence needed, I would find it in the statement made in the Senate by the honourable Sir James Lougheed in answer to a question put by the honourable senator Casgrain.

Mr. SPEAKER (Text): I hope the hon. gentleman is not going to refer to a debate in the Senate.

Mr. VIEN (text): No, I am going to give some information given by the Government in the Senate in reply to a question by one of the honourable senators. I do not want to trespass on the rules of the House, but I suppose I can refer to information which has been given there.

Mr. SPEAKER: I do not think the hon. gentleman is entitled to make use of the proceedings in the Senate.

Mr. VIEN: Well then, I can take it for granted, with the information I have, that the following is the result of the operation of the Canadian National railways by the Government.

(Translation): Since I am not entitled under the rules of this House to read statements made by the Government in the Senate, I shall not, at least, infringe any rule in showing that the expectations held out by the Government last year are far from having been realised.

The Government claimed that, with a sound and honest management, with a competent staff, the state owned railway system would be a paying proposition. Now, what return did we get from the operation of the Canadian Northern? For the period extending from the 1st of October, 1917, to the 31st of August, the gross earnings were $93,502,669. The working expenses amounted, for the same period, to $93,188,470. During the same period the Government had to make to the company a further loan of $71,606,463 for construction, betterments and equipment. For the same period, there was a large operating deficit. Up to the 31st of December, the deficit was $4,846,103, and from the 1st of October, 1917, to the 31st of December, 1917, the deficit reached $2,368,122. From the 1st of January, 1918, to the 31st of December 1918, the deficit was $14,643,753, and it is

estimated that the deficit for the present year will reach $5,587,028.

Decidedly, the rosy views of the Government have been far from materializing. But, I ask, Sir, what view are we to take of public ownership, when we consider that these sums do not cover the interest on the cash investment, the reserve fund for wear and tear and renewals, and interest, which no well-advised company would neglect to provide for?

Mr. Speaker, I submit that we have reason to fear that the acquisition of the Grand Trunk by the Government may load this country with additional deficits. Were this railroad a paying proposition by itself, when in the hands of the Government it cannot but increase the already large deficits which the country has incurred as a result of the improvident policy of the Government. Those deficits are making wider and deeper the yawning hollow in the public chest, and that chasm must be filled up. How shall we fill that gap otherwise than by levying a tax on land and the produce of the land, which tax the friends of the Government are already foreshadowing.

The collection of the enormous taxes which are to be levied will soon set at rest the passing hobby which certain groups of our population have been riding of late. The people will realize, too late, perhaps, who were their true friends; they will understand the falsity of the principles on which the whole policy of the Government is based.

Far be it from me to find fault with the opinions held by the Canadian farmers.

Two years ago, when five thousand farmers came down to Ottawa to meet the Government, they wanted to stand and be heard at the bar of this House so as to give vent to their deep regret on account of the mismanagement of the common weal, and in order to sue for reforms. I apprised you of their wish and it was due to my efforts that we succeeded in having the correspondence laid upon the Table, after having vainly handed it to His Excellency the Governor General and to yourself, Mr. Speaker. It was only by dint of hard work that we had their memorial praying for a government of the people by the people placed upon Hansard.

To-day should the Government appeal to the farmers, they would receive at the hands of those gentlemen, I am sure, the same rebuff which the Tory government in Ontario just got and the Tory government in Ottawa shall soon get. So far as we, members of the Opposition, are concerned, we are not afraid of appealing to the Canadian electorate. We have endeavoured to uphold the best interests of the people and we know that they will be grateful to us. We broke none of our pledges and we fully lived up to the faith placed in us.

We are sometimes reproached with lacking political acumen because we did not discover in time what was the trend of public opinion. Come to the province of Quebec, Sir, and you will see an enlightened, contented and prosperous community, led by its statesmen, its clergymen—its educators for the last three centuries. Those people do not believe that the moon is made of green cheese; they do not act like boys who try to blow into the air empty bubbles which burst and vanish before their eyes. They are wise and practical.

We shall not be afraid to go to them, trusting that they will be capable of discerning truth from falsehood in the matter of the taking over of the Grand Trunk.

When we show them in its true light the agreement submitted to us, the people of Quebec and I dare say the whole people of Canada will deem that we have been deserving of their gratitude and they will still place in us all their confidence.

It will be sufficient to explain to them that the proposed transaction gives an inflated value to depreciated stocks and owing to the enhancement of these values, stock-jobbers, manipulators and friends in the ring around the Government are getting the best of the deal, at the expense of the Canadian tax-payers. For the last three weeks, we have been charged with criticizing without suggesting a better policy. Sir, I have a suggestion to make to the Government. We are now encumbered with the Grand Trunk Pacific; we cannot get rid of it; because they did not abide by the clauses of the agreement of 1903 the Government has relieved the Grand Trunk and deprived themselves of all means of compulsion. Then, there is nothing left for us to do but to resign ourselves to the inevitable and to keep the Grand Trunk Pacific.

The Grand Trunk Company, relieved of its responsibilities towards the Grand Trunk Pacific, can still exist and hold out; let us keep our hands off. In the hands of the Government, it would be another defaulting railway. Some people will retort: "Now, you take over every bankrupt road and you leave out those that are paying; you accept the whey and leave out the cream."

But, there is no cream in sight. In our hands, the Grand Trunk will pile up deficits every year. Let us at least avoid those deficits. Does not Mr. Acworth say that in every country state-ownership of railways has been a dismal failure and has involved nations in financial ruin?

Sir, an enormous responsibility rests upon the present Government and the members of this House. Having been elected by the people to uphold their interests, we are the trustees of the national inheritance, and it is our undeniable duty not to betray the mandate we hold through public trust nor to leave it a prey to the financial interests, whether in Montreal or in Toronto. The Government have no right to allow a few individuals to grow rich at the expense of the people or to jeopardize the legacy transmitted to us by our ancestors.

What a splendid inheritance and how prosperous it was when, in 1911, the Liberal government handed it to the present Administration! From 1896 to 1911, Laurier had rounded it in a wonderful manner. He had received it in 1896, when the revenue was $35,000,000 and the expenditure forty million dollars. He handed it back in 1911 with a revenue of $225,000,000 and an expenditure of $180,000,000, or a surplus of forty-five millions.

After eight years of management, this Government have placed that inheritance on the verge of bankruptcy. Our net debt of $350,000,000 in 1911 now amounts to about two billion dollars and they keep piling it up to an alarming extent.

At a time when all serious-minded people are alarmed at the condition of affairs in this country, our irresponsible Government saddles the poor Canadian taxpayer with an additional debt of $500,000,000, without mentioning the $180,000,000 that we shall have to spend on this railway, so as to put it in good working order and complete the terminal facilities at Montreal and Toronto.

If to that we add the annual deficits that this foolhardy adventure is bound to create, we realizze at once the precarious situation of our resources.

When travelling through the magnificent countryside of our beautiful province of Quebec, or of the province of Ontario, I often think of the precious legacy which our forefathers have left us.

My thoughts wander back to Champlain leaving behind his beloved France and to those heroes who accompanied him to the banks of the St. Lawrence, there to establish a new empire in the name of France and Chistianity.

I think of those fearless missionaries who for one hundred and fifty years, roamed this beautiful country and pushed forward to the very limits of America, bringing the Gospel to the benighted red men, teaching them the advantages of civilisation.

I am reminded of our French heroes who during a full century did battle under extraordinary circumstances, one hand on the plough, while the other carried a gun, cultivating the soil and defending their homes against the savage hordes or the incursions of the English.

I think of those who followed, during the period of British domination and who fought in a manner less bloody, it is true, but none the less glorious, for the conquest of the political liberty which is ours at the present day.

I think of our Clergy, so intelligent, so zealous; our clergy who guided the education of this colony from its birth; our clergy to whom we owe what knowledge we have of things both sacred and profane and the development of all our institutions; the clergy to whom we owe the preservation not only of the faith of our fathers but also of the beautiful French tongue which we cherish so dearly.

When recalling all these things to my mind, I frequently realize that the imperative duty of the present generation is to preserve intact this legacy conquered at the cost of such toil, such sacrifices and such devotion; and not only to preserve it intact, but to hand it down with a greater worth and a greater prosperity to the generations that will succeed us.

What a pity to see our beloved country of Canada in the hands of the unfaithful administrators who govern us to-day! How sad to see such a splendid birthright jeopardized by their criminal recklessness!

Let us hope that the hour of retribution is at hand; let us hope that under the pressure of public opinion this unworthy Government shall at last be forced to render an account of its stewardship to the people of this country. What will be the verdict? There is about it no room for doubt. We shall witness a clean sweep and those who to-day occupy the Treasury benches will be there no longer. It will be the cleaning of the Augean stables and God knows the cleaning must be thorough, if those who come after them are to find suitable quarters. We who hail from Quebec do not fear the verdict of the people and we are loud in our demands that the

day of reckoning wait no longer, so that we may appear once more before our judges for a new mandate. Until then we will continue without fear to discharge our duty watching the Government's actions with the eyes of a very Argus and guarding the public treasury with the tenacity of a Cerberus. And then fortified in the sense of duty well discharged, we shall rejoice in the thought that we have done our utmost to give to this country once again a clean and honest Administration such as that presided over by the late lamented Right Hon. Sir W. Laurier.

Without the shadow of a doubt an appeal to the people would mean the defeat of the present Government.

The change can only be for the better, since it is impossible to find a worse Government than the one we have today. The people have all to win and nothing to lose. Under the safe guidance of a progressive Administration this country which we love so much will resume its march, briefly interrupted, towards progress, prosperity and happiness.

Mr. HUME CRONYN (London): Mr. Speaker, in rising to speak at this stage of the debate I certainly do not intend to cover any extended ground; to my mind it would be impertinent to do so after the very full and comprehensive speeches we have had from both sides of the House. After the clear and incisive statement of the Minister of the Interior this afternoon, and after statements such as were made by the ex-Minister of Finance (Sir Thomas White) and the ex-Minister of Agriculture (Mr. Crerar), it would, as I say, be folly for me to attempt to go generally into this question. I lay emphasis in particular on the remarks of the ex-Minister of Agriculture because occupying, as he does, a seat on the cross benches his speech struck me as a reasoned, sound, and moderate presentation of the facts in this case. However, I want to refer to one phase which has been mentioned by the members on your left, Mr. Speaker, and which it seems to me has perhaps not been considered with sufficient care—I refer to the acquisition of the $60,000,000 of guaranteed stock, called the "present guaranteed stock." Now it must be admitted at once this is no ordinary transaction. It is indeed, in one sense, a business dealing between relatives and, as one knows, in such matters strict legal rights and rules of business do not prevail. We have, I take it, an absolute legal right, as a creditor of the Grand Trunk railway, to proceed to judgment and execution and to drive that road into the hands of a receiver or into liquidation. I think it is generally believed that such a course would be unfair and disastrous. That aspect of the matter was so well dealt with in the remarks of the member for Red Deer (Mr. Clark) that there is nothing I can add to it. But under the circumstances which exist and having regard to the long history of the Grand Trunk railway in this country, the question presents itself: Is the transaction, particularly referring to the present guaranteed stock, a fair and equitable one? Now the member for Shelburne and Queen's (Mr. Fielding) has emphasized that part of the bargain on more than one occasion, and he has stated in the most positive manner that this country is making a gift of from fifteen to thirty millions of dollars to that particular class of stockholders. With all due deference to the hon. member's lengthy experience in finance, I venture to suggest that he is labouring under a fallacy in propounding such an argument, and the fallacy lies in the fact that he confuses market price with intrinsic value. I am quite prepared to admit that in normal times where a corporation is carrying on, and has carried on, a business which pays its way and regularly and steadily earns a rate of dividend, the market price may be taken as an indication of the value of the stock of that company. But let any extraordinary situation prevail, let the times, as they are at present, be out of joint, and the market value is no longer an index. As a matter of truth the market price always presumes a sale, and that market price is an index only of the shares which may from time to time be offered on that market. The law of supply and demand, it appears to me, rules with greater strictness on the stock exchange than perhaps anywhere else in the financial world. Let there be a few shareholders who, by force of circumstance, or for other reasons, must get rid of their stock, and unless there are at the same time purchasers who are prepared to take on that particular stock the price will inevitably fall and may fall very considerably. So that when we speak of acquiring $60,000,000 worth of stock at the present market price we speak of what is absolutely an impossibility. Most of us will remember that some few years ago a group of the most acute and powerful railway people in the United States desired not to acquire the whole of the stock but to get control of the Northern Pacific rail-

way. Now I can assure you, Mr. Speaker, those men did not start out on that acquisition with a brass band; they were not under the disadvantage which any government is in carrying on public negotiations; they took every precaution that could be taken to conceal their hand in the matter. And what happened ? The Northern Pacific stock which, as I remember, was selling in the 80's in March was selling on the 9th of May at $1,000 a share, and a colossal panic existed in the New York market. So that to obtain by any possible means—unless using the strictly legal rod which is in our hands—anything like even a controlling interest in $60,000,000 worth of stock, is an absolute impossibility. It is quite true, as the member for Cape Breton (Mr. McKenzie) said, that if he acted as arbitrator or judge and evidence of the market value was brought before him, he would be compelled to consider that as one of the plainest evidences of value; but that is only in case of a limited number of shares; when it comes to the absorption or amalgamation of a concern, wholly different factors prevail. In a small way I have, from time to time, been interested in negotiations towards taking over going concerns, and in no case did either the buyer or seller pay the least attention to the market value, or rather market price, (for market value is a misnomer in a sense), of the stock. The things considered were the net assets over liabilities and the earning power of the company. It is only a few weeks since I was called upon to consider taking over a going concern whose stock was quoted on the stock exchange at a considerable figure—a figure very much in advance of this guaranteed stock of which we are speaking—and the terms of that bargain or proposal were that we should guarantee the public liabilities of the company and should in time, after taking over and winding up, return to the stockholders what equity there might be.

We looked into the matter and came to the conclusion that the proposal was one we could not entertain. But did the vendor for one instant point to the fact that the stock was quoted at the market price? Not at all; he knew, as every business man would know, that in a transaction of this kind covering the total absorption of a company, that was not a factor to be considered.

Mr. PARENT: May I ask the hon. member on what stock exchange that particular company was listed—Toronto, Montreal or New York?

Mr. CRONYN: The one I last mentioned was listed on the Toronto stock exchange.

Mr. PARENT: I would not dare to ask the hon. member the name of the company.

Mr. CRONYN: I think that would be unfair. Then is it fair to allege that we make any gift to men who contributed the par value of a guaranteed stock the proceeds of which were certainly expended in building and improving a railway in this country? Because, as I understand the transaction, this stock was not issued until 1884, and the greater part of it was issued at par. Let us imagine the case of the original investor who puts his $100 or £100 into this stock and who still holds it; can it be said that he either loses or gains because the stock happens to be quoted at 45, 48, or whatever the quotation may be? He still has his guaranteed stock, and if he gets back at any time from the country what he put into it, I do not think it lies in our mouths to say that we are making him a present. It is quite true that we propose at once to give him a return of four per cent on his investment, a return which during two years past he has failed to receive. But we must admit that in exchange for that immediate return he gives up certain things of value. In the first place, as has been mentioned, he gives up his voting power. But to my mind, he gives up what is far more important than that—his position as the holder of a perpetual guaranteed stock; because, under the amendment carried the other day, his stock may at any time after five years be redeemed. It may appear to the House to be absurd to speak of an option of that kind being of value under present circumstances. But let us suppose that the rates of interest were as they existed but fifteen or twenty years ago—and no one is wise enough to be certain that rates will not again reach those low levels—even without any Government guarantee that perpetually guaranteed four per cent stock would be worth over par. According to statements made in this House this same stock sold at one time as high as 123. That price cannot again be realized because the Dominions option to pay for the guaranteed stock at par will be taken advantage of if rates of interest fall and will thus definitely limit the market price of the stock for all time to come.

The member for Shelburne and Queen's (Mr. Fielding) as I recall his remarks, challenged any business man to justify such financing as is here proposed. Were I the

representative of a syndicate or concern which desired for any reason to take over the Grand Trunk Railway system and I was allowed to do so on the terms offered to the Government of Canada—not being called upon to raise a dollar of capital, and paying interest obligations in respect of either new or old guaranteed stock at the very low rate of four per cent, I would welcome such a transaction. I know that if we could get terms like that in our own business; if we could indefinitely hold the money of an investor at four per cent and yet be free at any time after five years to pay him back when we could get the money at a lower rate, we would consider ourselves particularly fortunate.

What is the alternative? I do not propose to discuss the alternative suggested, that we should allow these stockholders to remain as partners in the concern, because that has all been more than once exhaustively answered by the Minister of the Interior. But even if we could buy this entire holding we would have to raise the cash to do so, and to raise that amount or anything like it would be no light matter in these days. To-day I received from New York an offering of $250,000,000 of the United Kingdom of Great Britain and Ireland ten year five and one-half per cent convertible gold bonds, due August 1, 1929, stated to be a direct obligation of the Government of the United Kingdom of Great Britain and Ireland, principal and interest payable in the United States in gold coin without any deduction for British taxes present or future. These ten year gold bonds can be bought retail to-day in the city of New York to yield over six per cent. This means, after the payment of commission—and these gentlemen in New York do not work without commission—that the money must be costing the Government of Great Britain close to six and one-half per cent. More than that, there is given to the holders the option of converting at any time within ten years into national war bonds, fourth series, at a fixed rate of sterling exchange of $4.30 to the pound. As the table in this prospectus shows, if that conversion were made and exchange returned within the ten years to par, or $4.665 to the £, the fortunate holder on the day of redemption would receive for each hundred dollar's worth of bonds $118.85. That, of course, depends upon the restoration of the rate of exchange to par; but independently of that exchange the holder can to-day get from Great Britain a return of six per cent for a period of ten years.

[Mr. Cronyn.]

Mr. McKENZIE: May I ask the hon. gentleman a question? He is an authority on these things.

Mr. CRONYN: I do not pose as an authority.

Mr. McKENZIE: If as a matter of business the hon. member was going to pay one hundred shares of stock, would he regard the value at which the stock was selling in the market as a fair index of what he should pay for it?

Mr. CRONYN: I assume that if the stock were quoted on the market, it would not be possible for me to persuade any seller to give me the stock at a lower figure; I would have to be satisfied to take the stock quotation. Whether it was a fair index of value or not, I might be prepared to pay the market price.

It is well known that for years several of the bank stocks sold at a price which yielded a very low return. They did so because the prospect of profits in the future, the certainty of their standing, their very large reserve funds, were an attraction to purchasers.

Mr. McKENZIE: As I understand the hon. member, he says that he would regard the listed price of the stock as a fair indication of its value and that he would not pay any more for it if he were buying it. Will the hon. member explain—he is a gentleman who understands these things—why we undertake to pay par for stock that is selling in the market for 55 or whatever it is selling at?

Mr. CRONYN: I have evidently failed entirely in making my point, and I regret that much. There is all the difference in the world between buying 100 or 1,000 shares or $10,000 or $100,000 worth of stock and buying 600,000 shares or $60,000,000 worth. When you proceed on the market or in any other way to buy stock, the very moment that you clean up the floating stock, the very moment that you go to a person who does not want to sell, who considers that his stock is worth par, at that moment your transaction ceases unless you are willing to pay the price he asks.

Mr. McKENZIE: Then am I to understand that we are being forced by the Grand Trunk into paying that price or go out of the deal?

Mr. CRONYN: As I said before, this is a transaction out of the ordinary. We are not using the brutal methods which we might employ; we are trying to make what

appears to us to be a fair and equitable bargain. So far as financing is concerned, the point I was trying to make was that in my opinion the arrangement was favourable.

Mr. PARENT: Just because the hon. member is so fair to the ordinary common people who would be holding the stock at the time of the arbitration, may I ask him, if he were an arbitrator, knowing that the common stock would be selling in London or New York at the time that the arbitrators were doing their work, at, say, 80 or 90, what would he consider the stock worth then?

Mr. CRONYN: The hon. member, as I understand the matter, is speaking of ordinary or common stock. I have not been dealing with the ordinary or common stock. That was, of course issued at a very great discount; it does not represent anything like 100 cents on the dollar. Once the arbitration started—

Mr. PARENT: Supposing it is in the market at 80 or 90, if you like?

Mr. CRONYN: It is in the market at 8 or 9, as I remember it. But, as I said on a former occasion, it does not seem to me that the market value of those stocks has anything whatever to do with the price which we are called upon to pay for the value of the road. That is the fallacy, I think, that has gone through the arguments used on both sides of the House. What we want to pay for is the net assets over liabilities plus the possibility of net profits. That is the crux of the situation, and the hon. member for Joliette (Mr. Denis), in what seemed to me a fair and logical speech, put his finger right on that point. Are we, in making this bargain, satisfied that there are sufficient assets over the liabilities which we agree to assume? Once we are satisfied as to that, and once we are satisfied that arbitration is a proper and fair means of determining whether there is anything else—

Mr. PARENT: The hon. gentleman will, of course, realize that the stock has not paid any dividends for years, and the minute it is guaranteed by the Government to pay 4 per cent it will increase in value.

Mr. CRONYN: The guaranteed stock for two years, owing to the war, has not paid a dividend. Up to that time, with the exception of one year, when, as I understand, it paid only 3½ per cent, it paid 4 per cent regularly and the road earned that and much more than that; it earned enough to pay dividends on the first and second preference and even a small dividend on the third preference.

Mr. CANNON: Does the hon. member consider the Grand Trunk holders as unwilling sellers?

Mr. CRONYN: If one reads the history of that road, the very glowing prospectuses that were put out, the long time during which the stockholders have held their stock without any return—some even of the debenture holders went without interest for years in the early days—I think, perhaps, certain of the stockholders may still have such faith in our country and the Grand Trunk that they would be unwilling to sell.

Mr. CANNON: And we shall have to pay for faith?

Mr. CRONYN: They have, perhaps, more faith than some of us have. However, as I say, it seems to me that is the crux of the whole proposition. In the bargain which the Government made, which was, I think, set out in their first letter, although there it was set out in another form from that which it assumes to-day, what we have to decide is whether the assets of the company are greater than the liabilities which we agree to assume, and then leave the rest to arbitration. Hon. members will say: Are we certain of that?

Mr. PARENT: If we leave the rest to the arbitrators, there will be nothing left?

Mr. DEPUTY SPEAKER: I must remind hon. gentlemen that the House is not in committee and that the hon. member who has the floor is entitled to make his address without any interruptions.

Mr. CRONYN: I think we have on that point perhaps the best evidence that can be procured. What does one usually do in a transaction of this kind? One examines the assets of the concern one proposes buying. Has not that been done? Was not that one of the purposes for which the Drayton-Acworth Commission was appointed? Was not such an examination made and a report furnished to the Government based on that examination, and have not these transactions originated and followed on simply from the report and recommendations of that commission? I think so. Then, we have another rough test, not conclusive test, but one which always plays a part. From 1917, for a period of ten years, the road has been able to pay its fixed charges as well as a dividend to the guaranteed stockholders and the first, second and third prefer-

ence stockholders. The hon. member asked whether the British stockholders were unwilling sellers. A few months ago a well known Englishman who was interested in the Grand Trunk and other matters in Canada attacked me as if I were a member of the Government, which I was not, in the very strongest fashion for the method in which he claimed this Government was treating the Grand Trunk. Some reference was made by the hon. member for Red Deer (Mr. M. Clark) to the proclivities of our Jewish friends, and the expression my friend used was that the Dominion Government was acting the part of Jewish brokers in driving down the market price of the stock of the Grand Trunk in order to get it at away below its value.

Mr. PARENT: They have changed their minds since.

Mr. CRONYN: They no doubt have, because they saw that the Government was standing firm; that the Government's offer was the best offer; that that offer has been adhered to although changed in form, practically from that day to this. Further than that I received not one letter, but many letters from our financial agents in England and Scotland, not only protesting against this treatment, but notifying us that because of the treatment by Canada of the British bondholders of the Grand Trunk, they were withdrawing, and they did withdraw, moneys which had been invested in Canada in past years. So distressed was I that I went to the then Minister of Finance and asked for a statement of the Canadian side of the case, because I felt certain that they were misled perhaps by a one-sided report, and that Canada was not proposing to do something which was eminently unfair and which would be considered in the Mother Country as a breach of faith.

Mr. CANNON: Did that conversation take place at the time the Grand Trunk was seeking financial assistance from the Government?

Mr. CRONYN: I am not sufficiently in the confidence of the Government or familiar enough with the details of the case to give the exact date, when such financial aid was being sought but the conversation alluded to took place about a year ago this month.

I was, I confess, somewhat amused at the praise which the hon. member for Cape Breton North and Victoria (Mr. McKenzie) gave to the management of the Grand Trunk. I have no desire to cast the slightest doubt on that, but it has always been my belief, and I think it has been the general impression throughout this country, that a company whose board of directors at least, resided three thousand miles away from Canada could perhaps not be expected to make the best of the situation in this country. I fancy my hon. friend would be the first to protest if this country were managed from Downing Street. We used to hear a good deal about that in the old days, and I think the two cases are comparable in that sense.

There has been a grievous complaint of want of notice. That also has been dealt with. This matter was brought to the attention of the House at least eighteen months ago, and if we did not know of it the public of England were very well informed and constant references were made to it in their press, in their correspondence, and in their conversation. I was not a member of the House at that time, but if my memory holds good I am not aware that the then Government gave any great notice to this House when they brought down their Grand Trunk Pacific proposals. I doubt if there was one year's, six months', one month's, or even one week's notice. The whole agreement, again speaking from memory, was brought down, signed, sealed —I was almost going to say, and delivered —and all the House was permitted to do was to say yes or no. I am not aware that any commission was suggested at that time to investigate whether this undertaking was one into which the country should go, nor had there been, so far as I am aware, any report on the situation corresponding to the Drayton-Acworth report.

Mr. PARENT: Has that prevented my hon. friend from supporting that policy for ten years?

Mr. CRONYN: At that time I was not a member of the House nor actively engaged in politics. I am free to confess, however, that if I did so I have had to repent in dust and ashes since. Now it is suggested that we should have a further commission on this question. Just let us see what might happen if that suggestion were adopted. The Drayton-Acworth Commission took the best part of a year, I understand, to make their findings. One hon. member says that this new commission should first examine every rail and every spike on the system. That would certainly take as long as did the Drayton-Acworth Commission. Then we get

a report from that commission, and it is favourable. Where are we then? We have to start negotiations again. We have to see whether the Grand Trunk people are willing to sell, and on what terms, and before we get through those negotiations it will be time for another commission, because the report of that commission will be out of date, as it is now claimed the Drayton-Acworth report is.

Mr. MEIGHEN: And how much money would we have lost in the meantime?

Mr. CRONYN: I shall close by saying it appears to me that the bargain under all the circumstances is a favourable one, and that we can hope under a non-partisan proper Canadian management the Grand Trunk Railway system when it comes into the hands of the people and becomes part of the Canadian National system will prosper and progress as we believe this country will.

Mr. J. FRED JOHNSTON (Last Mountain): Mr. Speaker, I rise just to make plain where I stand in respect to government ownership. The debate has been driven into that line, and it would appear that the issue was government ownership or private ownership. The Minister of the Interior (Mr. Meighen) said this afternoon that the western provinces were solid for government ownership. I think that is largely true, but it does not follow that the western provinces are solid behind the method to be employed in taking over the Grand Trunk. Some mention has been made of protests and memorials from boards of trade against this Bill. In my opinion, if more time was given there would be more protests, and it is simply for the reason that the people of this country do not understand this Bill that we have not had more protests. If reason were needed why more time should be taken to consider this matter I think it was given to the House by the Minister of Railways himself. In speaking some days ago in this debate he pointed out that in 1903 the Government launched into the Grand Trunk Pacific project, and some time afterward a nigger was discovered in the woodpile; the agreement was not what it appeared to be on the face of it. For that reason I think it would be well to take time, that we may guard against the same mistake this time. This is a tremendous undertaking that will involve this country in very heavy obligations, and I think it would be well for us to take time to consider it. Let the people of this country get to understand the arrangement. The President of the Privy Council (Mr. Rowell) said during the debate that if more time were given, the opposition to this measure would get organized and he seemed to fear that. In my judgment, if public opinion could be mustered in opposition to this measure in sufficient strength to kill it, it should be killed. I have confidence in the common sense and good judgment of the people of this country, and do not believe they will be taken in on any propaganda from the Canadian Pacific or any other source.

I am in favour of government ownership, and I am ready to take over the Grand Trunk at the earliest possible moment, but I want to know that we are getting the system at a right price. The hon. member for Red Deer (Mr. Clark) stated the other evening that we should deal, if not leniently with, at least with justice to the British investor. I think every one will agree with that. We do not want to do anything but what is just. He also mentioned that much of this stock is probably held by widows. In this connection let me say, we have widows in this country to look after, and while we want to deal justly with every investor who sees fit to invest his or her money in Canada it does not follow, nor is it good business, that we should go beyond that.

I submit that the contention is unsound that if we drive a business bargain with the stockholders it will injure Canada's credit or prevent funds from coming in for investment. I believe that the British investor knows exactly the condition of our railway business, he knows the precise financial condition of the Grand Trunk, and he knows very well, also, that if the Canadian people, through their representatives in Parliament, pay more for the concern than it is worth it is not good business; and the truth is that any investor would deliberate for a very long time before investing money in a country that did business of that character. Now, Sir, I think that the Grand Trunk should be taken over, but the price should be fixed on a revenue-producing basis and not on the difference between the assets and liabilities. This may seem a hard bargain to the soft-hearted gentleman who feels so kindly towards the British investor, but it is business nevertheless, and I believe it is the kind of business which the people in the western provinces, who have been rightly termed "public ownership people," desire this Government to make. They want the Grand Trunk taken over, but not at any

price. They want it taken over at the earliest possible moment at the right price.

Mr. TWEEDIE: Assuming that the revenue to-day is a certain fixed amount, and that it were known that in one year's time that revenue would be doubled, does my hon. friend say that the shareholders should be deprived of the revenue which to his certain knowledge would be so increased in a year from now?

Mr. JOHNSTON: If I wanted to buy a farm I would buy it for what it would produce, and if I found it encumbered with buildings that would give no revenue I would not take it.

Mr. TWEEDIE: Take a farm of 640 acres which is thoroughly tilled and fertilized and summer fallowed, on which you can sow a crop, no work being necessary the following year; would you buy it on a producing basis?

Mr. JOHNSTON: Most decidedly I would. On the other hand, what is the condition of this railroad? We are told on very good authority in the Drayton-Acworth report, that, instead of a revenue-producing condition obtaining in respect of that railway, money that should have gone towards maintenance was distributed in dividends.

Mr. TWEEDIE: Perhaps the hon. gentleman will permit me——

Mr. DEPUTY SPEAKER: Order. If the hon. member desires to speak now he may do so and exhaust his right to speak. But I cannot allow further interruptions in the form of questions.

Mr. G. B. NICHOLSON (Algoma East): The ground in connection with this whole matter has been covered so fully that it seems almost futile to say anything further. Some points, however, have been raised in the discussion on the amendment introduced this afternoon which it seems to me it would be worth while to consider briefly before passing from the subject entirely. The amendment suggests that the Bill before the House be not now read a third time, but that the third reading be postponed and a commission appointed to investigate the question of acquiring the Grand Trunk railway and incorporating it with the National system. In other words, it recommends that the whole matter be left in abeyance for an indefinite period. In dealing with the amendment this afternoon the leader of the Opposition (Mr. McKenzie) stated that there was nothing in the Drayton-Acworth report—a report transmitted to the Government and to Parliament by a committee of experts who made a thorough investigation of the subject—that would justify the Government in the action which it is taking at the present time. In this connection I desire to refresh the memory of the hon. gentleman by a quotation from the Drayton-Acworth report. At page xlvii I find:

> We have recommended then that the control of the three companies, Canadian Northern, Grand Trunk and Grand Trunk Pacific, pass into other hands; that the rights of the creditors of all three companies be preserved intact; but that the railways of the three companies be not handed over to, or operated by the Government. It is necessary, therefore, to find some new body or bodies to whom they can be transferred. We think the question, whether there should be one body or more, is answered by the facts that we have already cited. The Canadian Northern is weak in the East. The Grand Trunk, with the inadequate Prairie branches of the Canadian Northern would be almost powerless to compete in the West with the Canadian Northern and the Canadian Pacific. The natural tendency of the Grand Trunk and the Canadian Northern organizations, if left separate, would be for each to invade the territory of the other. Remaining separate, the Canadian Northern system would need to spend many millions of dollars to obtain an adequate hold on the east in competition with the Canadian Pacific and Grand Trunk. Remaining separate, the Grand Trunk and Grand Trunk Pacific system would need to spend many millions of dollars on new branches in the West, in order to hold its own with the Candian Pacific and the Canadian Northern. And this money would be needed at once, for till it was spent neither organization would possess a complete system. Canada cannot afford all these new railways, and does not need three competitive systems. We recommend therefore that the three undertakings, the Canadian Northern, the Grand Trunk, and the Grand Trunk Pacific be united in one system.

That sentence embodies exactly what the Government is doing or endeavouring to do by the measure now before the House; that is to say, to unite in one whole the Canadian Northern, the Grand Trunk and the Grand Trunk Pacific. The report continues:

> To whom then should its management be entrusted?

After canvassing the possibility of turning the whole group of railways over to a private company in order that private ownership might be given a further test, the Drayton-Acworth Commission puts that idea aside as utterly impracticable and comes to the following conclusion:

> Having then arrived at the conclusion that the transfer of the three undertakings to a commercial company is not feasible, we recommend that they be handed over to a Board of Trustees to control and manage on behalf of, and on account of, the people of Canada. The

trustees should be organized as a company with a nominal capital. But in effect they would be a public authority.

Is not that exactly what is being done in connection with the co-ordination of the whole of the government-owned railways and the linking up with them of the Grand Trunk Pacific system?

Mr. McKENZIE: No.

Mr. CANNON: It is not the same thing.

Mr. G. B. NICHOLSON: The hon. member says it is not the same thing.

Mr. McKENZIE: No.

Mr. G. B. NICHOLSON: I must take direct issue with the hon. member on that statement.

Mr. McKENZIE: Did the Minister of the Interior not tell us that the Canadian Northern Company, the Grand Trunk Railway Company, and the Grand Trunk Pacific are to continue in existence, each to retain its corporate powers running by itself?

Mr. G. B. NICHOLSON: Perhaps the hon. member may have been so far unable to comprehend the plan that has been suggested as to be led to stand up in this House and say that each of these railways is to be operated as a separate entity in its own corporate existence.

Mr. McKENZIE: That is what the minister says; I am not saying it.

Mr. NICHOLSON: I do not think that the hon. member can quote anything from the minister which will justify that statement. The minister has stated that the trustees incorporated as a company, just as it has been set out in the Drayton-Acworth report, will take the companies as they are with their complete corporate existence, but he does not say, nor the Government does not say, nor does anybody who supports this measure say, that these concerns are going to be operated independently of one another. They are going to be taken and merged into one complete system. Their corporate existence makes no more difference in regard to them than does the corporate existence of the Central Vermont, or the Great Western, or the Chicago and Grand Trunk as parts of the Grand Trunk Railway system. Nor does it make any more difference in so far as this is concerned than does the corporate existence of the Montreal and Ottawa railway, the Ontario and Quebec railway, the Central railway of Quebec, or the Minneapolis, St. Paul and Sault Ste. Marie as parts of the Canadian Pacific system. They are merged into one complete system for the purpose of operation. If the hon. gentleman does not understand that then it is impossible to get it through his head, and if it is impossible for the argument that has been put forward to sink down into his head, the case from that angle is utterly hopeless.

Mr. PARENT: Is the hon. gentleman under the impression that the name "Grand Trunk railway" is going to disappear as a result of the transaction we are putting through now?

Mr. NICHOLSON: No, I am not under the impression that the name "Grand Trunk railway" is going to disappear. The Grand Trunk will be merged with the Canadian National railways just as the Central Vermont is merged with the Grand Trunk, just as the Minneapolis, St. Paul and Sault Ste. Marie is merged with the Canadian Pacific, and just as the Intercolonial is merged with the Canadian National railways. The names have not disappeared.

Mr. PARENT: Is the hon. gentleman aware that the board of directors is going to remain as the board of directors of the Grand Trunk?

Mr. NICHOLSON: No, there is no suggestion before the House or the country that the board of directors of the Grand Trunk will remain. A plan has been suggested by which a committee of management will control the Grand Trunk and work harmoniously with the Canadian National railways until such time as this agreement has been finally consummated, when the whole line will be turned over to the trustees who have been managing the Canadian National railways and who will organize and control the whole system.

Mr. PARENT: If the hon. gentleman is satisfied with that so much the better.

Mr. DEPUTY SPEAKER: Order. I must ask the hon. member (Mr. Parent) if he desires to make any remarks, to rise and address the Chair.

Mr. G. B. NICHOLSON: The leader of the Opposition says that there is nothing in the Drayton-Acworth report to justify the terms that have been suggested. Again, if he will refer to page 65 of the Drayton-Acworth report, he will see the following statement:

We think this is a case for generosity rather than strict justice. Canada is under obliga-

tions to the Grand Trunk shareholders, who, in the early days, with but small Government assistance, and in competition with the railways of the United States with their vastly greater resources, built up the first Canadian railway system. In later times the company has had further to meet the competition of heavily subsidized Canadian rivals. And it cannot be said that at any stage of its history the shareholders have obtained excessive profits on their enterprise. On the whole we recommend that, on condition of the surrender by the Grand Trunk Company of their entire share capital, guaranteed, preferred, and ordinary, the trustees grant a certain annuity, charged as a working expense on the whole undertaking of the Dominion Railway Company, for the first seven years, increasing at the termination of that period by something like 40 or 50 per cent. We have left the figures blank as there will be questions of cash in hand, value of stores, etc., which must make the precise figure subject to negotiation, but our meaning is that the first figure should be a moderate but substantial percentage of $3,600,000.

The Government, in the agreement consummated with the Grand Trunk, takes a moderate though substantial portion of that sum, $2,500,000. The Government then agrees to pay that, or the equivalent of that, to the holders of the guaranteed stock of the Grand Trunk and the arbitration value, if there is any value, in the first, second and third preference and common stocks of the railway. Is that not carrying out the Drayton-Acworth report?

Mr. McKENZIE: Certainly not.

Mr. G. B. NICHOLSON: I appreciate very fully that the hon. member cannot understand that it is.

Mr. McKENZIE: I do not happen to possess all the understanding in the universe. We cannot both have it.

Mr. G. B. NICHOLSON: It is very reasonable to assume that the hon. gentleman does not possess it all, but when he is leading a party in this House and taking the position that he is in regard to this question, he should give a little evidence of at least possessing a part of the wisdom of the universe.

Mr. McKENZIE: Does the hon. gentleman read in that report that a substantial percentage of $3,600,000 was to be divided among the five kinds of stock? Now, that substantial amount is given to one stock and we have to furnish more money for the rest. Is that the same?

Mr. G. B. NICHOLSON: There is not a word in it that says it is to be divided. It says a substantial portion of $3,600,000 shall be given to the shareholders of the Grand Trunk. A substantial portion of

[Mr. Nicholson.]

$3,600,000 is being given to the shareholders of the Grand Trunk under this agreement.

Mr. McKENZIE: If the hon. gentleman would read section 42, at page 88 of the report, he would see the way in which it was to be divided.

Mr. G. B. NICHOLSON: Simply to the shareholders.

Mr. McKENZIE: And all the stocks mentioned.

Mr. SPEAKER: Order.

Mr. G. B. NICHOLSON: Will the hon. gentleman say that any stockholder of the Grand Trunk can share in any dividend or annuity before the holders of the guaranteed stock have received their full dividend?

Mr. McKENZIE: I am talking about what is in the report.

Mr. G. B. NICHOLSON: The report says a substantial portion of $3,600,000. Before any holder of the first, second or third preference or common stock of the Grand Trunk can receive a cent, the holders of the guaranteed stock must receive their full four per cent.

Mr. McKENZIE: That is left to the directors under section 42 of the report.

Mr. DEPUTY SPEAKER: Order. These dialogues are very interesting and entertaining but they are not in order.

Mr. G. B. NICHOLSON: Mr. Speaker, I regret if I have transgressed the rules of the House but I simply answered what was said by the leader of the Opposition in discussing the question this afternoon in regard to the fact that in his judgment there was nothing in the Drayton-Acworth report which would justify the action now being taken by the Government or the agreement they have made. I hold that the Drayton-Acworth report justifies them in every single particular, and there has been no argument adduced in this House or from any source to show that the Drayton-Acworth report does not justify the action being taken by the Government. Efforts have been made to distort the Drayton-Acworth report and the position the Government has adopted in regard to the method for taking over the Grand Trunk and in regard to what may happen in the arbitration.

Now I come to one final point in reference to what was said by the hon. member for Last Mountain (Mr. Johnston), that he is in favour of the government ownership

of railways provided it is carried out on an equitable basis.

From the beginning of this debate, and from the beginning of the discussion in the press, up to the present moment, has any hon. gentleman heard a suggestion as to any possible alternative to taking over the Grand Trunk Railway Company and merging it with the national system under the plan which is now being put forward by the Government?

Mr. CANNON: What about the liquidation of the Grand Trunk railway?

Mr. G. B. NICHOLSON: The hon. gentleman suggests liquidation. He would force into liquidation all the companies that comprise the Grand Trunk system and put them into the hands of a receiver. Does any hon. member say that it would be possible to put all these forty or fifty companies into the hands of a receiver at one time, and for the Canadian Government to purchase them through the receivership—would it be possible?

Mr. CANNON: We adopted that method last year in the case of the Grand Trunk Pacific.

Mr. DEPUTY SPEAKER: Once more I must remind hon. members that the House is not in committee and questions and answers across the floor of the House are not in order.

Mr. CANNON: I wish to point out, Mr. Speaker, that the hon. member was putting a question to the House.

Mr. DEPUTY SPEAKER: The hon. gentleman was absolutely out of order in doing so and no hon. member has the right to answer the question.

Mr. G. B. NICHOLSON: It is unnecessary to argue the point because hon. members know when they advance the argument that by putting the Grand Trunk system—a system made up of a group of companies—into receivership it would be utterly impossible to acquire that system as one complete unit.

Mr. CANNON: Why so?

Mr. G. B. NICHOLSON: For the simple reason that parts of that system—as the hon. member knows full well—are so desirable to other railway systems, not only in Canada but in the United States, that the competitive price that would have to be paid for them would be of such a character that the Canadian Government could not acquire them; and the only value of the Grand Trunk to the Canadian people is in order to meet a condition with regard to the Canadian National railway that was contemplated when the latter was brought into existence. As I have stated a good many times on the floor of this House—perhaps too many times—it is amazing that hon. members who profess to be desirous of seeing the Transcontinental and the Grand Trunk Pacific made a success can stand up in this House and say they do not want to see these systems linked up with the parent company whose existence was the excuse for their construction. The only reason for the construction of the National Transcontinental and the Grand Trunk Pacific was because the Grand Trunk Railway wanted an outlet into western Canada, and without the Grand Trunk railway—or some other system of equal mileage and serving an equal part of the country—the National Transcontinental and the Grand Trunk Pacific are an utter and hopeless impossibility from a railway standpoint. They cannot be operated without tremendous loss. We are involved in tremendous loss under the operation of them now, and so far no man anywhere has been able to suggest a possible means by which they can be operated unless they are linked up with the feeding systems both East and West.

Mr. CANNON: If the operation of these railroads is so hopeless as the hon. gentleman has just remarked, what means can be brought forward by the Government to improve the management and make of these failures a success?

Mr. G. B. NICHOLSON: I will give the hon. member the credit of possessing sufficient ability to enable him to understand how they can be made a success.

Mr. CANNON: I am open to conviction.

Mr. NICHOLSON: The National Transcontinental and Grand Trunk railways can be made a success providing we can get traffic to haul over them, but we cannot get that traffic unless we have feeders for these lines. You cannot run a trunk line of railway from the Atlantic to the Pacific without feeders. What were the Grand Trunk Pacific and the National Transcontinental projected for; what was the idea behind the scheme? Leaving apart for the moment the question as to whether it is a good scheme or a bad one—a question that has been discussed with sufficient fullness from my standpoint—what was the object in constructing these railways? Was it not

as trunk lines for the Grand Trunk railway into western Canada? What justification was pleaded before the Canadian people for it? Why did the late Charles M. Hays link up the Grand Trunk Pacific proposal with the National Transcontinental if it was not to become a part of the Grand Trunk Railway system? Hon. members know perfectly well that the whole thing was intended to be part of the completed Grand Trunk Railway system. And yet, now that we have the bare bones and the trunk lines, they wish to have the people of the country believe we should leave the feeding system that can gather up the desired traffic and turn it over to some other competing railway and leave those lines in their present hopeless and impossible situation. It is needless to labour the question; it is not necessary to study it from the standpoint of a railway man at all; any hon. member knows perfectly well that the Transcontinental cannot be operated by any such method, nor can any other railway. Strip the Canadian Pacific of its branch lines from one end of this country to the other, and what would happen to it? Or turn the traffic gathered on its branch lines to another competing company, and what would happen to it? Could it be operated successfully? What makes the operation of it possible? Surely the gathering system it has from one end of the country to the other; and the Drayton-Acworth report sets out clearly and with absolute definiteness the Grand Trunk as that gathering system in eastern Canada and the Canadian Northern as that gathering system in western Canada, and the two other lines referred to will be linked up with them.

Mr. PARENT: Is the hon. member not of the opinion that with the linking up of these railways to which he refers the traffic from the West would be diverted to American ports to the detriment of Canadian ports?

Mr. G. B. NICHOLSON: My judgment is just the reverse. My judgment is that by the linking up of these railway systems into one complete system, and by the establishment of a Canadian-owned fleet of steamships on the Atlantic ocean, the traffic will go through Canadian ports.

Mr. CANNON: What about Portland?

Mr. G. B. NICHOLSON: Whether my opinion is justified or not, would the position be any different to-day by the linking up of these systems from what it was when the systems were projected? The Grand Trunk is running to the same ports now that it was then. What was the object of sending the National Transcontinental to Moncton and to the Atlantic seaboard? Was it not to give the Grand Trunk an outlet to a Canadian port? Well, if that object could not be fulfilled by linking the Grand Trunk up with the National Transcontinental and with the Intercolonial, how is it possible to accomplish it under the original agreement? Because what is being done under this agreement is simply to carry out the original agreement and link the two systems up into one line. And let me say again, whether the original scheme was a good scheme or not, has no bearing on this question whatever; this is the only possible scheme for making the operation of these railways a success, and without it—

Mr. CANNON: The hon. member has been interrupted quite often and I do not wish to be unfair to him, but perhaps he will permit me to put one question. In his judgment, is it possible to operate the Grand Trunk with profit and with advantage without using Portland as a terminal?

Mr. G. B. NICHOLSON: That has nothing whatever to do with the operation of the Grand Trunk as a part of the Canadian National Railway system. The Grand Trunk is an international system. It gathers a tremendous amount of freight in the United States which is destined for Europe. Very frequently that traffic is hauled through Canada, and that results in the distribution of money throughout Canada. In fact, the freight goes to its destination through the port that the shipper decides it shall be routed through. Because traffic is gathered throughout the western States and routed over the Grand Trunk to Portland, it does not follow that traffic gathered in western Canada cannot be routed over the Grand Trunk and the National Transcontinental to a Canadian port and carried on Canadian vessels to its destination in Europe. The two things are perfectly feasible. The Canadian Pacific has outlets in United States as well as in Canada; it is not, for that reason, operating to the detriment of Canada. It is no detriment to Canada that passenger trains from the western States should run over the Canadian Pacific to Montreal and down to Boston and New York; it is no detriment to Canada that bonded freight should be following the same course. And it will not be a detriment to Canada or the Canadian National railways if the same thing be done in the case of our government-

owned roads. It is perfectly legitimate business, and it makes possible the operation of the Grand Trunk as part of the Canadian National Railway system for the carrying of Canadian traffic to Canadian ports.

The member for Chateauguay and Huntingdon (Mr. Robb) this afternoon challenged the Minister of the Interior (Mr. Meighen) with regard to the possibility of eliminating lines where duplications have taken place. Where, he said, are those lines? Let us take one or two examples. One is the line from Toronto to Napanee, where the Grand Trunk and the Canadian National run side by side. The member for Springfield (Mr. Richardson) this afternoon referred to the fact that you could throw a stone from the platform of one car to the platform of another car on a different line in places where the National Transcontinental and Grand Trunk Pacific run through western Canada. Well, there are lines so close together in Ontario that you could almost step from one coach to another of trains running on parallel lines. Between Toronto and North Bay and between Sudbury Junction and Ottawa there is positive duplication.

Mr. ROBB: Does my hon. friend claim that two railways run on parallel lines between Toronto and North Bay? Let us have that clearly understood.

Mr. G. B. NICHOLSON: Not two, but three roads, are operated between Toronto and North Bay, the Canadian Pacific, the Canadian National and the Grand Trunk. They are not running side by side; nevertheless these three systems are being operated between these points, and if the hon. member goes to North Bay and wants to go from there to Toronto he can travel on any one of these three railways. If he travels on the Grand Trunk, he will go down through Huntsville; if on the Canadian Pacific or Canadian National, he goes via Sudbury Junction.

Mr. ROBB: Eighty miles out of his way.

Mr. G. B. NICHOLSON: The more miles he goes out of his way, the greater the number of miles that cars of the Canadian National are unnecessarily hauled, the stronger the reason why we should unite these systems and get rid of unnecessary mileage.

Mr. ROBB: Does the hon. gentleman say now that if this proposal is adopted he is going to cut one or two of these three roads? Is that the statement?

Mr. G. B. NICHOLSON: If this proposal goes through I do not expect to have anything to do with it. But if it does go through—and I believe it will; I believe that the hon. member in his heart of hearts believes it will go through as the only possible solution of this railway problem—I should say that the management operating such a system of railways as the Canadian National Railway system who would operate competitive trains between one point and another, such as between North Bay and Toronto, should be in a lunatic asylum, and the Canadian people from one end of the country to the other who permit that condition should be with them.

Mr. ROBB: My hon. friend stated a few moments ago that there were competing lines running direct between Toronto and North Bay. Then he changed his position and said that these lines circled around somewhat, and he admitted that in the case of one of the lines there was a deviation of eighty miles. Now, what I want to know is this: Would he cut off the trains running out by Parry Sound and around by Sudbury? Which of these lines is he going to eliminate and thus deprive the people of these different localities of railroad facilities?

Mr. G. B. NICHOLSON: It is unnecessary to go into a discussion of details as to how the railway management are going to operate their lines. You do not find the Grand Trunk or the Canadian Pacific operating competitive trains between given points either by a direct or by a devious route. I say that it is unnecessary to discuss even the possibility of the management of the Canadian National Railway system continuing the operation of trains under such conditions. I did not say that in the case mentioned there were direct competing parallel routes. There are three competitive routes between two points; one may be a devious route, but it is there just the same, and the duplication of lines is one of the things that has bedeviled the whole operation of railways in Canada. If we are ever going to make the thing a success, as I believe we can and will, this unnecessary competition must be eliminated.

Mr. PARENT: Which of these lines would the hon. member eliminate?

Mr. G. B. NICHOLSON: That is a matter for the management of the railways. If I were doing it I would run trains between given points by the most direct and economical route; that is the practical way of

doing it. It is not a question of what road to eliminate; it is a question of eliminating unnecessary services. That is the point.

Mr. CAMPBELL: I am not familiar with the conditions between North Bay and Toronto, but is it not a fact that the three railways between these two points serve different territories although they begin and end at the same places? In Manitoba the Canadian Northern runs two lines between Portage la Prairie and Dauphin, but the two lines serve different territories.

Mr. G. B. NICHOLSON: That is perfectly true so far as local traffic is concerned; what we are discussing now is through competitive traffic—through night trains with sleeping cars, for instance. No one is suggesting that lines be taken up or abandoned where they serve a local community; but it is necessary that these unnecessary trains be eliminated.

I have taken up more time than I had intended, but hon. members have appeared to enjoy asking me questions, and, to be candid, I have had no objection to answering them. But it all comes back to the point: If hon. members have discussed the question with any competent railway manager or officer in this country, they know that these railways cannot be operated successfully and economically and made to pay unless they are all organized into one system. I care not what scheme you suggest, they must be brought into one system. The leader of the Opposition said that we could accomplish the same purpose by giving the Canadian National railways running rights over the Grand Trunk and the Grand Trunk running right over the Canadian National railways. Would there be any elimination of unnecessary expense in connection with that? Instead of that, there would be a further multiplication of the cost of operating. The Canadian National railways would have an organization operating its traffic over the Grand Trunk, and the Grand Trunk would have an organization operating its traffic over the Canadian National. The thing is utterly absurd. I asked the leader of the Opposition if he could point to a single instance where a plan of that kind was working successfully, and he was unable to do so, and the reason that he was unable to do so, I believe, was that there is not one in existence.

Mr. CANNON: Is it not a fact that there is such an arrangement in connection with the terminals in the city of Montreal and also one in connection with the terminals in the city of Quebec?

Mr. G. B. NICHOLSON: The operation of terminals through a terminal company and the operation of a railway system are two entirely different things. Since the hon. member has brought my attention to this matter, there has been in existence for a considerable number of years a plan by which the Intercolonial is running into Montreal and using the terminals of the Grand Trunk. Has any one who has investigated that condition come to the conclusion that it has been a favourable condition for the Intercolonial? Where was the interchange of traffic in connection with that? What happened as regards the Intercolonial? This arrangement was simply putting a millstone around the neck of the Intercolonial as regards its Montreal traffic, and it made it impossible for that railway to compete with other railways successfully.

Mr. CANNON: Is it not a fact that there existed an agreement whereby the Intercolonial had all the freight going eastward on Canadian soil brought into the city of Montreal by the Grand Trunk?

Mr. NICHOLSON: Under terms suitable to the Grand Trunk, under an agreement that was put across, if you will allow me to use that term, on the Intercolonial railway—on the Government that was then responsible for the management of the Intercolonial—an agreement that has been beneficial to the Grand Trunk and wholly detrimental to the Intercolonial. That is the condition.

Mr. CANNON: If the hon. gentleman's argument is right, does it not show that private management is, therefore, superior to public ownership, because, as he says, the Grand Trunk, a private corporation, has "put across" an agreement on the Intercolonial which is a public-owned corporation?

Mr. NICHOLSON: That particular agreement shows conclusively that those responsible for making the agreement on the part of the Grand Trunk railway succeeded in driving with those who were then responsible for the management of the Intercolonial a bargain that was beneficial to the Grand Trunk but detrimental to the Intercolonial. This has nothing to do with the question of public ownership, and the question of public ownership is not being argued at the present moment. I am simply pointing out what is possible of accomplishment in

connection with the operation of these railways. They can be operated only by bringing them together under one system, and the agreement before the House provides for that absolutely along the lines laid down by the Drayton-Acworth report and in a manner that has not been challenged by any hon. member who has spoken on this question. I repeat again that, until some hon. member in this House or some of those outside the House who are attacking this agreement can find some alternative, some way by which the Dominion of Canada can get out from under the obligation with which it has been loaded, not by any one who is endeavouring to put this agreement through, and make it possible for these railways to operate—until they do that, they are simply playing politics and nothing more by attacking this agreement in the manner in which they have done.

On the motion of Mr. Robb, the debate was adjourned.

On the motion of Hon. Mr. Calder for the adjournment of the House:

Mr. McKENZIE: Are we going on with this Bill on Monday?

Mr. CALDER: Yes, that will be the business on Monday, and if we have time we will proceed with the other business on the Order Paper, and possibly with the report of the Special Committee on Soldiers' Civil Re-establishment.

Mr. McKENZIE: It is understood that the Bill that we are discussing to-night will be the first business on Monday?

Mr. CALDER: Yes.

Motion agreed to, and the House adjourned at 10.50 p.m.

Monday, November 3, 1919.

The House met at Three o'clock.

FURTHER SUPPLEMENTARY ESTIMATES.

Right Hon. Sir GEORGE FOSTER (Acting Prime Minister) presented further Supplementary Estimates required for the public service for the year ending March 31, 1920, which were referred to Committee of Supply.

INTERNATIONAL LABOUR CONFERENCE.

CORRESPONDENCE ON CLAIM OF CANADA TO RANK AS ONE OF THE EIGHT MEMBERS OF CHIEF INDUSTRIAL IMPORTANCE.

Sir GEORGE FOSTER: With the consent of the House, I wish to read copies of communications which have passed between the Canadian Government and the British Government with reference to an announcement that was made at the International Labour Conference at Washington with respect to the attitude of Canada as to the composition of the Labour Council:

From the Secretary of State for the Colonies to the Governor General.

London, August 21, 1919.

Please communicate following from Organizing Committee of International Labour Conference to your Government.

Article 393 of the Peace Treaty provides that of the twelve persons representing Governments on governing bodies of International Labour Office, eight shall be nominated by members of chief industrial importance and four by members selected by Government delegates of remaining members. Any questions as to who are eight members of chief industrial importance must be decided by Council of the League of Nations. Unless question of the eight members is settled before Washington conference remaining four members cannot be selected at conference, which would result in serious delay in constituting governing body and labour office. Organizing Committee have accordingly drawn up following list of nine states on information available though owing to war and formation of new states, statistics very uncertain and compilation of list difficult. Question of admitting Germany to the Labour Organization after the Washington conference will come before Conference in accordance with decision of Supreme Council of Allied Associated Powers. If admitted Germany will be entitled to seat on governing body and last-named state would lapse. If Germany not admitted last-named state will be included. List is as follows: United States, Great Britain, France, Germany, Italy, Belgium, Japan, Switzerland, Spain.

Committee respectfully suggest any objection should be communicated to Secretary, Organizing Committee, 53 Parliament Street, London, before September 10th. Objections will be referred to Council of League for decision before meeting of Conference. Fontain—President.

(Sgd.) Milner.

From the Governor General to the Secretary of State for the Colonies.

Ottawa, 9th September, 1919.

Your telegram August 21st. Please communi cate following to the Organizing Committee of the International Labour Conference:

The Government of Canada feel that some rule or standard should be laid down to govern the determination of the question of who are the members of Chief Industrial Importance. In the absence of such rule the Government feel that the claims of Canada to a place among the eight members of chief industrial importance should receive further consideration. Apart from the question whether for reasons not of an economic nature, Germany, a country with which at the present time peace has not been yet technically concluded, should be included in the list designated by the Organizing Committee, inquiry into the relative standing of Canada and the nine members named in tentative selection of the committee will, in the view of the Dominion Government, show that Canada, with respect to many important

aspects of resources and development, compares favourably with several of the chief industrial countries, and, if the comparison be restricted to countries of less industrial importance in the list tentatively designated, as, for instance, Spain and Switzerland, then the advantage to Canada is very marked.

Then follow the reasons for the formal statements, which I will not take up time by reading. I assume they will appear in Hansard:

Canada, in relation to the nine countries tentatively designated, stands first as regards (a) area, (b) railway mileage per ten thousand inhabitants, (c) telegraph mileage per ten thousand inhabitants; second as regards (a) potential water power, (b) developed water power; third as regards total railway mileage; fifth as regards (a) total telegraph line mileage, (b) total exports; sixth as regards (a) pig iron production, (b) total telegraph mileage; seventh as regards (a) coal production, (b) total imports, (c) total foreign trade; eighth as regards population. In all important respects here indicated Canada falls within the eight leading members taking moreover, frequently a high place. It should be added that the comparison in respect of foreign trade has been based on the figures for 1916, the last year for which the statistics of some of the other countries are available here. The figures for Canada for the two following years are as follows: For the year 1917—Total imports, $845,356,306. Total exports, $1,179,211,100. Total external trade $2,024,567,406. For the year 1918—Total imports $962,543,746. Total exports $1,586,169,792. Total external trade $2,548,713,538.

Lack of statistics prevents a more detailed comparison with the nine members named, but a certain comparison of Canada with Spain and Switzerland may be made on the basis of exports of manufactures, trades union membership, and estimated industrial population. Export figures for 1917 are available for both Spain and Canada. In that year the value of manufactures exported from Spain was $107,000,000, as compared to a value of $477,000,000 manufactures exported from Canada. The latest returns for Switzerland are for 1916 and show manufactures exported to the value of $363,000,000. Total trade union membership in Canada for 1918 is 248,000. Latest figures available for Switzerland 1916 show trades union membership of 88,000; Canada for that year showed 160,000 trades union membership. With respect to industrial population, Canada outranks Switzerland heavily in the agricultural, mining, fishing, and transportation classes, and more than doubles the strength of Switzerland with respect to numbers engaged in (a) government and professional, (b) domestic and personal classes; also considerably surpasses Switzerland in numbers of workers engaged in manufactures and trade.

In these circumstances the Government of Canada feels justified in pressing the claims of Canada to a place within the eight members of Chief Industrial Importance whether Germany is counted or not.

Full details and statistics under the various heads enumerated above will follow by mail.

(Sgd.) Devonshire.

From the Secretary of State for the Colonies to the Governor General.

London, 11th October, 1919.

My telegram 21st August organizing Committee [Sir George Foster.] International Labour Conference states that objections to proposed list of States of chief industrial importance have been received from Governments of Canada, India, Poland and Sweden and that question has been now submitted to Council of League of Nations for decision in accordance with Article 393 of Peace Treaty with Germany. Text of memorandum communicated by organizing committee to Secretariat of League follows by post.

(Sgd.) Milner.

Mr. SPEAKER: Is it the desire of the right hon. gentleman that these documents should be printed in Hansard?

Sir GEORGE FOSTER: Yes.

Mr. SPEAKER: It is, of course, only in exceptional cases that documents may be printed in Hansard without having been read. I assume this is one of those cases and I would therefore ask the House to give unanimous consent to that course being followed.

The House gave unanimous consent.

GUELPH NOVITIATE ENQUIRY.

REPORT OF THE COMMISSION PRESENTED.

Hon. MARTIN BURRELL (Secretary of State): I have the honour to lay upon the table of the House the report of the Guelph Novitiate investigation.

Sir George Foster moved, with the consent of the House, that one thousand copies of the report be printed, 750 in English and 250 in French, and that Rule 74 in relation thereto be suspended.

Sir SAM HUGHES: And the evidence also?

Sir GEORGE FOSTER: The evidence goes to the Committee on Printing to be dealt with in due course.

Mr. SPEAKER: This motion can only be entertained by unanimous consent.

Sir SAM HUGHES: I desire to ask if the evidence taken is to be printed as well as the report?

Sir GEORGE FOSTER: The motion is simply to print the report. The matter of printing the evidence—that is as to the number of copies to be printed—goes to the Committee on Printing.

Sir SAM HUGHES: I may say, Mr. Speaker, that so far as I am concerned the only thing of any value in connection with this matter is the evidence, and the only thing that is interesting to the country is the evidence. The commissioners who were appointed to inquire into this matter were appointed merely as hearers of evidence;

their opinion counts for nothing one way or the other any more than the opinion of the millions of intelligent men scattered throughout the length and breadth of Canada.

Mr. McMASTER: Louder.

Sir SAM HUGHES: Does the hon. member want me to shout so that I may be heard as far as Assiniboia? My object, Mr. Speaker, in rising is to urge the printing of the evidence; the report, so far as I am concerned, is absolutely valueless. I would suggest that the Government reconsider its decision and have the evidence printed as well as the report.

Sir GEORGE FOSTER: I undertake that the matter will be brought at once to the attention of the Printing Committee, and they will deal with it.

Sir SAM HUGHES: Why not let the whole thing go to the Printing Committee?

Sir GEORGE FOSTER: It has been usual in presenting reports to have the report printed, and the usual motion is the one which I have presented to the House.

Hon. CHARLES MURPHY: Personally I do not think that sufficient interest is taken in this matter to justify the printing even of the number of copies that my right hon. friend has proposed. In view of the discovery as to the financial condition of the country outlined in a report which has been submitted by a committee of which the Minister of Immigration and Colonization (Mr. Calder) was chairman, I think it is a scandalous waste of money to print any such report as this.

Mr. SPEAKER: As no notice has been given, this motion, of course, cannot be entertained without unanimous consent. Do I understand that any hon. members object to the motion?

Mr. MURPHY: I do.

Mr. SPEAKER: Motion stands.

QUESTIONS.

(Questions answered orally are marked with asterisks).

RECOMMENDATIONS FOR TITLES.

Mr. MACKIE (Edmonton):

1. Was it the intention of Parliament, when passing the resolution dealing with the question of titles of honour and titular distinctions that it would cancel all recommendations which had been made prior to the passing of the same, in regard to officers serving in Canada?

2. Since the passing of the resolution by Parliament have not titles of honour and titular distinctions been conferred upon Canadians on the recommendation of the overseas authorities?

3. Is it true that the resolution of Parliament has resulted in no recognition being given to officers who throughout the war have served in Canada with credit and distinction?

Hon. A. K. MACLEAN:

1. The resolution speaks for itself.

2. No.

3. This is a matter of conjecture.

SIR HORMISDAS LAPORTE.

Mr. LANCTOT:

1. Is Sir Hormisdas Laporte still in the employment of the Government?

2. Does he still live at the Chateau Laurier?

3. What are his functions?

4. Is he receiving a salary from the Government?

5. Is the Government paying his board at the Chateau Laurier? If so, when was he employed by the Government?

6. How much has the Government paid for his travelling expenses to date?

Sir GEORGE FOSTER:

1. Sir Hormisdas Laporte is Chairman of the War Purchasing Commission and gives his time without remuneration.

2. Yes, when in Ottawa.

3. Answered by No. 1.

4. No.

5. No.

6. From April 27, 1915, to October 1, 1919, $1,437.10.

The correct answer to question No. 2 might also be "No," as Sir Hormisdas Laporte actually lives in Montreal.

With respect to question No. 5, he is entitled to a living allowance of $10 a day while actually engaged in the work of the commission. Sir Hormisdas has been a member of the commission since April, 1915, but has only claimed living allowance for days actually spent in Ottawa.

SHIPBUILDING CONTRACT.

Mr. SINCLAIR (Antigonish and Guysborough):

1. What is the date of the last shipbuilding contract entered into by the Government?

2. What is (a) the name of the contractor; (b) tonnage; (c) cost per ton; and (d) date of delivery?

3. How many vessels have been ordered to date?

4. How many have been delivered?

5. What is the average cost per dead weight ton of all vessels contracted for?

Hon. A. K. MACLEAN:

1. September 30, 1919.

2. (a) Canadian Vickers, Ltd. (b) 33,400 tons. (c) $170. (d) One ship on each of the following dates: June 15, 1920; July 31, 1920; October 15, 1920; and November 1, 1920.

3. Fifty-three.

4. Thirteen have been delivered and are in commission. Eight additional have been launched and will be ready to be commissioned in a few weeks.

5. $195.54.

FOREIGN ORDERS FOR CANADIAN GOODS.

Mr. SINCLAIR (Antigonish and Guysborough):

What is the amount in value of the foreign orders for Canadian goods placed by the Canadian Trade Commission in London, eliminating all goods, the purchase of which has been guaranteed or financed by the Canadian Government?

Sir GEORGE FOSTER: Statistics are available in respect of all contracts brought about and to be carried out under the credits which have been granted. As to other orders, the mission simply performs the function of bringing the producer and the seller together; no definite statistics are available as to those transactions.

R.C.R.—PERMANENT FRENCH CANADIAN UNIT.

Mr. PARENT:

1. Does the Government intend to organize in various parts of the country permanent units of the R.C.R.?

2. If so, is it the intention of the Government, amongst other reasons, the special one of keeping alive the traditions of the 22nd French Canadian regiment, to organize in the city of Quebec a permanent French Canadian unit of the R.C.R.?

Hon. A. K. MACLEAN:

1. Yes. The Royal Canadian Regiment is being recruited now.

2. Under consideration.

PARLIAMENT BUILDINGS.

Mr. MIDDLEBRO:

1. Who were the members of the Joint Committee of the House of Commons and Senate appointed to supervise construction of the Parliament buildings, and who is chairman?

2. How many of said members have since ceased to be members of the Commons and how many by reason of absence or otherwise cannot act thereon?

3. What are the powers of the said committee?

4. Has the said committee made any and, if so how many, reports to Parliament?

5. Is the said work being done by contract or by day labour or how otherwise?

6. What is the cost to date of the said buildings?

7. Who has actual charge or oversight of said construction and on what basis is he paid?

8. When will the said buildings be ready for occupation by Parliament?

Hon. Mr. SIFTON:

1. The committee originally appointed was composed as follows: Hon. Robert Rogers, chairman; Hon. Messrs . J. D. Hazen, J. D. Reid, P. E. Blondin, Sir James Lougheed, William Pugsley, R. Lemieux, C. Murphy and R. Watson.

2. The committee at present is composed as follows: Hon. Arthur L. Sifton, chairman; Hon. Messrs. J. D. Reid, C. C. Ballantyne, J. A. Calder, Sir James Lougheed, G. D. Robertson and R. Watson.

3. To supervise and direct the reconstruction of the Parliament Buildings.

4. Full reports of the work of the committee were submitted to Parliament by the Minister of Public Works for the fiscal years 1915-16, 1916-17 and 1917-18; the report for 1918-19 now in the press.

5. By force contract.

6. Total expenditure to 31st October, 1919, $6,101,947.67.

7. J. A. Pearson is the architect having direction and control of the work. J. O. Marchand is associate architect. The architects employ, pay their own staff and other assistance. and are paid a commission of five and one-half per cent (5½%) on an estimated cost limited to five million dollars ($5,000,000).

8. Every effort is being made to make the building temporarily habitable for the next session.

WAR TROPHIES.

Mr. STEVENS:

1. Has the Government appointed a commission to deal with the distribution of war trophies?

2. If so, who is the chairman of the commission?

3. Has such commission been organized and has it made any distribution of trophies to date? If so, what distribution has been made?

4. Have any requests been received from Vancouver? If so, what distribution has been made of war trophies in that city?

5. What system of distribution is being adopted?

Hon. A. K. MACLEAN:

1. Yes.

2. Sir Edmund B. Walker.

3. The commission has been organized. No distribution of trophies has been made, and none will be made until all of them are received from England.

4. Yes. No distribution has been made.

5. No system has yet been adopted.

QUESTION PASSED AS ORDER FOR RETURN.

Mr. McLEAN (Royal):

1. What are the names, dates of appointment and permanent addresses of the officers appointed by the Militia Department to Number 7 District, New Brunswick, and departmental staff?

2. What is the rank, pay and allowances, and overseas experience of each of the said officers?

3. Is Military District No. 7 to be abolished?

SHORTAGE OF SUGAR IN THE PRAIRIE PROVINCES.

On the Orders of the Day:

Mr. J. R. WILSON (Saskatoon): Mr. Speaker, I wish to ask the Government whether they have been advised of the acute shortage of sugar in the Prairie Provinces? I hold in my hand a letter which I have received from a wholesale firm in Saskatoon stating that there is a very acute shortage of sugar, and that great quantities are nevertheless being exported by Eastern refiners. Is it the intention of the Government, in view of this shortage, to place an embargo on the exportation of sugar?

Sir GEORGE FOSTER: There is at present an embargo against the export of sugar from Canada. It has been operative for a number of weeks and is now being enforced as carefully as possible with a view to preventing leakage along the international boundary and otherwise. No permits are being issued for the export of sugar from Canada. Some export has of late taken place under contracts made months ago, the non-fulfilment of which would have resulted in great loss and complication. These, however, are very largely cleaned off the slate, and the facts are as I have stated. I may announce also that cargoes of raw sugar are now coming into Vancouver. The shortage, therefore, which has been rather marked there for two or three months, will be relieved and from now on the British Columbia refiner will be able to ship normal quantities to the Prairie Provinces. With regard to the Prairie Provinces, I may say that they have received this year many millions of pounds up to the present time over and above the normal consumption of past years.

SHORTAGE OF NEWSPRINT PAPER.

Mr. W. F. MACLEAN (York, South): I should like to call attention also to the fact that there is a great shortage of news print in this country, and that up to date nothing has been done to relieve it by way of embargo. The shortage is becoming almost unbearable.

Sir GEORGE FOSTER: I will make inquiry. Is that shortage personal or general?

Mr. W. F. MACLEAN: It is very particular and very general. I never suffered so much; there is a condition of shortage in every newspaper establishment in this country.

Sir GEORGE FOSTER: Well, you look happy.

Mr. W. F. MACLEAN: I want to remain happy, but I cannot if this newsprint shortage continues.

CANADIAN GOVERNMENT'S OWNERSHIP OF RAILROADS IN UNITED STATES.

On the Orders of the Day:

Hon. CHARLES MURPHY (Russell): By way of asking a question, I desire to direct the attention of the Government to a despatch which was carried by the American press on Friday last. Under the caption "Probe of Canadian Owned Roads Urged," the item is as follows:

> Washington, Oct. 29.—A resolution calling on the Senate Interstate Commerce Committee to investigate present or prospective ownership by the Government of Canada of railroads in the United States was offered to-day by Senator McCormick of Illinois. McCormick also asked that a statement of the mileage of such roads be made.

May I inquire if the matter referred to in this despatch has come to the attention of the Government, or if the Government have any information to give the House to-day?

Sir GEORGE FOSTER: The matter has not come to the attention of the Government. We have no information to give at the present time.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

Consideration of the proposed motion of Hon. J. D. Reid (Minister of Railways) for the third reading of Bill No. 33, respecting the acquisition of the Grand Trunk Railway system, and the proposed amendment thereto of Mr. Fielding, resumed from Friday, October 31.

Mr. A. B. COPP (Westmorland): Mr. Speaker, I concur in the opinion expressed by the hon. member for London (Mr. Cronyn) on Friday evening, when he said that this measure had been so thoroughly discussed in committee and on the second reading that it was almost impossible to advance any new arguments or reasons for or against it.

Fully realizing this, I feel that I would not be doing justice to my constituents

whom I have the honour to represent, if I did not take up a few moments of the time of the House in discussing the measure that is now before us. I do so more because during the discussion of this measure so far, I was, along with a number of other members, unable to attend the sittings of this House, being engaged on the work of an important committee that was sitting while the House was in session. Otherwise, I might, during the progress of the Bill through committee, have had an opportunity of discussing it more or less, and in that case I would not have to take up the time of the House on the motion for the third reading.

It has often been said that it is the duty of an Opposition to oppose. I do not quite concur in that statement; but I feel it is the duty of an Opposition, when a measure of great importance is being considered by Parliament, to endeavour to elicit all information possible from the Government who are standing sponsors for the Bill, not only in order to enable themselves to consider properly the advisability of the acceptance or non-acceptance of the measure, but to give through Parliament an opportunity to the people of the country, who are interested in all Parliamentary measures and particularly in this one, to consider wisely and carefully, after all the information has been gleaned from all sources possible, whether or not the measure is in the best interest of the country. While, during the progress of this measure until it has reached this stage, we have, by questioning in committee, received at least some information of importance to Parliament and the country, some of the information that we have received reminds me of what I once heard one brother attorney say of another. Some one remarked that a certain attorney had a great fund of information, and the reply was: "Yes, he has a great fund of inaccurate law." While, during the course of this debate, we have had a great deal of information, both accurate and inaccurate, there is some information which we have not yet received and which the people of this country are demanding. I would first ask the Government if they have sufficient and proper information upon which they can reasonably ask this Parliament to endorse this measure and to assume the obligations that will have to be assumed if we take over the Grand Trunk Railway system, to be operated in future under governmental control. If they have that information, have they given all the information they have to this Parliament? Have we on this side of the House, have hon. members on the other side of the House who are supporting the Government all the information in the possession of the Government so as to enable us to decide whether we will assume the responsibility of putting this measure through Parliament? I think we all agree that unless it is shown absolutely and conclusively by the Government who are pressing this measure through the House that it is for the general advantage of the people of Canada, it should not be proceeded with. The responsibility for bringing before us all the reasons and giving satisfactory evidence rests entirely upon the shoulders of the Government who are now forcing this measure through Parliament. That leads me to inquire what reasons have really been given by the Government for the course which they are pursuing and which will place upon the people of the Dominion of Canada this added financial burden and responsibility. Some reasons have been given, I am prepared to admit, and one of the first reasons came quite early in the discussion of this proposition when the resolution upon which this Bill is founded was in committee. The Minister of Railways (Mr. J. D. Reid), who introduced the resolution and the Bill and who must assume the responsibility of bringing this measure before Parliament and of seeing it through, stated that he purposed laying all the facts before Parliament and asking a complete investigation and a thorough examination and discussion of all its details, and he wanted to be very frank and in all candour to lay the facts before Parliament. At the very outset of his remarks he gave a reason why this measure should be proceeded with, and as he continued with his address on that occasion, he gave a reason that I believe is the real reason why this measure is being brought before this House at the present time. As he stood there, surrounded by the officials of his department and other members of the Government, he made a statement to which I wish to refer if I may, and to my mind that was the first reason that was in his mind and that he gave to Parliament why this measure was being introduced and why the Government sought to have it adopted at the present time. I do not purpose reading the whole of his remarks; but speaking of the different bond issues and the guaranteed stock of the Grand Trunk system, he wound up by saying:

> Surely it is to the advantage of the shareholders and debenture holders in England to be able from this time on, without any worry or anxiety, to know they will receive annual

dividends they have enjoyed for so many years in the past.

He made that statement, and he was about to let the proverbial cat out of the bag; the string was untied. But some of his prompters on his side seized his coat tail, and he pulled the string again and the bag was tied. That, however, was the statement made by the minister and expressed the feeling in his mind. He had in mind, not the people of this Dominion whose guardians and trustees the Government are, but the shareholders and others who have money invested in bonds and stocks of the Grand Trunk Railway Company. Shortly after this, the hon. member for Shelburne and Queen's (Mr. Fielding) drew attention to the fact that, because of the action of the Government, the value of these stocks had been enhanced in value on the London market at a probable cost to the people of this country of $25,000,000 to $30,000,000. When you come to consider and realize and figure that out, you will find that his statement was a very conservative one. What reply was made to the remarks of my hon. friend? The hon. member for Red Deer (Mr. M. Clark), who is not in his seat at present, arose and said: Oh, what difference does it make, if it does cost $25,000,000 or $30,000,000 or even one hundred and twenty millions, to the people of Canada; these bonds and stocks are held by the people of old England, and a number of them by widows and orphans of the old land?

Mr. W. F. MACLEAN: Hear, hear.

Mr. COPP: My hon. friend from Red Deer and my hon. friend (Mr. W. F. Maclean) who say "hear, hear," may dry their tears of compassion for the widows and orphans in England, for if an examination were made of the company's books we should find that the stocks and bonds which were held perhaps by widows and orphans in the old days have been sold on the market in the last few years owing to the stress of war, and have been snatched up at a low price by gamblers on the stock market who are now unloading them on the Government. Have we no compassion for the widows and orphans of our own Canada? How many times during the war, and more particularly recently, have our widows and orphans and those who have been left dependent on account of the war been knocking at the doors of this Parliament for assistance? What has been the Government's reply to them? Nothing can be done, but the widows and orphans in Old England must be given $120,000,000 to help them out of a difficulty, to use the language of my hon. friend from Red Deer.

Another reason in support of this legislation was given by the President of the Privy Council (Mr. Rowell). Referring again to Hansard, I find he used these words:

> I say to my hon. friend that to suggest that we should liquidate the Grand Trunk Pacific and to ascertain, when it is liquidated, the amount of obligations, is to suggest that one of the crowning achievements of Sir Wilfrid Laurier's political career, as he always claimed, should be discredited and the railway sold on the market.

The thought came to my mind as I read that argument, that if by a miracle the stone could be rolled away from the tomb and the late Sir Wilfrid Laurier appear in the flesh he would be as much surprised as any hon. gentleman in this House at the President of the Privy Council trying in impassioned eloquence to perpetuate his memory and carry out the ideals he stood for in his lifetime. What would have been his views on this measure I cannot say, but during his lifetime, so far as I have been able to follow his career, he had but one aim both in business, in politics, and in his spiritual life, honesty and straightforwardness characterized him in all his business dealings. His whole political life was spent on behalf of the interests of the people of Canada, and in his spiritual life he followed the Light as he saw it. Therefore, I am inclined to think that if he were here to-day he would set himself four-square against this legislation, because I think he would see, as we see, that this Government is attempting to force through Parliament legislation which is against the interests of the common people of the country.

Another reason why we should adopt this legislation was given by the Minister of Railways. I had not the opportunity of being present when he spoke, but I see by Hansard that he said that the taking over of the Grand Trunk and incorporating it in the national system of railways would be of advantage to the Intercolonial railway. Let us just examine that argument. If I understand the English language at all, it is the intention of the Government to form one great system of the Grand Trunk and its subsidiaries, together with the Grand Trunk Pacific, the Transcontinental and the Intercolonial. If that be so, of what advantage will it be to the people of Canada if the Intercolonial pays and the Grand Trunk does not pay, or whether any one unit of the system prospers at the

expense of the rest? It would simply be taking money out of one pocket and putting it in another. So the long and laboured argument of the Minister of Railways made the other evening on that point is without any foundation whatever. He also said that at present the Intercolonial is forced in winter to carry western Canadian traffic to the ocean ports of Halifax and St. John at a loss, because otherwise the Grand Trunk would carry that same freight to Portland at a lower rate. Now what must happen when the Government owns and operates the Grand Trunk? It will mean that freight from the West for the seaboard will be carried to Portland instead of to Halifax and St. John. What becomes, then, of the Government's boasted loyalty to the ports of Halifax and St. John, when freight that might have gone to those ports is diverted to Portland in the interests of the National Railway system? The freight will naturally take the shortest route, and will go to a foreign port in the winter instead of to St. John or Halifax.

Still another reason was given why we should take over the Grand Trunk. We were told that the credit of the Dominion would be adversely affected if the Grand Trunk was forced into liquidation. In reply to that, I can only repeat what I said a few moments ago in regard to stocks and bonds held in England. Surely it is not necessary for the people of Canada to load themselves down with the liability the taking over of the Grand Trunk will involve, simply for the sake of maintaining the credit of Canada in the eyes of financial men in England. There might be some reason in that argument if the taking over of that road did not involve such huge liabilities, but those liabilities do not stop at a few hundred thousand dollars but run up into the hundreds of millions of dollars. In spite of that, the Government asks us to take over the Grand Trunk to maintain the credit of the Dominion in the eyes of the Mother Country.

Another reason given was that if we did not take over the Grand Trunk another great railway corporation in this country would take it over.

Much has been said in the course of this debate concerning the attitude of the Canadian Pacific railway. I do not think, Mr. Speaker, that it is necessary for me to affirm that I hold no brief whatever for the Canadian Pacific Railway Company. I know nothing about their intentions or beliefs, but I am constrained to say that while the Grand Trunk Railway system has been in financial difficulties for some years, until now I have heard nothing of any attempt on the part of the Canadian Pacific railway to open negotiations with a view to securing control of that system. We have some evidence in support of this assertion. I grant you it is not absolutely unquestionable evidence, because we are all doubting Thomases to a certain extent and cannot always credit everything we hear and read. But we have the very direct and emphatic statement made by the president of the Canadian Pacific railway a few nights ago in Montreal, when he was speaking in furtherance of the Victory Loan campaign. He informed the people of this country that the great Canadian Pacific railway had never contemplated or considered the possibility of attempting to acquire the Grand Trunk, which would be of no advantage to the system of which he was the president. Indeed, Mr. Speaker, knowing what little I do of that great corporation and the officers who direct its affairs, I should be inclined to think that they would rather do as they are doing now, namely, buying Victory Bonds at five and a half per cent interest from the Government and taking the securities of the Dominion of Canada and loaning the money to the Government to carry on this railway enterprise that they are putting through this House to-day. The management of that great concern realize that it is far better for them, from the money-making standpoint, to operate their road in competition with the world, and when they make their money to hand it over to the Government and take Canada's securities bearing interest at five and a half per cent. I think, Sir, that my hon. friends opposite are merely putting up straw men and knocking them down with considerable ado when they attempt to introduce the Canadian Pacific railway into the discussion of this subject, and to express altogether unwarranted fears that that great corporation will take over the Grand Trunk to the detriment of the country. The question whether or not the Canadian Pacific Railway Company requires this road is one that does not in the least perturb me, and I do not believe that the people of the country have any fear that they would attempt to acquire it. The only tangible and serious reason that the Government have advanced for taking over the road is that of necessity. They say that it is essential to acquire the road in order to complete their transcontinental sytem so that the system may be of the highest advantage to the people. I do not know just all the connections the Grand Trunk Rail-

way system has, nor have I any precise knowledge as to what advantage will accrue to the Transcontinental system as a whole by reason of this undertaking. To be perfectly fair, however, I must admit that if any substantial benefit can be proved there is some argument in defence of the acquisition of the road. But we must consider all the surrounding facts in connection with the whole matter. The Grand Trunk Railway Company in 1903 entered into an arrangement with the Government of that day for the building of the Transcontinental railway divided into two parts —one was the Grand Trunk Pacific from Winnipeg West, and the other, the Transcontinental from Winnipeg East, having its terminus at Moncton. They entered that contract after very careful consideration and with their eyes wide open, and they must have realized the extent of the obligation they were undertaking. This work was carried on till 1911 when present Government took office. Shortly after the completion of the roads the Grand Trunk Railway Company at once threw up their hands and said they could not operate them. Now, if the Grand Trunk, with its experience of fifty or sixty years of railway operation in Canada, found themselves, with the Grand Trunk Pacific in the West and the Transcontinental in the East, unable to operate their system as a paying proposition, the question naturally forces itself upon us, how do the Government expect to take exactly the same lines and make them pay? If the Grand Trunk, with their wealth of railway experience, could not do it how will the Government do it? As a matter of fact, the company absolutely threw up the sponge and refused to attempt the operation of the road, and it strikes me that there is very flimsy ground for argument on the part of the Government that exactly the same railway system, with all its branches and terminals, which the Grand Trunk found it utterly impossible to make a profitable enterprise, will be operated on a paying basis by the Government. Now, I submit, Mr. Speaker, that all the facts in connection with this proposition should be ascertained and made public, and before the country is pledged to this enormous undertaking it should be proved beyond the slightest possibility of doubt that the acquisition of the road will not only be a means of assisting the Grand Trunk Pacific and the Transcontinental but that it will help to put the entire Government system of railways on a paying basis, and that as a result no incubus will be placed on the shoulders of the Canadian people. That is the only fair ground for the Government to take in attempting to acquire this road. The railways should be made to pay and not create a deficit year after year. I venture the assertion that if not all, at least a large number of hon. gentlemen supporting this measure do not fully realize the liability that we are assuming. We on this side have sought for information. I do not know what private information the Government have vouchsafed their followers, but from what I can gather from Hansard no two statements by ministers have been identical in regard to the liability we are undertaking at this juncture and until we have absolute knowledge in that respect and know that this legislation will not impose a financial burden upon the country, then I say that it behooves every hon. member to vote circumspectly and not be led blindly to support this measure merely because it has been introduced by the Government. Surely we ought to know exactly what our obligation will be. But instead of getting that information my hon. friends opposite are brought blindly to the standard of the Government and will support this Bill whether it is a proper solution of our railway difficulties or not.

The question has been asked: Why the great haste? My hon. hon. friends opposite say there has been no haste, that this has been in the air for sometime; that the negotiations have been proceeding and that therefore there has been no haste. But that does not bear out the statement made by the hon. the President of the Privy Council (Mr. Rowell) the other night in reply to my hon. friend from Shelburne and Queen's (Mr. Fielding) when he said that the reason why they wanted to put this Bill through this session was that if it were delayed the people of the country would become aroused. Why? I grant you there are occasions when the people become aroused unnecessarily and if they had not become aroused unnecessarily in 1917 hon. gentlemen would have not been in power to-day to force this measure through Parliament and to impose on the people this awful burden. But after all it is pretty safe to trust the people and instead of rushing this measure through Parliament in such great haste it would be well to allow this matter to rest and to let the people have an opportunity of considering it and realizing what their responsibility is. It would be well for them to realize that we are placing upon their shoulders a larger obligation than the country had prior to 1914. We are placing upon the shoulders of the people an added

debt of anywhere from $600,000,000 to $700,000,000. My hon. friends say: We do not want the people to understand the situation or they will become aroused and their attitude will be changed if we wait until another session of Parliament. The people would become aroused and their feelings would be reflected in the votes of their representatives. Necessarily the Government are afraid to have the people speak as they should speak on this question as well as on many other great questions that come before this Parliament.

I said a few minutes ago that I believed there was a very large percentage of hon. members supporting this measure who did not realize, or know, what the liability of the people will be under the measure which they say they are loyally supporting on this occasion. I tried my best here one evening to get a statement with regard to that liability from the Government. I interrogated the President of the Privy Council who at that time had charge of the measure in committee. After he had beclouded this issue hour after hour, telling us about the guaranteed bonds, the preferred stock, the common stock, the guaranteed stock and all the other kinds of stocks, I said to him: "If you were going to draw your cheque to pay all the liabilities that Canada is assuming under this measure, what would that cheque amount to?" He said "I cannot tell." Then he referred to the amount of stock that was to be arbitrated upon. I said "Leaving out of consideration altogether the amount of stock that must be left to arbitration under this agreement, what will the liability amount to?" He said "Then, there is a question of the $60,000,000; I cannot tell exactly; it may be large, or it may be small." I said "Give as nearly as you can what the exact liability will be," and he gave it. I took down the statement of the liability as given to me and it will be found in Hansard. The total, as given by the President of the Privy Council, amounted to $527,931,074.32. Now that is outside altogether of the $180,000,000 which is the par value of the stock that is to be arbitrated upon. What the result of that arbitration will be I cannot tell and my hon. friend the President of the Privy Council naturally could not tell. But the whole liability taking the $180,000,000 at par will amount to $707,931,074. Therefore I feel that I am well within the mark when I say that this liability and obligation which we are laying upon the shoulders of the people will at least be between $600,000,000 and $700,000,000. Would the people of Canada, if they knew the facts, really support such a measure to place upon their shoulders an additional liability of between $600,000,000 and $700,000,000? I do not believe they would. Would they assume that debt for the satisfaction of enabling the Government to say "We own the greatest mileage of any railway corporation in the world?" They must realize that this enterprise has been a losing speculation from the very start. Before we undertake this new responsibility it is only fair that we should halt, consider and realize what it means to the country to place this additional burden upon the shoulders of the people.

The ex-Minister of Finance (Sir Thomas White), in the statement he made to this House when the resolution upon which this Bill was founded was in committee said: "We grant that this is a great liability but we must realize that it is only a marginal liability." That is a mere play upon words. The man in the street must understand it. Although this may be a marginal liability, it means that we must pay the interest for five years, now that the Bill has been amended, or in perpetuity on this whole amount. While it may be a marginal liability and we may never be called upon to pay more than the interest, nevertheless the liability is there and the people must be responsible for the annual interest on this huge amount of money in addition to all other amounts to which we are obligated and eventually they must pay this amount out of the treasury of Canada to the Grand Trunk Railway system or whoever owns the stock and bonds when that payment is made. Our hon. friends say that they have based their whole case, that they have drafted this Bill, are putting it through Parliament and are acquiring the Grand Trunk railway system, upon the recommendations contained in the Drayton-Acworth report. If that is so, and if they are as particular in carrying out the terms of the report as they profess to be, immediately they secure control of the Grand Trunk they must expend $51,000,000 for betterments and improvements before the railway is in a position for successful operation. Let us look at that report for a moment. We will find on pages 33-34 a statement of the amount that must be expended for betterments and equipment and the commissioners wind up by saying:

> Putting together revenue and capital expenditure, we find that the Grand Trunk railway, in

the opinion of its own officers, requires over $51,000,000 spent upon it to put it in a position to meet the requirements of its to-day's business. We see no reason to expect that under existing conditions this neecssary money will be provided.

To put that road into a proper operating condition the Drayton-Acworth report says that there must be an expenditure of $51,000,000. That at least is not a marginal liability; that money must be raised and taken out of the revenues of the Dominion and placed at once in betterments and improvements of that railway to bring it up to the standard where it will make effective the very reasons given by the Government for taking the system over at the present time. Naturally, the next question one would ask is, what are we getting for this liability we are assuming? In other words, what is the system really worth? There can be only one answer and that answer must be given in a straight businesslike way. The only straight businesslike way to find the worth of a railway is to take stock or an inventory of the physical assets of the road—the condition it is in and the state of the cars, the engines, and all the equipment of that road; and upon a valuation of it find out what the assets of the road are worth. When that is ascertained, what is the next thing to do? What would any ordinary commonsense business man do if he wanted to purchase the Grand Trunk system? He would go with railway experts of recognized ability in whom he had confidence and inquire into and put in black and white what the assets of this road were worth. Having done that, what would his next duty be? He would—if the company were indebted to him as they are indebted to the Dominion Government—take the company's liabilities, and everything on which they must be responsible. He would then deduct those liabilities from the physical value of the enterprise and the balance would be the amount that was due to the Grand Trunk system. I tell hon. gentlemen opposite that has not been done, and until it is done you cannot get the proper value or the proper worth of this system. That is the only fair, reasonable and proper course to follow and that is what is suggested by the amendment of my hon. friend (Mr. Fielding). We must have this information, and we must get it in a reasonable way, before we, as members of this House, can honestly cast our vote in support of a measure such as this. I contend we have not at present that information upon which we can base a proper opinion and acting upon that opinion cast our votes intelligently in this matter.

Having pointed out to the House the financial burden this transaction means to Canada and to the people who have to pay the taxes and meet the interest on this obligation, I am naturally brought to the question of the present financial situation in Canada. Hon. gentlemen have a pretty good general knowledge of what this financial situation is; but the people of the country have not the same general knowledge. The financial standing and the debt of Canada, and the obligations this country has to meet have been discussed many times in this House and in the press, but it is only discussion after all. To-day, we are fortunately in a different position, and for the first time, so far as I have been able to gather, we have an authoritative statement of Canada's financial situation made—not by a member of Parliament merely, not by any politician, not made by a Minister of Finance who politely glosses over some of the Government's shortcomings—but made under oath as to what our financial burdens are at the present time. The Chairman of a Special Committee that has been sitting for the last four or five weeks thought it the proper thing, in reaching findings and coming to conclusions regarding the matter submitted to that committee, to have a financial statement presented and he called the ex-Finance Minister as a witness. That hon. gentleman came there and made his statement under oath. He told us that the gross debt of the Dominion was far above $2,500,000,000. He estimated what the assets were and placed them against the gross debt and then told us that the net debt of the Dominion a few months ago was $1,950,000,000. He also told us that we were indebted to the banks to-day to the amount of $225,000,000 on short term notes; and that the sum of $300,000,000 expected to be derived from the Victory Loan, now being floated would be practically all used and would go to pay our present short term indebtedness to the Canadian banks. The ex-Minister of Finance went further: he told us that between now and the 31st of March, 1921, the Dominion would be forced to borrow for capital expenditure alone, outside of the ordinary revenues required to meet ordinary expenditure, a sum of at least $800,000,000. That, Sir, would bring the gross debt of Canada—taking the hon. gentleman's own figures, and provided they are not swollen by larger amounts, which I am forced to

believe will be the case—on 31st March, 1921, to $2,750,000,000. Now, just as an illustration and a comparison, let us go back to the year 1914. Our net debt then was about $350,000,000 but it has since been increased to $2,400,000,000. Deducting the available assets it shows we have increased the public debt of Canada in six years by $400,000,000 per year, or over a million dollars per day. Yet hon. gentlemen opposite, and those who are responsible for this measure, lightly talk about assuming an added burden of $700,000,000 and treat it as lightly as though it were only 700,000 cents. I may be over-pessimistic but I realize what this awful burden upon the people of Canada means, and I protest sincerely and in the strongest manner possible against this Parliament adding to the present financial obligations of the Dominion a further sum of seven or eight hundred million dollars to satisfy a few gentlemen who are ambitious to unload their stock and obligations upon the people of this country in the interest of the English stock and bondholders of the Grand Trunk Railway Company.

I want to refer for a moment to the question of public ownership. A great deal has been said during the course of this debate about public ownership and private ownership. I gather from the remarks of hon. gentlemen opposite that they wish to place upon members of this side of the House the responsibility of being opposed to public ownership. Well, Sir, if the question of public ownership was involved in this issue I would be very glad to grapple with it and to take what I believed to be a proper stand upon it, just as I take what I believe to be a proper stand on the question now before the House. But there are two kinds of public ownership and of private ownership. There is a vast difference between the public ownership and operation of a tram line, an electric light plant or a telephone system in a city, town, village or municipality, and the public ownership and operation of a transcontinental railway with twenty-two thousand miles of rails and thousands upon thousands of employees. I contend that the operation of railways by the Government has not proved successful. I regret to have to say that, Sir, because I have always been in favour of the operation of the Intercolonial railway as a government-owned system. At the time of Confederation it was promised to the people of the Maritime Provinces that we should have this railway and that it should be owned and operated by the Government in the interests of the people of that part of the country. But I am bound to say that during all this time the Intercolonial railway has not been so operated as to make it a paying proposition. True, in some years there have been fairly large surpluses, but if we follow the railway statistics from the beginning of the operation of the road down to the present day we shall find that there have been more deficits than surpluses; moreover, no interest has been paid on the original capital expenditure involved in the building of the road. Who is to blame for that? The evidence that we have in connection with the Intercolonial is against government ownership of the Grand Trunk. We have had fifty years' experience in the government operation of the Intercolonial, under both forms of Government, Liberal and Conservative—yes, and we have had it under a Union Government, and God knows that the conditions have been worse under that Government than they ever were. One man said to me: "It was bad enough when we had a Tory Government or a Grit Government, but when you get the worst of both together, the common people have a mighty poor show." This combination, made up of hon. gentlemen, who, in their modesty, term themselves the very best of both parties, has failed to make the Intercolonial a success, and if I may be allowed to venture a prediction, Sir, we shall find that in the years to come they will make a greater failure of the operation of the system that they are now taking over and amalgamating with the railroads at present under Government ownership to make a transcontinental system. I say that they will meet with greater failure and that greater disadvantage to the people of Canada will be involved than was the case in connection with the operation of the Intercolonial.

Much has been said by hon. gentlemen opposite as to the responsibility for the present railway situation. I believe that no session of the House has passed since I first became a member of it without somebody saying that the Liberal party was responsible for this railway tangle. That assertion has been put forward many times during the progress of this debate, in strong and emphatic language. I do not propose to take up the time of the House in any attempt to refute these statements, but if I may be allowed I would like to refer to some remarks made in this House by the ex-Minister of Finance (Sir Thomas White) when he discussed this question. I think that the answer which he gave to this argument is much better than any I could give.

Speaking of Canada's railway systems, he said, Hansard, page 1111:

> In the first place, I think every one in this House would be disposed to agree with the general proposition that Canada has been seriously over-built with respect to transcontinental railways. That is abundantly evident in the duplication of extensive and expensive lines which have been constructed during the past fifteen or more years. One has only to consider the situation from Winnipeg west to the Pacific coast, or for that matter, from Toronto to Montreal in which three lines parallel each other for great distances, almost within a stone's throw of each other, to reach the conclusion without doubt or hesitation that there has been most serious duplication in the construction of Canada's transcontinental railway systems. It is idle to inquire what political party, if any, is responsible for that state of affairs. It is also idle to inquire what share of responsibility should be borne by political parties, and I have said in this House before that a share of the blame, if blame is to be imputed, rests upon both political parties in this country.

The ex-Minister of Finance, who recently parted company with these same gentlemen who denounce members on this side and attempt to place upon them the blame and the responsibility in connection with the present railway situation, says that it is idle to talk in that way, because both political parties are equally to blame, if blame there be in regard to the overbuilding of railways and the serious situation in which we find ourselves to-day.

I am not particularly familiar with the situation in regard to that part of the Transcontinental system known as the Grand Trunk Pacific, which extends from Winnipeg west. I am not here to say whether or not it was the proper thing for this country to build the Transcontinental railway; I do not know. But I do know this, Sir, that in the early part of the war, at the time when the United States remained a neutral country, we would have found it impossible to transport our troops, our ammunition and our munitions of war from the West through to the winter ports of Halifax and St. John had we not the Transcontinental railway to assist us in that great work.

If it cost $150,000,000, that amount was well expended in the assistance which it gave to the Government and the country in transporting troops and munitions during the first two or three years of the war.

May I be permitted for just a moment to refer to the effect that this proposition will have upon the ocean ports of the Maritime Provinces? I may be accused of being sectional, but I am prepared to accept that responsibility. We of the Maritime Provinces are possibly somewhat jealous of the few little favours that we have received from the Government during the fifty years of Confederation. We have in the Maritime Provinces, two great natural ports in particular of which we are very proud and which we hope to maintain and develop as we believe they ought to be maintained and developed. A few evenings ago the Minister of Railways (Mr. J. D. Reid) referred to this matter, and the hon. member for Guysborough (Mr. J. H. Sinclair) asked him a question in regard to the operation of this road and as to the effect it would have. The answer made by the Minister of Railways was that in the operation of this system we must get the very best railway operating men possible, it does not matter where they come from, and this railway must be operated along business lines without political or other interference. That being so, if this system is to be operated in a business way by business men, by railway operators of wide knowledge and experience, what conclusion must we arrive at? If I may be allowed to repeat the illustration again, if it is going to cost more to take freight originating in any portion of the western country and coming down to Montreal, to Halifax for shipment from that port than to Portland, what must the business railway operating men say? They will say: We cannot take it to Halifax, we we will take it to Portland because that is a shorter haul and the cost will be less. That being so, the ocean ports of the Maritime Provinces must necessarily lose a large volume of the business, and the money expended by the Government in the development of those ports to date must be to a large extent rendered unnecessary as they will not be used, and those ports will suffer as a consequence. I realize that the operation of this road through American territory must of necessity draw trade away from the ports of the Maritime Provinces, and we shall find our produce, our products and our ocean traffic going through foreign country channels by the operation of this road, according to the statement of my hon. friend.

The Minister of the Interior (Mr. Meighen), the other night in quite a heated discussion, referred to this matter, and he made some suggestions or insinuations as to what was prompting the Opposition in opposing this Bill. May I refer to Hansard, and I have been somewhat at a loss, in reading this, to understand just what the minister means? Personally, I do not desire to engage in acrimonious debate or to make suggestions or insinuations in reference to hon. gentlemen opposite; nor do I

believe that hon. gentlemen on the other side should feel that they should carry on their side of the debate in that manner. In answer to the hon. member for Shelburne and Queen's (Mr. Fielding), the Minister of the Interior used these words:

Who represents the real Opposition to this Bill?

He puts it in the form of a question.

Hon. gentlemen opposite tell us that they are acting independently.

I do not know what the minister intended by using those words. The only thing I can infer from them is that he insinuates that we are not acting independently. If we are not acting independently, then we must be acting under the influence of some person or number of persons or some corporation or corporations. The minister goes on to refer to my hon. friend's association with "estimable sirs" and other gentlemen in Montreal. Personally, as I said a few moments ago, I hold no brief for the Canadian Pacific Railway Company to which the minister refers. I am absolutely independent; I am not subject to the whim or fancy of any person or body of persons, no matter who they may be, nor to whom the minister refers. I think I have just as much evidence to sustain a suggestion I might make in regard to hon. gentlemen opposite by asking them the same question, if they are all acting independently and if there is any influence working upon them by any person or in any way through bodies or different persons outside of this House who have any interest in this matter. It is a very great mistake to make suggestions and insinuations in this way, and I regret very much that hon. gentlemen have seen fit during the progress of this debate to impute unworthy motives to hon. members who feel that they conscientiously take a different view from what my hon. friends opposite do on this important measure. The Minister of the Interior wound up his remarks on that occasion by saying with a great deal of courage as he looked around on his cheering supporters:

That is the course we have pursued, that is the course in which we purpose consistently and resolutely to continue, and all and sundry may take notice—

All and sundry, hon. members in this House, and men, women and children outside of it.

—that the Administration of this country, and the vast majority of hon. members who represent the Canadian people, have made up their minds that that course alone shall be pursued,

[Mr. Copp.]

that the goal we seek shall be reached, and that nothing that now stands in the way of our reaching that goal shall be permitted to succeed.

I admire courage in anybody, but the minister, I fear, has been over-courageous in a very small sphere of action. If he is so courageous that he is not going to allow anything to stand in the way of carrying this measure to a final conclusion, I would suggest to him this: He is not afraid of his supporters in this House; he is not afraid of any tactics that can be resorted to by members of the Opposition because of our minority; but the courageous thing, if he is so courageous, would be to say to the people of this country: This is our project; we are meeting opposition in some quarters but we believe the whole people of Canada are behind us in this matter, and we will, therefore, dissolve the Parliament and leave this whole question to the people of the Dominion of Canada. If he is so courageous in other matters let him be courageous in this. If he is afraid that the people will object to this legislation the only proper course for him to pursue is to leave it to them to decide. I am sure the Opposition will be perfectly satisfied to ask the people's opinion on this project at a general election.

A great deal has been said about the Drayton-Acworth report. I suppose it has been quoted practically from cover to cover during this debate. I want to refer to one or two pages, however, to show that the Government in taking over this railway is not entirely carrying out the recommendations made in the report. For instance, on page xxvi, I find at the conclusion of a paragraph these words:

It is for the Government, not for the company, to fix the terms.

If the Government are following the absolute recommendations of the Drayton-Acworth report, as they claim, they must fix the terms, and not the company. Then on page xliv I find this:

We are instructed to consider the acquisition of the Canadian railways by the State, and the possibility of their operation in connection with the Intercolonial. We do not recommend this course. In our judgment it is not in the interests of Canada that the operation of its railways should be in the hands of the Government. We know no country in the world, where a democratic State owns and operates its railways, in which politics have not injuriously affected the management of the railways and the railways have not had an injurious influence on politics. We do not think Government ownership of the Canadian railways would tend to reduction of rates, but rather in the contrary direction. For the carriage of one ton of freight one mile the Canadian shipper pays at present

on the average three-fourths of one cent. On the railways of New South Wales, the oldest and most important Australian State, where the railways have been in Government hands from the outset, the shipper pays well over two cents. But we see no cause to enlarge here on such general considerations. There are several reasons peculiar to Canadian conditions why State ownership and operation should be avoided.

That same thought runs through the whole report. The commissioners recommend against Government operation of railways; yet the Government say that their action is based on this report. There is one feature in connection with the report which has not been mentioned very much during the debate, and that is that there was also a minority report by Mr. Smith. His recommendations were absolutely contrary to those of the other two commissioners. I admit there was a majority of one in favour of the report, yet hon. gentlemen know, particularly those of the legal profession, that in court the dissenting opinion is often proved to be the right one after all, and it therefore should not be lightly disregarded. It is important that the Government should pay some attention at least to the minority report submitted by Mr. Smith, a railway expert of very high standing and experience, who was selected with the other commissioners to inquire into the whole railway situation.

My hon. friends have often referred in this debate to what has appeared in the public press of Canada, and it has been said by hon. gentlemen opposite that the press of our country should not be looked upon as affording evidence for or against a measure before Parliament. To some extent I agree. Of course, you cannot always base an argument and come to a fair conclusion on reports in the newspapers, but when newspapers like the Montreal Star and the Montreal Gazette, which have always stood high in the newspaper world, and many other newspapers throughout the country are opposed to this measure, it is not sufficient for the Government airily to dismiss their arguments with a wave of the hand as "a bit of newspaper gossip." I say their arguments should be considered to see whether they are well founded or not. When papers such as I have mentioned are taking a very strong stand in regard to this legislation—and we must remember that newspapers have means of feeling the pulse of opinion on these questions—it is the duty of the Government to examine their arguments and not simply dismiss them with a wave of the hand saying "We have no confidence in these things, and we will not consider them."

For the reasons I have given, and in view of the information elicited during the course of this debate and the statements made on behalf of the Government, I am obliged to oppose the passage of this Bill and to support the amendment. Let me summarize my reasons: First, there is not sufficient information respecting the value of the Grand Trunk Railway system which we are authorizing the Government to acquire by this Bill. Second, I believe the effect upon the market value of the debentures, bonds, guaranteed and common stock will be to enhance their value, and as a result the Canadian people will be called upon to pay many, many millions of dollars to English and Canadian speculators who now hold these securities purchased at a very low price. Third: I do not believe that government control and operation of the system will be in the best interest of the Canadian people. Fourth: Canada is not in such a financial condition that she can safely assume the necessary liability required to acquire this system. Fifth: The people of Canada should not be called upon to relieve the Grand Trunk railway from her obligations arising from the agreement entered into with the Government of Canada for the construction and operation of the Grand Trunk Pacific and Transcontinental Railway system. For these reasons and many others which I might dilate upon, if I had not already engaged the attention of the House for some time, I feel it is my duty to oppose the Bill and support the amendment which has been moved by my hon. friend from Shelburne and Queen's (Mr. Fielding).

Mr. W. F. MACLEAN (York South): I trust, Mr. Speaker, that the House will bear with me for a short time while I address myself to the question at present under consideration, namely, the acquisition of the Grand Trunk railway by the Canadian Government, for the Canadian people, for the purpose of creating, in connection with the railways that we already have, a great national system of transportation. During the brief time that I shall occupy the attention of hon. members I shall speak from the standpoint of one who believes in the public ownership of railways, and I think that my position will be borne out by the indication of the times, for this is the age of democracy. While my hon. friend (Mr. Copp) is of the opinion that it is undemocratic to take over the railways, I am convinced that the trend of present public opinion in this great country, as indeed throughout the world, is that democracy is ready

to assert its conviction that there is no way of satisfactorily handling the transportation problems of any country except from the standpoint of national convenience and expediency. This position is being taken everywhere to-day, and in the Old Country this democratic tendency is shown in the fact that legislation is now before the Imperial Parliament for the purpose of establishing a great National Department of Transportation which will take over and control transportation not only by rail but also on the sea and in the air. This new department under the direction of Sir Eric Geddes has evidently caught the spirit of these democratic times and realized that it is absolutely essential in the interests of the Empire to bring the various means of transportation under public control. The people in the Mother Country are also in favour of public ownership. Labour is favourably disposed to the principle, and I have no doubt that the business interests will take the same attitude. The same is true of the United States. It is all very well to assert that experience of public ownership in the United States is against it, and that the government administration of the roads since the war has been expensive and unsuccessful. But it must be borne in mind that if it was expensive the fact was attributable directly to the war, and if the administration of the railways in the United States under government control has not been the success it ought to have been it is because the railway systems there were muddled and wrecked as a result of private control. In the United States a proper policy has been outlined. In that country there is a body known as the Council of Agriculture, very much similar to the Council of Agriculture in western Canada, an organization which, by the way, is now established in Ontario. The Council of Agriculture, representing the farmers of the United States, at their last meeting in Washington, declared in favour of the public ownership of railways, and the great brotherhoods of the United States, who operate the railways, speaking from their experience, have gone on record in support of the principle. In our own country we have a Council of Agriculture, representing the farmers of all Canada, who will meet in the West probably within the next two weeks. I have no doubt that that council, representing the farmers, not only of the West, but of Ontario, will express themselves in accordance with the views of the grain growers of the West, in favour of public ownership. Another democratic reason why there should be public ownership in Canada is the fact that the people have paid for the railways over and over again. Their attitude is this: "If we found the money to pay for these railways, in God's name it is time that the people themselves ran the railways and not outside magnates." In other words, the feeling is that the railways ought to be operated in the interests of the people who pay for them. That is the new doctrine of democracy in this country, and it is the doctrine that is shaking Canada from one end to the other. It is what is at the bottom of the farmers' movement that we witnessed in Ontario the other day. The farmers feel that if they have paid for these railways they ought to have something to say in their management. They are the people who not only paid for the railways and will have to continue paying for them, but who helped to win the great war and make the world safe for democracy. They contend, and rightly so, that if they could shed their blood in order that the great principles of democracy might prevail on the face of the earth—and Canada did her noble share in this high duty—they should administer the affairs of these railways for which they have paid so much. And if it is possible under public ownership to counteract and obviate many of the mistakes that have been made under private ownership, it is their intention to endeavour to effect a remedy. Year after year the people have voted money in this Parliament for the support of one decrepit railway or another. They have given millions of dollars at a time, but the railways have not succeeded, and the people are convinced that they never will succeed, and they intend to see if something better cannot be done. This is the attitude of the people, and I am prepared to go on any platform whenever I have the opportunity and justify the propriety and efficacy of public ownership. Public ownership is being instituted throughout the world, and you cannot satisfactorily deal with transportation otherwise. Adequate transportation also demands more than railways, and we are building ships. England is taking full control of her ships, having created, as I said a moment ago, a great Department of Transportation. She is re-organizing the country and the Empire through the control of transportation in order to off-set to some degree German aggression which was made possible by State control not only of land but of sea transportation. It is palpable to every nation now that public ownership of transportation systems is not only democratic but highly essential in the

interests of the people. We have spent considerable sums of money in the past and enacted legislation for the regulation of our railways, and we must also give our attention to maritime transportation.

If we have not got control of transportation by sea, it must end in failure. All the advantages that we have gained hitherto by reason of building additional roads and by the making of loans to existing roads have been taken away from us by the excessive charges of the shipping monopoly that did control transportation before the war. There was no way out of the war, or to win the war or to succeed in the war, except by the national control of transportation. That was the lesson of the war. To win the war we had to have national control. For the reconstruction of the world and for the reconstruction of Canada to-day there is no other device open to us. If we are to achieve a proper reconstruction, we must have public ownership and public control of the transportation system of the country. That may be a broad proposition to lay down, but that is the line upon which the world is moving.

We have been told about transportation in the United States. It has been said that conditions are bad over there and that the reason for the failure of the transportation system is that it is being managed as a public proposition. That is not so. If the railway administration of the United States is failing it is largely due to the men who had control of the railways in their hands. They used that control for purposes of exploitation; they used it for securing profits for their companies; they used it for speculation in Wall Street and all things of that kind. Those who are opposed to public ownership in the United States to-day are the Wall Street operators and the magnates who heretofore controlled these railways. Who is it that is demanding public ownership in the United States? The demand is coming from the people who have their money invested in the railways. They see that there is no hope for their investments hereafter unless the administration of the railways is taken away from those so-called railway magnates and from Wall Street and something more in the interest of the public is put in the place of speculation in railway stocks and contracts.

Mr. BURNHAM: Would the hon. gentleman advocate the public ownership of all means of production?

Mr. W. F. MACLEAN: No, I will let the hon. gentleman discuss that when he comes to it. I am discussing a question that is now before the people of Canada. We are now faced with the railway question, it has been forced upon our consideration and that is the question that we have to deal with at the present moment. The question of production will come up later. We are here to deal with the question of transportation. We are compelled to do so by the condition of affairs that prevails. I am not going into the question of which party is the more responsible for the condition that has arisen. In some way we have to deal with this condition and we have to meet it if we can. In the United States, as I say, the people who are asking for public ownership are the people who have their money invested in the roads. True the men who operated the roads, the railway magnates and the Wall Street people would like to see the old times back but the people of the United States, the people of Europe and all those who have these problems of reconstruction before them see no way out of the difficulty except by the public ownership of railways.

Then, I want to come to another point which I have referred to in this House before. People who are opposing public ownership, and a good many of them are connected with the press of Montreal which has been mentioned by the previous speakers, say that a democracy is not able to administer its railways. That is the charge that is being made against democracy—a democrary that has done the greatest thing that ever was done in the history of the world in connection with this war. It has made the world safe for democracy and yet we are told that the people who helped to win this war, who put all the money that has been put into the railways of this country, are not competent to administer these railways. I have every confidence in my fellow-countrymen and I believe that they will find a way, once we establish public ownership, to carry out the duty that the adoption of that principle involves. I hate to see newspapers, such as the papers in Montreal that have been quoted here to-day and have been quoted before, saying that the Canadian people are not fit to run their roads, that they are a corrupt people, that they will succumb to corruption. If there has been any corruption in the past in connection with the railways, it has come from the railways and not from the people. I repeat I have every confidence in my fellow-countrymen. I believe that through Parliament and through leadership they

will work out a system of public ownership that will inure to the advantage of the country. The man who says that the people are not fit to manage their own railways is not worthy to claim any credit for this country or for what we have done in this war. What Canada did she did before all the other democracies of the world. Canada was the leading democracy that came to the relief of the struggling people of the world against autocracy. We went over there, we did achieve something, and we did help to make democracy safe. We put our money into the struggle, we have come back home now, we are undertaking the duty of reconstruction in this country and we believe that the public ownership and control of railways and of transportation by sea are necessary if we are to deal successfully with the problems now confronting us. Not only must a scheme of public ownership apply to the railways but to transportation by sea as well. Our whole effort in connection with transportation, whether by sea or land, must be consecrated to service and achievement and not to profit. The great difference between private and public ownership is that under public ownership all the resources of a country are devoted to service in regard to transportation and not to profits to individuals.

Then, the opponents of public ownership say that we are not only a corrupt people but that we cannot get the best men to run a national system of railways. I repudiate that. We have men now and we are training men in Canada to run railways efficiently. The only thing to do is to give them an opportunity. Take politics out of the railways—and we are gradually doing it—and success will attend our efforts. We are going to tell our young men what the privately owned companies have been telling their young men who have risen in their service, that if they give the best service they can to the people of Canada under public ownership they will go to the top. I repudiate this attack which is made by the opponents of public ownership who say that our railwaymen cannot run a publicly owned line. If this road is left to the men to administer the Grand Trunk they will make a success of it, if they are put in charge of it for the people and if they are not interfered with. In the past under private ownership they have been interfered with and they have been made to let unjustifiable contracts in connection with construction and supplies for the sake of making profits for certain people. Not only do our people believe in public ownership, but they believe that we have men in our own country who can run these roads and they have confidence that these men are prepared to give as good service to the country as they would be to a private company.

Mr. McKENZIE: Now that the hon. gentleman is on his hobby perhaps it would do no harm to ask him a question.

Mr. W. F. MACLEAN: Is it not a good thing to have a hobby? I wish my hon. friend had one; it would do him good.

Mr. McKENZIE: This is my hobby just now.

Mr. W. F. MACLEAN: All right.

Mr. McKENZIE: It is admitted, Mr. Speaker, that this year we will have a very heavy deficit—possibly $50,000,000 on the Government owned railways. How does the hon. member propose to get away from that condition of things and have a paying proposition?

Mr. W. F. MACLEAN: I am trying to get away from the condition of things that the hon. gentleman and his friends helped to impose upon this country—a condition of things that has come to be a disgrace and a scandal to Canada. I ask the hon. gentleman to come into my constituency as I am willing to go into his, and be prepared to show that it was not the maladministration that went on in connection with our railways that created this deficit. But we are now going to stop these deficits, we are going to stop these scandals, and we are going to trust the Canadian people, not only to pay the obligations but to maintain and operate their railroads. I know it is a hard thing to show a way out of the trouble that has arisen—it is a hard problem that is put up to us—but what constructive scheme has my hon. friend to submit to get us out of the trouble? Has he any scheme to submit? Did the hon. gentleman, (Mr. Copp) who spoke for an hour and a half this afternoon substitute, an alternative proposition? I have not heard one, excepting this from the papers in Montreal that were quoted here to-day: Give it to another private company; pay all the debt that has been created, give them another subsidy, and aggravate the evil that now exists—for it will only aggravate the evil. That is doctrine I have heard in the House to-day and that must come to an end. I do not want to pass reflections on hon. gentlemen opposite, because I could pass reflections with respect to mistakes that have

been made on this side of the House in connection with railways, there have been mistakes and they have been great; but they must end and the people of Canada say they must end. Never again will a dollar of money go through this House to private-owned railways to aggravate the condition of affairs that now exists.

I want to draw attention to another thing. Let us pass from democracy and let us come to something that prevails to-day and that is the question of the coal supply of this country. A great strike threatens in the United States, and that strike is based on what? The fact that the coal measures of the United States many years ago passed into the hands of private owners and into the hands of private railways, and coal has been made a monopoly in the United State —a monopoly in something that God gave the people for their fuel for all time to come. Now that awful monopoly in coal that exists between the coal owners and the coal railways in the United States has produced a condition in which the men who operate the railways are on strike to-day and ever since this war—

Mr. McMASTER: Does the hon. gentleman mean the operators of the railways or the operators of the coal mines?

Mr. W. F. MACLEAN: The coal mines—and ever since the war began we have been in danger in respect to our coal supply in this country. At times we could not run our railways; and we had not fuel for our people; the railways had so run down that they could not transport the coal to the people. But there is a great relief in sight. Science has found something for us that so far has not been degraded. Many of the great discoveries in science have been utilized in the recent war for the destruction of humanity; but science has given us one thing and that is, it has discovered a way of converting the hydraulic energy of our rivers into a supply of power. If we have not coal and if we are dependent largely on the United States, especially here in the East, for the fuel to drive our railways, we have an unlimited supply of water-power in this country. We propose, in connection with the nationalization of our railways, to nationalize these water-powers, and by that alone to put transportation on its feet in Canada and make our country independent of the United States. The only way that we will ever have the use of these immense powers of electrical energy in Canada, especially for transportation, will be by the state taking control of them and developing the power. We have started that policy in the province of Ontario and we have had marvellous success in connection with the development of the power for the use of the farmers and the use of our factories, and the people there would not part with it now for anything. The people there are insisting, as I believe the people of Canada will insist, that in connection with transportation there must be electrification of the railways. Nobody can do it so well as the state can do it. The state can and ought to do both—produce power and make us independent of the United States and use that power for the transportation interests of the people of this Dominion. That is in the minds of the people of Canada. After their experience, after the knowledge they have gained, and after what they have suffered from the coal barons and the coal railways of the United States, they do not want to see the last great asset we have got, our water powers, pass into the hands of private corporations, and not to be used as it ought to be used for the solution of our transportation problem. As I have said, the people of Ontario have got a certain distance in that direction, and they have achieved success. And now, when I come to speak of Montreal, I want to put myself straight. While I have condemned what seemed to be the Montreal attitude, I do not accept it as being the real view of the people of Montreal. But I do say that Montreal is the last refuge of the so-called railway magnates—magnates who want to maintain their ascendency and do not want to see the Grand Trunk pass into the hands of the people but remain under some kind of private ownership. Well, the people of the province of Quebec, as a whole, do not take that view. They want to see the great water-powers of the St. Lawrence used for the benefit of the railway transportation of Canada; and if it has got to be a question of creed and nationality it is all English-speaking exploiters who are at the head of this movement in Montreal. Those exploiters would like to keep the water-powers away from our railways and keep the Grand Trunk away from public ownership; they would like perhaps to give the Grand Trunk to the Canadian Pacific Railway company. The Canadian Pacific has had its opportunity, it has got its railways; it has had its immense votes from the people of Canada, it has got the use of the ports and harbours that were created for them. Let that company work out their own problems

as well as they can; but let them not interfere with the Canadian people in their determination, in connection with this work of reconstruction to run their railways and to electrify those railways.

Mr. McMASTER: May I ask a question?

Mr. W. F. MACLEAN: Yes, two.

Mr. McMASTER: Would it be in the mind of the hon. gentleman that it would be wise to nationalize the Canadian Pacific also?

Mr. W. F. MACLEAN: Some day. I am not afraid now to say, yes; bring it on, the sooner the better. The crime was that the Canadian Pacific Railway company, by the aid of this Parliament, so entrenched itself by wiping out its bond issue and substituting therefor an immense stock capitalization of over $300,000,000, that it is almost an impossible thing to do as the hon. gentleman suggests. It cannot be said that I did not enter my protest against the Canadian Pacific Railway company in the past. And yet the Canadian Pacific is a well-administered railway and the Canadian Pacific organization, to my mind, would be the best organization of all in this country to administer national railways, and there is not a man in the company who would not gladly work with the nation in connection with our railways. I do, however, object to the Canadian Pacific Railway company interfering in this matter, and they have interfered. I want to tell the Canadian Pacific, and the people of Montreal, something, and it is this: there has been more Canadian money lost by speculation in Canadian Pacific stock than all our railroads have cost us in Canada. They have led the Canadian people into that speculation, and they would like to get them back if they could. Millions and millions of Canadian money have been squandered in New York and here more or less, speculating in Canadian Pacific stock. While the company boasts of the great achievements of the Canadian Pacific and of the splendid service they have given the Canadian people, they have caused more losses to Canadians than any other institution we ever had here.

That road will be a real success only when it gets out of the hands of the magnates and stock dealers and is made a public proposition. The people of all Canada would be prepared, if we have the men who can combine these railways, to nationalize the whole system. But that is not quite the issue; the issue is what are we going to do with the Grand Trunk? How are we going to get out of this scrape? Are we to put more money into this road? Are we to try to save it? By electrifying it, not only can we save it, but we can get rid of all this unnecessary duplication. There are thousands of miles of railway in this country which can be dispensed with or used to better purpose. It is absurd to see the railway passenger services that are carried on between certain cities in this country. We do not want this duplication. The day after we take over the Grand Trunk the people of Canada will have the real national railway between Toronto and Ottawa, as well as the best service; it will consist of the Grand Trunk and the portion of the Canadian Northern that we now use. Moreover, we will have the greatest transcontinental railway system in Canada—the Intercolonial to Montreal, the Grand Trunk to Toronto, the Canadian Northern to within a short distance of Lake Nipigon, the Transcontinental to Winnipeg, thence onward via the Canadian Northern and the Grand Trunk, and perhaps via the Canadian Northern to Vancouver. I cannot commence to tell you what improvements can be made in Ontario by co-ordination and co-operation; and in many other ways great benefits will result from our taking over this system.

Hon. gentlemen have spoken about the enormity of the commitments that Canada is making in taking over the Grand Trunk. Now, the House has not been told by these same gentlemen what we get when we make that commitment. Is the Grand Trunk worth nothing? The greatest railway property in America to-day that I know of, outside the Pennsylvania railway, is the Grand Trunk; the greatest assets that any railroad in Canada has are the assets of the Grand Trunk in Ontario, in Montreal and in the leading cities of our western country.

Mr. McKENZIE: Then why does it not pay its way?

Mr. W. F. MACLEAN: Because it has been managed in England by stock speculators. Many of us in this House implored that the management of the Grand Trunk should be transferred to Canada; had that been done it would have had the same success as attended the operation of the Canadian Pacific. But there is a class of people who have had the Grand Trunk in their hands for over fifty years. I am not speaking now of the widows and orphans; I am speaking of those London stock operators, who, during all this time, have had the Grand Trunk in their toils. They have lived on it; and

the only description I can give of them is this: They are not looking for big profits, but they come very much within the definition of those who sweated the King's coinage in the old days. I remember reading the other day an account of some gypsies and others who made a livelihood by sweating the King's coinage. The idea was to take a guinea, treat it with aqua fortis and sweat a shilling out of it. That is what has been done with the Grand Trunk during the last fifty years; the London stock market has been sweating the Grand Trunk like these people who sweated the King's coinage. They have kept that road poor; they have kept these widows and orphans poor. The hon. member who preceded me was weeping for the widows and orphans instead of condemning the men who took advantage of them. There will be no more widows and orphans in this sense under public ownership of railways.

Mr. COPP: Does the hon. gentleman refer to me? Does he say that I wept for the widows and orphans?

Mr. W. F. MACLEAN: Somebody was weeping for the widows and orphans. This is an age of weeping; they are all weeping for the widows and orphans. But the widows and orphans of this country who have paid for these railways do not own them to-day. What about the widows in my own county who have been paying taxes year after year for the support of the Grand Trunk and the Canadian Northern? I am not going to weep for them, but it is a fact that they have been sweated year after year to create railways that are not properly handled.

Mr. McKENZIE: Does not the hon. member think that the Government is being sweated right now?

Mr. W. F. MACLEAN: Perhaps it is. It has been sweated before, but it is not going to be sweated much longer; and if the hon. gentleman hopes to come in to be chief sweater of the people of this country he is making a miscalculation.

The administration of the Grand Trunk should have been in this country. The Grand Trunk is a splendid asset and when it is lined up with these other railways we shall get a better service and we shall get rid of all these unnecessary lines. But that will not come in a day. We shall have to spend more money, but we shall get something for it; we shall be building up an asset for the people. We have been building up assets for somebody else with our own money. We have given money; we have given lands; we have made harbour and river improvements. We have done many things with our money to build up these roads, but they have not given us service.

What is the proposal that has come from Montreal? So far as I can see, it is this: Give the Grand Trunk to a new company, or give it to the Canadian Pacific. We have given the Canadian Pacific enough. We can say to them: "God be with you; go on, but leave us alone and let us see what we can do with the wrecks that we have on our hands." They may be wrecks; yet they are ours; they come into our hands because of the money that we have put into them. And now when we propose to take them over, these two celebrated papers of Montreal express their opposition. There is my Lord Atholstan, who owns the Montreal Star and who is making such pleadings that the Grand Trunk be not interfered with. What is his record? He knows that this is an age of democracy; but what was his ambition in life? Was it to be a democrat in Canada, to grow up with the democracy of Canada? No; the only object of his life was to get into the House of Lords —and now that he is in it he cannot go to it. He believes in what? He believes in a chamber of privileges. He is satisfied to get into that great chamber of privilege—the House of Lords—which, by the way, has been democratized in a surprising manner, and if he went there he would come to a sudden awakening. He even thinks that in a chamber of privilege is to be found the only way of saving the Grand Trunk; he is appealing every day to some chamber of privilege in this country to save that system. Let him appeal to the democracy of Canada; let him appeal to this House. And what answer does he get here? The people of Canada, as represented in this House, are for public ownership, and I hope that hon. gentlemen opposite will get in line with it. They are democrats; I hope that they have the real spirit of democracy in them, and that they will listen to democracy; they will listen to the judgment of the people who are in favour of democratizing the railways of Canada.

If the Government will give a fair opportunity to its own railway men to link these lines together and to save money, I will give up my seat in this House at the next session if they do not succeed. Perhaps I am taking quite a risk in saying that; but I am willing to go to the people and ask them to pass judgment upon my attitude in regard to this question. I have talked it out with the people whom I represent; I have talked

it out with the people of Ontario. They are for public ownership not only in regard to water-powers but in regard to railway transportation, and transportation also as applied to shipbuilding.

We are being extensively sweated in order to have ships built in this country; but we are building them, and in a short time we shall have national railways and national transportation by sea, and our farmers will be in better touch with the consumers of Europe. What is the economic question? As I pointed out the other day, it is in some way to put the man who raises things into closer touch with the man who has to buy them, and in that way to reduce the spread. The spread that private ownership of transportation has made between the man who raises the wheat and the man in Europe who has to buy it, is something enormous. If you take away that spread, you can give a portion of it to the farmer and a portion to the man who consumes the wheat, and public ownership of our transportation facilities is the only way in which that can be accomplished.

In connection with these railways we have acquired a number of telegraph lines. We have acquired the Great North Western, and the Grand Trunk to-day has its telegraph service in connection with the Great North Western, and we have these telegraph offices throughout the country. For many years now we have been endeavouring to have national telegraphs. In Europe the people have national telegraphs and national telephones which are a great success and service to the people, and the rates do not go up as they do in this country they rather go down. Where you have public ownership, the rates tend to go down, and I cite the Ontario Hydro-Electric Commission in proof of that statement. We have seen its rates go down in spite of the war. That is the example which we quote in regard to public ownership of transportation, and we are going even into a radial system in Ontario with the one object that, by having a publicly-owned service, we shall improve the service and reduce the cost.

Mr. ROBB: How does the hon. member explain the fact that freight rates on the railways of Canada have advanced fifty per cent since the taking over of the Grand Trunk Pacific by the Government?

Mr. W. F. MACLEAN: I will not undertake to explain that, and yet I will say this, that railway rates have increased because of maladministration of railways in the past, because of the London control of the Grand Trunk and many other things, and because of the unnecessary lines that have to be maintained, the unnecessary operating heads, the unnecessary and idle cars and the handing out of contracts to friends of the management. Look at all the contracts that under private ownership go to friends of the management and out of which money is made at the expense of the freight rates. We must cut all that out.

I see on the Order Paper to-day a most enlightening question asked by an hon. member in regard to cables. Practically the worst monopoly in the world is the cable monopoly, and the British Government, the Canadian Government and the Australian Government have tried to get ahead of it, but they have not been able to do so yet. The day, however, after we acquire the Grand Trunk we shall have in this country a splendid system of telegraph lines which will be national telegraphs, and we shall endeavour to extend the lines and to give the public service at the least possible cost without making a great deal of money out of the operation. Not only are we going to have national control and ownership of transportation, but we are going to have national control and ownership of our water-powers in order to carry on our transportation, and of these telegraphs lines that have fallen into our hands. We are going to unify these telegraph lines, and perhaps we shall put them under the Post Office Department. Throughout this country we have postmasters who are badly paid and who could be given these telegraph offices to run. In that way we shall have in connection with our national railways a first-class national telegraph service. We speak about reactionary Europe, obscurantist Europe, and all that; but we and the United States are away behind Europe because the people of Europe realize that they must have national ownership of transportation, telegraphs, telephone and things of that kind; they intend to have them, and they are being forced to go into that by force of circumstances just as we are. We must have public ownership of those things and we must run them. Hon. gentlemen may make all kinds of charges, but I can see how public opinion is going in this country. Many years ago I stood up, one of a very few, in this House and declared myself in favour of public ownership, and I have seen many men come around to it as this Government has had to come around to it and as the ex-Minister of Finance (Sir Thomas White) and many others have had to come around to it.

Mr. McMASTER: Was it quite a conversion on his part?

Mr. W. F. MACLEAN: I do not know whether it was a conversion or not. The hon. gentleman himself has experienced conversion, and I hope he is not going to bring into the issue the question whether he was properly converted or not. They have, however, been converted, and they have made the start. This development has come about gradually. As I said, when it first came up in this House, it met with very little encouragement. I remember the night when a couple of friends of mine drafted a little resolution to put before the Ontario legislature declaring in favour of the nationalization of the water-powers of the Niagara river. It went through the House, and nothing was said of it, and for a year or two good old Sir James Whitney whom we all speak well of did not say much. But he came to see what it meant, and his everlasting monument amongst the people of Ontario to-day is his honesty, his devotion to the public welfare and his starting in public ownership in Ontario in connection with the Hydro Electric. That is his monument, and it will be a monument to the members in this House to-day who are putting through this proposition, to have public ownership of railways and of transportation by sea.

To come back to the cable question to which I referred; if there is to be world-wide reconstruction, we must get rid of this monopoly that controls the cables, and, as I said, I read with interest a question addressed to the Government to-day for some information in connection with this matter. The worst monopoly in the world outside of the coal monopoly has been this cable monopoly; it has been entrenched in England, and many members of the various British Administrations have been directors of that cable company. One thing that has come home to our people is this, not only must we have the means of fighting it, even if we have to go to war again, but we must have control of transportation by way of railways and ships, and also telegraphs. That is the teaching of this war; that is the lesson that this triumph of democracy has achieved in this great war. It is in the hearts of our people who see that there is a new world now; a revolution has partly taken place; another is impending, and if it is on the way, it is in the direction of democracy and democratic control of transportation and of some of the great resources of the country. People may say: That is socialistic doctrine; but perhaps socialism in some form or another is the way in which the regeneration of the world is to come about. In any event, there has not been a worse class in the community than those who think that we cannot run our railroads ourselves, and that they can run them for us if we will only give them enough money to do so. That is all finished now, and I can only say here in as plain words as I can, that the people of Canada are tired to-day of this continual and continuous voting of money to private railways, and they will not vote another dollar. They will not vote another dollar for the regeneration of the Grand Trunk to turn it over to the Canadian Pacific or any other private company. They say to the Canadian Pacific: Go on and do what you want to do and make your road a success. The Canadian Pacific have their opportunity; they are established, and they should not be afraid of this national railway. But it strikes me very much as if they were afraid of the competition of this national railway and of the new management of this national railway saying to the people of Canada: Support your own railway; support your own telegraph lines, and when you do that, you are helping yourself.

They do not like to see that coming about, and they are opposing it. I do not say hon. gentlemen opposite are siding with them, but I do regret that hon. gentlemen in criticising this proposition have not taken the opportunity of putting forward an alternative scheme of their own. If they have a scheme for dealing with these bankrupt roads that will win out and will not entail the spending of more money I should be prepared to listen to them, but I have studied this question as well as I could and have read much on it, and I can see no way except to take over the roads. Perhaps the question comes down to this: how much are you going to pay for it? The Government have tried to make an arrangement. There may be some extravagance; there may be advantage for somebody we do not know of, but even if that is so, it may be the best way out. We have to take things as they are, and we are going to close the record so far as these railways are concerned. We are going to take over these roads and run them as Canadian propositions. If anybody has a different scheme that will cure the evil let him bring it forward.

I give the Government some credit for the way they have framed this proposition, because it was a hard one to frame. The company at first apparently did not want to be taken over, but now I think the Grand Trunk are chasing the Government to get

the deal closed. They know the failures of the past and where they were getting to; they know the failure of their Transcontinental and Grand Trunk Pacific schemes; they know they have never paid back the money the people of Canada gave them in former days; they know the administration of a great railway in Canada from England is not a success. Hereafter the administration of this railway is to be by Canadian railroad men. The road is to be taken out of politics and all extravagances removed, and when this is done you will find the people of Canada, when they have to vote on this question, justify any government that has put a stop to the condition that prevailed in the past and which has tried for something new. I have studied with some care the revolution that has come in the province of Ontario within the last few days, and it is very significant. The people are very tired of a great many things.

Some hon. MEMBERS: Hear, hear.

Mr. W. F. MACLEAN: "Hear, hear" goes a very long way. The people are in a state of unrest, and are tired of giving public money to private concerns to run railroads; they were running them into the ground, that is where they were getting to. The people are going to stop it, and stop it for good. They are going to trust their own people, even this Parliament, to administer the roads. I believe we have the men to run these roads, and that our public men, whichever party they belong to, will be equal to their responsibilities in bringing down legislation to make these roads public property. From the day the change is made I venture to predict there will be a great response and recognition in the province of Ontario, because of this stopping of unnecessary waste, and the getting rid of unnecessary duplicate lines, and driving these railways that the people own with public power, public owned and generated from the rivers of this country. The people will not let these water powers get out of public control hereafter, but will use them for driving our railways not only in Quebec and Ontario but clear across the continent. We have not got coal between here and Winnipeg, but we have a splendid lot of rivers running into Hudson Bay which can run every car between Ontario and Manitoba, and the Saskatchewan river and other great rivers of the West will generate power for running the railroads there. There is a new era of transportation coming in this country, and we are recognizing the new opportunity and the new duty, and especially the new duty of the reconstruction of our country. It is the greatest task that those of us who sit in this Parliament will ever see any parliament confronted with for many and many a day. There is only one way you can start reconstruction right, and that is by public ownership and control of the system of transportation of Canada. We are taking a step here to-day which, notwithstanding any defects the arrangement may have, is in the right direction and in the interests of the people, and that is why I am going to vote for the proposals of the Government.

Mr. FRANK S. CAHILL (Pontiac): With much of what the hon. member for South York (Mr. Maclean) has said I shall not quarrel, but I must take issue with him on the system of purchase of the Grand Trunk system. In the first place it would seem to me to be only good business to ascertain the amount of liabilities that we are taking over and what the assets are worth. That seems to be the common sense thing to do. The Minister of Railways (Mr. Reid) told us a few days ago (Hansard, page 1084) that the total obligations of the system amounted to $537,940,000, to which should be added Grand Trunk Pacific current liabilities of $12,100,000, because we are also taking that road over. That makes a total of $540,000,000. Then I find from the figures furnished by the Government that the current liabilities of the Grand Trunk amount to $22,801,000, which with the current liabilities of the Grand Trunk Pacific amounting to $12,100,000, notes unsecured $3,916,000, and an annual deficit of $12,000,000 makes a total of $50,817,000. That sum would have to be found in cash this year to take care of this undertaking. The Minister of Finance is reported to have said in Montreal a few days ago that none of the Victory Loan, 1919, would go into the Grand Trunk purchase. If he does not take the money out of the loan, he will have to take it out of some other pocket.

According to the blue-book furnished by the Government I find that the total liabilities of the Grand Trunk itself, that is the parent company, amount to $396,631,464.47, made up as follows:

Capital Stock.

4% Guaranteed stock	$ 60,833,332.51
1st Preferred 5% stock	16,643,999.78
2nd Preferred 5% stock	12,312,666.50
3rd Preferred 4% stock	34,884,534.95
Total preferred stock	$124,674,533.74
Common stock	116,583,124.44
	$241,257,658.27

Funded Debt.

G. T. R. 5% Debenture stock..	$ 20,782,491.38
G. T. R. 4% Debenture stock..	119,839,012.69
Great Western 5% Debenture stock..	13,252,322.48
Northern 4% Debenture stock..	1,499,979.65
Total debenture stock..	$155,373,806.20

As per balance sheet December 31, 1918.

Grand total..	$396,631,464.47

I find in the London Times on October 9, 1919—the date on which the agreement was entered into with the Grand Trunk people—that these stocks were quoted as follows: Four per cent guaranteed stock, 46; first preference five per cent stock, 50; second preferred stock five per cent, 37½; third preferred four per cent, 20; common stock at 9; Grand Trunk Railway five per cent debenture stock at 78; Grand Trunk Railway four per cent debenture stock, 62. This would total, at the market value on October 9, $160,178,301 as against $396,631,464.47 par value. The total stocks and debentures guaranteed by the Dominion Government are as follows:

Total Stocks and Debentures Guaranteed by Dominion Governement

Debenture Stock		Stock Exchange Rate.	Value as listed in London Times October 9th-10th, 1919.
5% G.T.R..	$ 20,782,491.38	@ 78 —	$ 16,219,343.27
4% "	119,839,012.69	@ 62 —	74,300,187.86
5% G. Western..	13,252,322.48	@ 78 —	10,336,811.53
4% Northern..	1,499,979.65	@ 62 —	929,987.38
Total..	$155,373,806.20		
Guaranteed.			
4% Stock..	$ 60,833,332.51	@ 46 —	$ 27,983,332.95
Total..	$216,207,138.71		$129,769,662.99
Interest guaranteed by Dominion Government on..			$216,207,138.71
Total Stock Exchange Valuation..			$129,769,662.99
Amount that could be saved, Principal..			$ 86,437,475.72
Annual Interest on..	$216,207,138.71	@ 5% and 4% as above	$8,988,633.66
" " " ..	$129,769,662.99	@ Govt. rate 5½%.	$7,137,331.46
Annual interest could be saved..			$1,851,302.20

To come to the stocks, excluding the debenture stocks or what are commonly known as bonds, the Government are guaranteeing the payment of interest on four per cent guaranteed to the amount of $60,833,332.51. The total stocks, including this amount, together with Stock Exchange valuations, are:

				4% Govt. Stock.
4 per cent Government Guaranteed Stock..				$60,833,332.51
Total Stock.		Stock Exchange Rate.	Value as Listed in London Times. Oct. 9-10, 1919.	
4% Guar..	$ 60,833,332.51	46	27,983,332.95	
5% 1st P..	16,643,999.78	50	8,321,999,89	
5% 2nd P..	12,312,666.50	37½	4,617,249.93	
4% 3rd P..	34,884,534.95	20	6,976,906.99	
Common..	116,583,124.44	9	10,492,481.20	
Total..	241,257,658.27			58,391,970.96
Total Saving..				$ 2,441,361.55

It might be argued that you could not force the holders of the debenture stocks to sell out at the market value, and some hon. members might also argue that you could not force the holders of the ordinary stocks, the first, second and third preference and guaranteed stocks, to sell out either. But we were told by the Minister of Railways, at page 1084 of unrevised Hansard, that the total indebtedness of the Grand Trunk to the Dominion amounted to $97,000,000 odd, and that the interest due to the Dominion Government by the Grand Trunk amounted to $34,879,253; and it seems to me that, with the Grand Trunk in that position, if the Government had demanded payment from them of the $34,000,000, with the undertaking that they should continue to pay the deficits amounting to seven million dollars a year, the Grand Trunk people

would very probably have said they were not in a position to comply with that requirement and were not able to take care of the deficits on the Grand Trunk Pacific, and the minister, if he wanted to be generous, could have said to them: "All right, we will not press for the payment, but we will take over your stocks at the exchange value." It would have been a fair and generous offer to the shareholders to exchange with them Dominion Government bonds at four per cent for all of their shares on the basis of the stock exchange valuations on the 9th of October, 1919, the day the agreement was made. If they did not wish to accept that, then the minister could have said: "Then pay us the $34,000,000 you owe us, and pay the deficits on the operation of the Grand Trunk Pacific." But there is no reason in in the world why the sixty million dollars should be guaranteed—it is over two million dollars in excess of the total valuation given to the stocks by the London Stock Exchange on October 9—and something further arbitrated. We have no idea what the arbitration award may amount to, but we do know that the stock exchange valuation was only $58,000,000, and that the Grand Trunk were not in a position to dictate to the Government. The Grand Trunk would have had to accept the offer of the Government, and surely the offer to buy their stocks on the basis of the stock exchange valuations of that date would have been more than generous. At any rate, it would have been more generous an offer than I would agree to, and more generous, I think, than the Government would have been justified in making. But at all events it would have cleaned up the whole transaction, and you would have had all the stocks for less money than we are agreeing to pay now, and there would have been no arbitration. I therefore support the amendment in view of the fact that we have had very little information of any value, the information that has been furnished us having been taken from statements of two years ago, and the whole situation having been very much confused by different ministers giving to the House different statements at different times.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

Mr. O. TURGEON (Gloucester): Mr. Speaker, in taking part in the debate this evening in support of the amendment presented by my hon. friend from Shelburne and Queen's (Mr. Fielding), I shall not enter into many of the figures which have already been given, more particularly this afternoon by my hon. friend from Westmorland (Mr. Copp) and by my hon. friend from Pontiac (Mr. Cahill). This House has already before it for consideration a statement of the enormous increase which it is proposed by this transaction to make in the annual expenditure and in the public debt. My purpose more especially is to give to the House a few expressions of opinion which have been advanced of late in different parts of the country, accentuating the sentiments which have been expressed on the side of the Opposition and accentuating the sentiments which I myself have expressed in the debate, and which I believe should be conveyed to the House in order to induce members of this House, and of Parliament generally, further to consider even at the last moment the position in which the country may be placed by the acceptance of this bargain.

Great stress has been placed upon the question of the nationalization of railways and of Government ownership. Hon. members opposite have accused members on this side of being opposed to the nationalization and Government ownership of railways. I have already expressed my opinion on this principle. I have at all times been an advocate of Government ownership under proper circumstances. But it is too late for the Government and people of Canada to engage in the construction of our national railways. It has been left to the governments and people of Canada to see what bargains could be made with the different important railway companies before undertaking to nationalize and operate the railways under public ownership. Were Canada beginning again from the day of Confederation I would, advocate the building of our own railways instead of giving away our money and lands to secure their construction. But that time, unfortunately, has passed, and to-day it is not a question of the nationalization of railways but it is a question of doing what the country can afford to do in the best interests of the people of Canada. I claim that the acquisition of the Grand Trunk property to-day is not, as it is represented by the Government, a good bargain for the country and that the time is most inopportune for Canada to assume such a responsibility when we are not able to assume the gravest responsibility to the

men who did their duty for Canada from the beginning of the war to the conclusion of it. I say the time is not opportune because Canada is already overloaded with financial burdens the adjustment of which will require all the wisdom of all the governments for the next fifty or one hundred years.

Government ownership has been advocated more particularly with a view to controlling freight rates. It was with that in view that we in the Maritime Provinces wanted to keep the Intercolonial under government ownership, and later on advocate the building of the Transcontinental. We desired to have one railway through which we could control freight rates. Under the circumstances to-day, I am sorry to say, the Government, in the operation of the railway which it has already under its control, is not in a position to dictate tariff rates to private companies. To-day we are meeting with deficit after deficit in the operation of the railway which the Government has under its control and administration. Last year the deficit amounted to $50,000,000 and for the first seven or eight months of this year we have a deficit of $30,000,000. If we should add to the present situation the burden of the payment on the bonds that we are to take together with the deficit in the operation of the Grand Trunk, we will find ourselves with an annual shortage of $50,000,000 or $60,000,000 to say nothing of the enormous amount of $51,000,000 which must be expended in improvements on the Grand Trunk at the earliest moment possible. Under such conditions the question of the control of rates under Government operation will not be one of any practical importance for many years to come. The farmers of the West are anxious to secure the cheapest rate possible for the export of their grain by the maritime ports and it is they who will suffer the most if the policy of the Government results in a failure to secure cheaper rates. It was in their interests more particularly that we had in view the control of rates in past years in order to enhance the value of their products and to stimulate their courage in the direction of greater production. The acquisition by the Government of the Grand Trunk, instead of discouraging the Canadian Pacific railway, will certainly serve the interests of that company because they will have the assurance that there will be no decrease in rates and they will continue to enjoy the advance in rates already made. The Government will either have to still further advance rates or let the people of Canada make up the deficits year after year while the Grand Trunk and the Canadian Pacific will be enjoying the freight rates now in existence.

My advice to the Government and to the Minister of Railways would be to give their best attention to the railroads they already have under their control—to give those railroads their attention, their energy, their good-will and the best possible management, in order that they may not be under the necessity of imposing additional rates upon those who use those railways, and in order that they may be able to offer encouragement for the future with respect to the further nationalization of railroads. In my opinion the carrying out of the scheme that is now proposed would be the deathblow to the further nationalization of railways in Canada for a century to come. If normal conditions prevailed in Canada, if we were enjoying the prosperity which prevailed in the first fifteen years of the present century, and if we had not passed through the extremely trying conditions that followed the outbreak of war, the present venture might not be regarded so severely; but people to-day are seriously thinking over the situation, and if this project were referred to them for an expression of opinion, in my judgment its passage would be deferred for many years. My hon. friends opposite always insist that the volume of public opinion against the transaction is very limited and emanates chiefly from Montreal, and that the opposition originating there is inspired by interests behind the Canadian Pacific. So far as my own province, the province of New Brunswick, is concerned, when the second reading of this Bill was moved, I quoted a number of resolutions which accurately reflect public opinion there. Since then we have heard further expressions of opinion from the West, more particularly from Saskatchewan, where we were told public sentiment was unanimously in favour of this transaction, as, indeed, it was of anything tending in favour of nationalization. Therefore I listened with the greatest possible interest and the utmost pleasure when my hon. friend from Last Mountain (Mr. Johnston) put his views on record the other night. I believe he spoke truly in the interest of his constituents—which I am sure he has very much at heart, perhaps more so than many of his colleagues from that province—when he said this bargain was not a good one, that the people of Saskatchewan did not want it, and that we should wait until we could get a better understanding of the situation. I believe that in taking that

stand my hon. friend accurately expresses the overwhelming body of public opinion in the province of Saskatchewan. We have also heard from the Board of Trade in Regina in opposition to this measure, just as we have heard from the Board of Trade of Montreal and mercantile communities in northern, southern and western New Brunswick. These expressions of opinion are not mere idle utterances, they are the expressions of the sober, reasoned, sane thought of the mercantile and industrial communities from whom they emanate. With respect to the attitude of the press of the province of New Brunswick in regard to this matter, I would not expect the Government to be greatly concerned about the utterances of journals politically opposed to them; but when some of the staunchest journalistic supporters of the Government declare themselves strongly opposed to the policy, surely it should cause the Government to pause before going any further. I hold in my hand a copy of the Weekly World, of Chatham, New Brunswick, an old-established newspaper, conducted by the veteran editor of New Brunswick, one of the most loyal supporters the Conservative party had in that province, a gentleman who in the past has always been prepared to give support by word and pen to the Conservative party. The editor of the Chatham World represented his constituency in the Legislature of New Brunswick, where he certainly has acquired additional prestige. To-day, he utters the views of the people of Chatham and of northern New Brunswick along the line of the expressions which I quoted here a few days ago. With your permission, Mr. Speaker, I will quote from an article in the Chatham World, dated 25th October, on this very question, in which the editor gives advice to his friends that are in power to-day. The article which is headed "An Act of Pure Cussedness," contains the following sentences:

> The huge deficits of the Canadian Northern railway, under government management will be duplicated if not exceeded by the deficits to be incurred on the Grand Trunk. If the Senate should refuse its assent to the Grand Trunk purchase the people of Canada will have cause to bless the Senate. A good Conservative would rather see his party turned out of office than be responsible for such a crime as the purchase of the Grand Trunk. The Canadian Northern and the Transcontinental were forced upon the Government, their purchase being perhaps, less ruinous than their collapse would have been, but the acquisition of the Grand Trunk seems to be pure cussedness. No government could possibly escape defeat at the polls after incurring an enormous debt in the purchase of a non-paying railroad like this.

[Mr. Turgeon.]

In these expressions, coming from one of the best supporters of the Government in New Brunswick, I am sure that my hon. friend from Last Mountain will find a pleasurable echo of his own sentiments.

Let me quote a further expression of opinion from another staunch journalistic supporter of the Conservative party in New Brunswick—the Gleaner of Fredericton. The article from which I am about to quote was published only as late as Saturday last, which denotes that the longer people have time to reflect upon the situation the stronger the opposition to the acquisition of the Grand Trunk railway grows. Indeed I am convinced that if the passage of this Bill were deferred until the popular vote could be pronounced upon it the Government would find themselves in a position of changing their policy and pondering carefully on the situation. I will not read the whole of the article in question. It begins by citing the words of the Minister of Trade and Commerce on the 8th of October when he declared that the business of the session was about ended, and in two or three days members of Parliament would be free to go home. The article then goes on:

> What influence has since operated to radically change the course of affairs? What are the immediate necessities so pressing * * * that the power and dignity of government and of Parliament must yield to them?
>
> There are suggestions of a very alarming situation, and we warn the Government that the country is not in a frame of mind that will tolerate persistence in irregular and dangerously imprudent procedure to serve private interests nor to cater to the whims of faddists.
>
> The country would be relieved were it to hear on Monday that the Government had decided to prorogue Parliament immediately. People are not only tired of things at Ottawa as they see them and hear of them, but anxiety has been created and a nervous feeling is perceptible everywhere. The recent elections should serve to impress the fact upon the Government that the country is not satisfied with affairs as they are; and until public confidence has been fully restored the Government should not deal with business which involves heavy obligations. And above all, it should not allow itself to be tied up with interests which are viewed by the country with more or less suspicion. Parliament should be prorogued at once and the Government reconstructed, materially strengthened and equipped without delay, to broadly serve and promote the national welfare.

These are the opinions of the strongest Conservative newspapers in New Brunswick. I have said on many occasions that the Senate has shown itself to be above party control and to be representative of the interests of the people. I know that pressure is brought to bear from all sides on the members of the Senate with regard to public questions, but, concurring as I

do in the view of the editor of the Chatham World, a staunch supporter of the Conservative party, I hope that when this Bill comes before the Senate, the Senate will take such action as will cause the people of Canada once more to bless them.

I have said that the people of the Maritime Provinces are uneasy with regard to the future of our maritime seaports. Much money has been spent upon the deepening of these harbours and the development of these ports. The work of expansion has been interrupted by the war, but these ports are practically ready to handle the extensive trade of the West. I have stated that there is great uneasiness in the minds of the people of St. John and Halifax—and when I say St. John and Halifax, I mean the people of New Brunswick and Nova Scotia whose interests are centred in these two ports and who are looking forward to their development and the increase of traffic passing through them. Commenting on this feeling of apprehension on the part of the people of the Maritime Provinces, the Minister of Railways (Mr. J. D. Reid) made two statements which I find it difficult to harmonize. He said, first, that the Grand Trunk would be operated by a commission which would be entirely independent of politics and free from outside control, a commission which would have to exercise its ability and energy and put heart and soul into the accomplishment of its work. The other statement was that if an official at Montreal diverted ocean-going freight from Montreal to Portland, he would dismiss him at once. I cannot see how these two statements can be reconciled. The commission operating the railway would be an independent commission composed of two men from the Grand Trunk itself and two appointed by the Government, and their work would be confined to this road only; they would have nothing whatever to do with the other government roads. This commission would have to show results in connection with the operation of the line to Portland; therefore it would be against their interests to divert freight from Portland to Maritime Province ports. Their duty would be to show a surplus in operation upon the line running to Portland as well as upon the line running between Toronto and Montreal. Would they allow the line between Montreal and Portland to starve for the benefit of another railroad for which they were not responsible? The two statements of the minister, therefore, are incompatible; they serve merely to confirm the uneasiness which prevails to-day in the Maritime Provinces with regard to this matter.

The Minister of the Interior, the Minister of Railways and other members who have spoken on the other side have tried to put the blame for the present railway situation upon the construction of the Transcontinental and the Grand Trunk Pacific from Winnipeg to the Pacific coast. I have said on previous occasions that had these railroads been given the care and attention which they deserved the country would not be in the position that it is in to-day so far as railways are concerned. The member for Springfield (Mr. Richardson) said the other day that if you were travelling from Edmonton to the Pacific coast you could look from the window of a parlour car and see another railroad paralleling for hundreds of miles the road on which you were travelling. Several hundred miles were added to the Grand Trunk Pacific from Edmonton to the Pacific coast, and that duplication was the work of the Conservative party in the very first session after they came into power, when they subsidized five hundred and twenty-five or five hundred and thiry miles at the rate of $12,000 a mile. Sir Wilfrid Laurier had said that for a long time to come the Transcontinental on the north and the Grand Trunk Pacific and the Canadian Pacific in the south could take care of all the traffic that would require to be handled so far as British Columbia was concerned. Upon the shoulders of the Government of 1912 rests the responsibility for that duplication, which is partly the cause of the situation in which we find ourselves to-day. And now we are trying to get out of railroad difficulties by adding more difficulties at a time when the country should not be required to assume such obligations.

The Minister of the Interior (Mr. Meighen) says that the Transcontinental was built through a wilderness in Northern Ontario and Northern Quebec. It was built through a wilderness, but the wealthiest wilderness ever offered by the hand of Providence to the genius and energy of mankind. In that wilderness are to be found immense forests and the richest possible soil awaiting the hand of man to develop them to the greatest extent, and to-day awaiting the energy perhaps more especially of the people of Canada than of the people of the rest of the world. It is a wilderness with not only immense forests and splendid soil, but innumerable water-powers available for developing industries and more particularly the industry of pulp and paper manufacture, the chief industry of that region, and the railroad is already

in that wilderness. It has been almost a point of religion with the Conservative party to preserve a narrow Ontario extending from the Quebec border along the lakes as far as Sault Ste. Marie, afraid to go further north; a course whose effect has been to increase the urban population at the expense of the rural, so that, notwithstanding all the immigration the province has received, the rural population has not been maintained at the level of that of the other provinces thus losing representation in this House, and neglecting the expansion of trade to those vast uncultivated regions of the north which they could develop by sending their population there, but depending upon increasing protective duties to maintain their industries. Such has been the policy of the Conservative party. The late Rt. Hon. Sir Wilfrid Laurier wanted to construct from Winnipeg to Quebec a line 300 miles shorter than any other, in order to make it possible to bring the products of the West from the very centre of the producing prairies to the maritime ports at a cheaper rate. If the Conservative Government when it came into power had immediately put its heart and soul into the completion of that road and had completed it in accordance with the contracts given to the Grand Trunk railroad, we would not to-day be in the position in which we are.

Under the circumstances, I say that this Grand Trunk proposition is not a bargain which the people of Canada are to-day willing to accept. The expressions of opinion which I have cited show that the feeling against this proposition is not confined to Montreal as speakers on the other side have told us. I have much pleasure in supporting the amendment moved by the hon. member for Shelburne and Queen's (Mr. Fielding), and I hope at this last hour some hon. members opposite may do a little more thinking and may possibly divest themselves of the yoke of party and realize the necessity of rejecting this project for the time being.

We are, of course, taxed with being unjust towards the shareholders in Great Britain, and on the second reading I said a few words on that topic. Hon. members on both sides of the House, as well as the people generally, have all possible sympathy for the shareholders who may be losing money; but as has been stated in the Drayton-Acworth report, the shareholders of the Grand Trunk Railway Company have, for the last ten years up to 1916, received some $36,000,000 in dividends which have not been earned. Had that amount been expended in improvements on the road, the Grand Trunk railway would in 1916 have been in good condition, and, therefore, the company would have been able to get further credit to operate the road and would not have been under the necessity to-day of making this bargain or of going into the hands of the receiver. We have been told that we should be generous to the shareholders of Great Britain. I yield to no one in the desire loyally to respect British institutions of all kinds and to respect British investors as well. We have received their investments in the past, and we shall need their investments in the future; but I have a higher regard for British capitalists and investors than the regard which has been shown by some hon. gentlemen opposite who claim that we must put Canada into the position of facing a possible deficit of $100,000,000 or $120,000,000 if necessary in order to say that we have done justice to investors in the old country. The capitalists of Great Britain would not regard that as evidence of great financial ability. When they put their capital into enterprises in Canada or Australia they do not expect that the people of those countries were going to ruin themselves in order to let those capitalists have a profit on their undertakings. They put their capital into enterprises in Canada, Australia, Newfoundland and other countries with a view of controlling their undertakings; they depend upon their own energy and intelligence to make those enterprises go; and if sometimes they are unfortunate, as they have been in the case of the Grand Trunk, they have only themselves to blame for that. As long as the shareholders of the Grand Trunk are in the position that they have a railroad which has been paying dividends to them for some time, let them appeal to their brothers alongside of them in London and Liverpool, and let them tell their friends across the sea of the splendid prospects of the future development of the immense resources of Canada and point out to them that investments placed in a railroad already built and in operation are bound in time to be successful and remunerative. We are not to-day in a position to place Canada under the necessity of contributing hundreds of millions of dollars to support a few investors in Great Britain, and they do not expect that of us. They know that we have in Canada a country in which the Grand Trunk under proper administration is in time bound to be a success. We shall not for some years be in a position to assume

such an obligation as that of taking over the Grand Trunk railway in order to put it on a proper footing. Let them endeavour to make a success of it by their own energy and let them assist in developing the resources of that part of this continent through which their line runs, and they will in time be able to make a success of the road; but it does not belong to Canada to-day to assume such a responsibility. I, therefore, declare that I will vote with pleasure for the amendment of the hon. member for Shelburne and Queen's, which especially asks the Government to defer action until further notice has been given to the people of Canada and not to impose this added burden upon the Canadian people at this moment.

Mr. SAMUEL FRANCIS GLASS (East Middlesex): I shall not at this stage detain the House at any length, and it is not with the idea that I can add anything to the arguments that have been adduced pro and con in reference to this subject that I rise. I listened with a good deal of interest this afternoon to the address of the hon. member for Westmorland (Mr. Copp). I had rather expected that he would reply, perhaps fully, to the arguments, very important in my opinion, made by the hon. member for London (Mr. Cronyn) on Friday night last, but he made only a passing reference to the speech of that hon. member. Like other hon. members he seems much concerned over the $60,000,000 of guaranteed stock, which, they argue, has been greatly enhanced in price by the proposals that have been made to the Grand Trunk Company. It strikes me that the hon. member for London on Friday night emphasised very properly that the market quotations of any of these stocks do not represent their intrinsic value. For instance, there are a number of stocks with which we are all familiar quoted on the Montreal exchange to-day in respect of which there has been a large increment in value since the Government's proposals were before the House. Some of these stocks have almost doubled. I do not know the reason for that advance, but surely hon. gentlemen would not attempt to argue that the physical value of the properties represented by these stocks has increased in like proportion. Canadian Pacific stock, for example, previous to the war had risen to about 285. At that time it was argued with some force that in their lands unsold and other enormous resources the company had physical assets representing that stock value. On account of the war and the change in the rate of interest and for other reasons Canadian Pacific stock has depreciated to a point below 150 to-day and during the war it dropped to about 135. Would hon. gentlemen argue that because Canadian Pacific stock dropped to 135 during the war the physical assets of the company had depreciated to a like extent? I submit, on the contrary, that a valuation of the physical assets of the Canadian Pacific railway to-day would show them to be of very much higher value than previous to the war. The rate of interest naturally has had its effect on the value of the Grand Trunk stock, and it is quite possible that the very fact that the agreement under this legislation is going to fix practically a perpetual income of 4 per cent on this stock may have added something to its value. It is also quite probable that common sense would dictate to the people who hold this stock that interest rates are going to drop, and that in consequence this particular stock will appreciate in value. I should like to draw attention to a statement by the ex-Minister of Finance (Sir Thomas White) in which he points out that:

> The American civil war, between 1861 and 1865, caused a loss of five billion dollars in property and it was financed practically without help from abroad. Before the close of the war in 1865 the treasury was paying five per cent on long time loans and seven per cent on temporary loans. Yet within three years money was to be secured on long time at 2.10 per cent.

History may repeat itself, perhaps not to the very same extent, but the tendency at the present time is towards lower levels for money. It is for that reason that the Government in their war loans have issued a certain number of short term bonds which may be redeemed and longer term bonds issued when a lower rate of interest prevails.

The hon. member for Westmorland this afternoon seemed to take the ground that the Government should present this question to the country, that the people of the country were opposed to the principle of public ownership, and that the Government had no mandate from the country to proceed with this legislation. Sir, outside of the province of Quebec and possibly the provinces by the sea, the whole country almost from the Pacific to the most easternly part of Ontario, as hon. gentlemen must know if they read the newspapers, is strongly in favour of the principle of nationalization of these railways. I must confess I have had my doubts as to the efficient management of railways under government

control, probably from the fact, as is the case with other hon. members, that during the many years the Intercolonial has been under government operation and management it has not met with that success that some of the other roads have had. On the other hand, there are reasons why it has not had that success. As the hon. member said this afternoon the road was not built to make money, and I submit that the first consideration with our railways should be, not what they can make, but how efficient a service they can give to the business of the country; that is much more important than dividends. The hon. member said it was not desirable nor was it intended that the Intercolonial should earn dividends. It was built to carry out one of the terms of Confederation and connect the Lower Provinces with Ontario and Quebec and the West. If it was good policy to build the Intercolonial to develop the trade and commerce of these provinces, why may not the same principle be applied to other parts of the country? I do not think my hon. friend really thought it would be good policy from his point of view to go to the country. He knows there was an election in Ontario only a week ago; we all know about it. The strong vote that got behind the United Farmers of Ontario shows most clearly that the farmers and the great bulk of the people of that province stand solidly behind the principle of public ownership and the nationalization of railways.

That is what it meant more strikingly than anything else. The farmers of Western Canada are just as strongly of this opinion, and I venture to think that if this question were submitted to all the farmers of Canada west of Quebec there would be as ready a response in support of the principle of public ownership as has been demonstrated in the vote taken in Ontario a week or so ago. The hon. gentleman asks, why the effort to force this legislation through the House at the present time? I think that the Minister of the Interior (Mr. Meighen) the other evening gave very ample reason why it is desirable that the matter should be dealt with without delay, and I do not feel that it is at all necessary that I should follow the arguments advanced from time to time on the opposite side in order to establish the fact that monthly, weekly, daily, the operation of the road under present conditions represents an enormous loss to the country. I say therefore that if it be possible, by a consolidation of the different railways and the addition to them of the Grand Trunk, to effect an appreciable economy, such as we believe will be the result of this undertaking, it is desirable that we should put this legislation through without undue delay. The hon. member this afternoon advanced this argument: If the Grand Trunk could not operate its system successfully, how can it be done under public ownership? Well, the hon. gentleman does not present the full facts as they really exist. We know very well that in Western Canada the Canadian Northern is linked up with a system of railways that furnish valuable transportation facilities through a very large area of the most productive part of the country. In Eastern Canada the Canadian Northern has not connections but the Grand Trunk has and it is a most reasonable argument and one which cannot be refuted that, taking the advantages which the Canadian Northern has in the West with the advantages possessed by the Grand Trunk in the East, and linking them up with the Transcontinental system, there will be a consolidation of railways that will mean increased efficiency and an improved earning capacity, resulting to some extent in profit as against the conditions under which the railways have been heretofore operating. The hon. gentleman's contention that if the Grand Trunk could not operate successfully neither can the Government make a success of the same system is entirely erroneous and does not stand against the arguments which the Government have presented on the question.

My hon. friend this afternoon, in support of his opposition to the measure, referred, with great gusto and glee, to the attitude of the Montreal Star. I suppose that the Montreal Star is very much like all other papers; it can jump the fence as fast as the average politician when the necessity arises. I have before me an extract from that paper under date Friday, May 25, 1917, in the early days of the negotiations. Let us see what the Montreal Star had to say on that occasion in reference to the railway situation:

> Moreover, we have always pursued the policy of building our railways ahead of the apparent need. We have not waited for population to settle in a district and clamour for a railway. We have sent the railway first, trusting to population to follow it in and make it pay. Today the Canadian Pacific is a prosperous institution. It looks as if it could not fail. But this was not always so. It began as a tremendous experiment, thrust through a wilderness and flung over a mountain range. It came near to ruining its projectors and wrecking the nation.
>
> Thus it is no wonder that, in our growing time, we went a little mad on railway-building We had always gambled, nationally, in rails.

This time we lost. We have a railway framework, especially in the West, for ten times as many people as we have got there. We have in the West, a mile of railway for every 123 inhabitants; even the well-railed United States has 400 inhabitants for ever mile. The United Kingdom has 2,000 per mile. But, having got this framework, having paid for it ourselves very largely, having mortgaged the country, Federally and Provincially, to the hilt on its behalf, what are we to do with it?

Let us see what the Star thought we should do with it at that time:

There are two reasons against throwing the non-paying portions of it away. (1) It would be like tieing an anchor round one's own neck on shipboard and then throwing the anchor into the sea. It would drag the unhappy victim after it. We are too tightly tied up to the credit of our embarrassed railways to lightheartedly toss them overboard. (2) If we threw them away now, we should only be compelled to rebuild them again in the near future. The Canada of the next decade or so is going to need that steel framework.

But if we do not throw them away, we must keep them going. That is a self-evident proposition. There are only two ways to keep them going. One is to continue to give the companies the money, let them spend it, and let them keep the railways and their earnings. In this way, we do all the paying, and the railway magnates do all the profiting. If there are losses, we shoulder them; if there are profits, the railway magnates pocket them. The only people who may get a look in occasionally on this system are the politicians. For further particulars see various scandal revelations.

The other way of keeping these non-paying railways going, is for the nation to take them over and run them as national railways.

That is what the Montreal Star said on Friday, May 25, 1917:

In this way, we may do all the paying; but we will at least have something to show for our money. We will have the railway itself—we will have the subsidiary enterprises which its private owners have thought it profitable to start—and we will have all its prospects for making money as the country fills up.

This the Star thinks ought to be done.

We believe that the Government should make no bones about taking over the Grand Trunk Pacific. It was the last, worst gamble of them all; and we have pap-fed it long enough. Its promoters cannot make it pay. They will not even operate the National Transcontinental which was to be its trunk line to the East. Their entire ambitious programme has utterly collapsed. The proud performance they promised us is not to go on—but, unfortunately, we do not, like a disappointed audience, get our money back. That being the case, we should not hesitate to take over the "show."

What is the use of hon. gentlemen talking about what the Star says now? I have just read what it said when in its sober senses, uninfluenced by trusts and interests who possibly have since got behind it. I do not believe myself to-day that the editorial comments of the Star represent the real inward feeling of the editor of that paper. There may be some reason why he has been impelled to take the course he has followed during recent months.

Now, my hon. friend says it is safe to trust the people. I thoroughly agree with him, and whether it is safe to trust them or not we are bound to do so in a democratic country, because they will direct and dictate the way in which public affairs shall be conducted. The largest province of the Dominion has spoken with great force within the last few days concerning its attitude on this question of the nationalization of railways, and I think it is only reasonable to presume that if the question were submitted to the whole country the verdict would be one not much at variance with that expressed in the province of Ontario. My hon. friend this afternoon was much perturbed as to what might be the policy of the Government under national ownership in reference to the great ports of Halifax and St. John. Why, Sir, what an absurd position that is. Is the Government of this country going to spend millions of dollars developing the ports at Halifax and St. John and elsewhere—is it going to spend colossal sums of money in the development of our transportation facilities—and starve these ports in connection with the operation of railways? Surely the taking over of the Grand Trunk Railway and operating it under the National system, by the people and for the people, will not be subversive of the interests of our national ports, also under the same Government. I submit that if there were any chance of directing a great amount of traffic to the ocean ports of St. John and Halifax, this desideratum would be far more likely to be achieved under a national system of railway control than under private ownership. There is therefore no ground whatever for the argument put forward by the hon. member in this respect.

The hon. gentleman also gave as a reason why we should not acquire this road the fact that the Drayton-Acworth report said that $51,000,000 would be necessary for equipment and improvements. Well, Sir, I say, God be praised that our country has reached such a state of development that the facilities of our railways call for expansion to that extent. Now, with the opening up and expansion of industry and the need of the country to expand her exports in every respect, would it not be a calamity if any part of our system of railroads were forced to continue in a condition of unpreparedness in which they could not carry the trade and commerce of the nation?

One of the best arguments why the Government should take over and operate this railway is that the company cannot under present conditions provide the equipment necessary to properly take care of the commerce of the country. The hon. gentleman says that the value of this property must be determined and that we must take stock of the physical assets. I am thoroughly in accord with him; I think that is good logic and common sense. We must take stock of the physical assets, we must determine what they are worth and the value which is determined to be in the different stocks will be represented by whatever equity there may be between the value of the physical assets and the existing liabilities. Is that not all provided for in this agreement? Yet hon. gentlemen will lead the country to believe that we are recklessly jumping into this thing and that we are going to pay the Grand Trunk whatever they claim their assets are worth. Nothing of the kind can be deduced from the agreement which has been presented to the House. The Government, under the agreement, have made very wise, very ample, provisions for getting at the actual value.

The hon. gentleman says: "Let the country dictate the terms." The country, through this Government, is dictating the terms in connection with this project. We have been following some of the various suggestions that hon. gentlemen have been giving to us and yet they may not have realized it.

The public operation of railways is not a new thing in the world. Some companies have operated them with a satisfactory degree of success; some have not. Our friends, as a strong reason why we should keep away from government operation, point to the results that have been obtained in the operation of the Intercolonial. I submit that is no argument at all. I submit that it is no argument to say that because railways have not been operated efficiently under government management the fault is with the principle. The principle may be and is, sound. The fault is in the direction of the management. If the Government cannot get efficient management to operate these roads satisfactorily the people of the country will tell the Government that it will have to make way for some other men who will do it. I do not think it is reasonable to condemn the principle because in certain cases railways have not been operated successfully. I have here an article that was written by Mr. E. B. Biggar in Saturday Night in connection with a series that he wrote. He makes this observation and I think it is very significant:

> How does it come about that the same tendency as in the postal service, etc., has shown itself in every quarter of the world in railway matters, and how are the advocates of private ownership to account for the fact that of all countries in the world which have become masters of their own railways, no nation—

This is the point I wish to draw the attention of the House to:

> —has re-consigned them to their former owners and none has completely abandoned the principle of state ownership? Surely the test of actual experience has some value on this point, where the people have tried both systems, and still have the power to make their own choice.

It may be that these railways under government operation will not earn as big dividends as they might under operation by individuals, but the operation of a government road is not so much for the dividends it earns as for the efficiency of the service it gives to the people of the country. The main, fundamental object of government operation is to give the best service possible. Under the new conditions in which we find ourselves after this war in connection with the extension and development of our commerce, it will be necessary that great care be taken to see that we do not handicap the movement of commerce by inadequate railway facilities.

The hon. gentleman this afternoon, in an argument in which he sought to justify the construction of the Grand Trunk Pacific and Transcontinental railways, drew attention to the fact that a large number of troops had been transported over this road. My hon. friend knows very well that they were transported over the road because the Government were paying for the transportation and that if they had not been transported over that road they would have been transported over the Canadian Pacific, or the Canadian Northern. It was fortunate under the circumstances, as the Government had the road, that they were able to make this use of it, to enable it to render service to the empire and to save money for the country in connection with its operation.

I have said more than I intended to. I rose to answer some of the observations of the hon. member for Westmorland. He rose a few minutes after three to make a few minutes' speech, as he termed it, and he engaged the interest of the House for an hour and three-quarters. I listened with great interest to what he had to say but I could not find that I had derived any degree of enlightenment from his remarks; nor

was I convinced that the proposition of the Government was not in the best interests of the country.

It is a peculiar thing, yet it does seem so, that the province of Quebec almost alone stands out as being opposed to the principle of public ownership. The people of Quebec are isolated in this respect as they have been before in other issues before the country, but after all the sentiments and wishes of the whole people must dictate and carry weight as against the opinions of a small minority. I have no fear what the verdict will be when the Government has to ask the endorsement of the country on the question of the public ownership of railways. The question, I repeat, is not new. It has been discussed, pro and con, throughout all the provinces of Western Canada as well as in the province of Ontario and in other parts of the country, and there is a growing, an increasing, sentiment strongly behind the principle of public ownership.

When we have determined what our policy shall be by the vote of this Parliament let all these prejudices which we hold at the present time and all this captious criticism which has been indulged in to show the need for an opposition rather than because there is any force of public opinion behind it, be forgotten; let us get together and when we have accepted the principle of this proposition let us not continue to knock the project either by ourselves or through the press of the country. Let us get behind the National railway and build it up. I would be sorry to see anything done that will be detrimental to the interests of the great Canadian Pacific railway. The Canadian Pacific has had its troubles in the years that have elapsed since its organization, but it has crossed the quicksands and is now on the way towards continued prosperity. We rejoice in the success which the Canadian Pacific has experienced. Its progress and its enterprise symbolize, in the Old Country, the enterprise and the energy of the people of this young and vigourous country through whose support that road came into being. The Grand Trunk has operated in Canada for a period of sixty-five years. It was the pioneer road and in those early days sought to spread its rails over a country containing sparse settlements of but a few thousand people. It was operated at first at great loss to itself, and for many years went without dividends; indeed I understand some of its stock has never carried a dividend. But if some of the stock of the Grand Trunk has not carried a dividend will any hon. gentleman tell me that a dividend has ever been paid on our investment in the Intercolonial railway? Can we not be fair to these men who spent their money in Canada because they had faith in us and faith in our country? I submit that if the road did not pay dividends during wartime it was because the cost of labour and other operating expenses has been greater than the increase in the rates which the Government allowed them to collect from the people. But, Sir, the physical assets are there to-day and the road is not in any worse condition than it was before. As a matter of fact many betterments have been made and in regard to rolling stock, and other equipment, the road is in a better condition to-day than previously. Possibly, it may be said that it is not in a better position relatively speaking when the needs of the commerce of the country at the present time are born in mind. That possibly may be true, for the reason that in the unfortunate position in which the company has found itself it has not obtained capital sufficient to keep pace with the increasing needs of Canadian commerce. I do not think that regard for the widows and the orphans and others in Great Britain in whose behalf an appeal has been made constitutes the ground on which the Canadian Government is acting. We want to be fair and square, we want to do as we would wish to be done by; and I submit that the agreement which the Government has presented to the House affords the best possible evidence that a fair deal will be given to the shareholders without in any way prejudicing the interests of the Canadian people. I purpose supporting the Bill, and in taking that course I shall be doing that which my constituents would ask me to do. There have come from the county council and the city council in my riding, and from boards of trade and chambers of commerce throughout western Ontario, communications endorsing the Government's proposal and the principles of public ownership of public utilities and of our railways. Therefore, I am justified in supporting, and I intend to lend my support to, the proposal the Government has placed before the House.

Mr. E. d'ANJOU (Rimouski) translation): Mr. Speaker, allow me to preface my remarks by saying that before the crime which is being hatched in the dark is perpetrated, I should be considered derelict in my duty, did I not, on behalf of my constituents whom I have the honour of repre-

senting in this House, and in the name of the whole country, register my protest against the outrageous legislation which is going to bring ruin to Canada and which the Union Government is about to get ratified by their servile and slavish majority.

Before entering upon the merits of the measure which is now before the House, I wish to extend my hearty congratulations to the hon. member for Lotbinière (Mr. Vien) on the admirable address with which he favoured the House on Friday last. I am always delighted, whenever my hon. friend rises to address the House. But let me tell him, in perfect sincerity, that if his last speech has afforded me a pleasure not yet experienced, the reason is that my hon. friend, turning over a new leaf, has addressed the House in French, one of the two official languages in this country. It was to me more than the usual pleasure of such an occasion to hear him so warmly vindicating the rights of the people in that "doux parler de France (sweet parlance of France") which has no secret for him. Undoubtedly, when his faithful constituents of Lotbinière are told that he has so eloquently and nobly discharged his duty, causing the walls of this House to re-echo with the ever sonorous and ever delicious accents of his mother tongue, they will indeed be proud of him.

With all my colleagues, I have listened with both ears to his speech, and together we have reached the conclusion that when he speaks English, he speaks well, but when he addresses us in French, he reveals himself a born orator. It is a matter of regret for me that our hon. friends do not oftener speak French in this House, and it is time they took a leaf out of my hon. friend's book and considered it their duty to follow in the footsteps of the hon. member from Lotbinière.

An hon. MEMBER: Hear! Hear!

Mr. d'ANJOU (translation): Let us pride ourselves on our nationality, and with Sir Douglas Haig, I shall say: "Let us pride ourselves on our French origin", just as that great Scotchman was proud of his own stock.

Mr. Speaker, why are we here in session to-day? This session was called by the Union Government for the ratification of a peace treaty. Whether Parliament summoned us under a false pretense or not, such at any rate was the ultimate result aimed at. The Peace Treaty has been ratified; the Empire is now safe and we had better go back to our respective constituencies.

Further, let me say, Sir, that the speech from the Throne did not foreshadow any possibility of such an important measure being about to be submitted to this House, and still less was the taking over of the Grand Trunk contemplated or referred to. As a matter of fact, as stated by several hon. members, the proposal which is now being debated is the outcome of negotiations carried on during several months between the Government and the Grand Trunk Company, in connection with the purchase of their system. Why is the Government jamming this measure through the House? Wherefore such an undue haste? The reason is not far to seek; there is something in the wind, there is a nigger in the woodpile, and as suggested by the hon. president of the council (Mr. Rowell), suppose the people were given the fullest information about this deal, a campaign would be started and soon be in full swing throughout the country; the electorate would be enlightened on the merits of this Bill, and undoubtedly public opinion would be stirred up to its very depths. The Government composed as it is of men whose courage is not screwed up to the sticking point and not possessing very strong and abiding convictions, they would back down and beat a hasty retreat.

It is a well known fact that wherever government ownership was given a trial, it has involved nations in financial ruin. I need not go very far afield to find instances of this. Our very neighbours the United States have tried this policy during the war period; it proved a complete failure and the Government had to face a deficit amounting to millions of dollars. The result was the same in England. Considering those unfortunate results, the Canadian Government should not expect the present venture to carry any better advantage. Does our present financial condition justify the Government in adding this new line to their system? We do not know whether the liabilities assumed will run up to $500,000,000, or $600,000,000 or $700,000,000, but we do know that, whatever they may amount to, they will be added to our national debt, which has already gone up to $2,000,000,000. Let us be mindful of the fact that our soldiers are knocking at our door, in search of money for their wives and children. The Government answers that it cannot come to their rescue; in fact, the Government itself is now trying to get from the people, in the shape of a loan, the requisite money to face its war liabilities. It seems to me that before this policy is carried any further, the conse-

quences which it might have with respect to the country should be weighed with great care.

If the Government wishes to spend money in spite of anything, why should they not encourage agriculture? Why should they not establish experimental farms where they are needed? The Government asks the farmers to strive patriotically to increase food production, and yet they will not supply them with the means for so doing. If this system of reckless expenditure keeps on, the Government will be left with no other way out than levying a land tax. Should this happen, I should like to see whether the hon. members who support the Union Government would put a good face on the matter.

The hon. member (Mr. Glass) who preceded me says that an editorial was published in 1917, by the Montreal Star, in favour of government ownership of railways. That may be true; but it is no less true that the Star holds a different view to-day. So, once more does the proverb apply that: "Fools only never change their opinion." Like many others, the Star, after a careful study of the question, has thought it proper to modify its views. That paper must have disowned its past, since it blames the policy of our good friends on the other side of the House, though it has helped placing them in power in 1917, and it did not shrink from insulting the French Canadians, in order to compass that end. Would the mandate held by the Government allow them to make the acquisition of that system? In 1917 the so-called Union Government went to the people with a war programme; their talk was all about the winning of the war and saving the Empire. They have succeeded, but this is no reason why they should bring ruin to Canada. If they had told the people, at the time, that not only did they wish to carry on the war but that they intended also to buy the Grand Trunk, what would have happened? More than one half of the hon. members on the other side of the House would not be here to-day.

Such being the facts, I do not hesitate to say that the Government should let this proposition stand till next session; and should consult the people by way of a referendum in the meantime, and if this policy is approved, they will be free, then, to enforce it, because, after all, it is the people who pay.

My opinion on the question is this: Public interest is not considered and the Grand Trunk is bought to no other purpose than to enrich certain friends of the Administration, certain political bandits who helped place it in power. So far as the elections that recently took place in Ontario are concerned, I may say that history will repeat itself at the expense of our good friends. The hon. member for Middlesex (Mr. Glass) said, a few moments ago, that the outcome of the Ontario election meant, in a way, that the present policy of this Government had been approved. I wonder on what authority the hon. member may rely to make such a statement, when Sir Adam Beck, the greatest champion of the principle of state ownership of all public utilities has been defeated in London by an overwhelming majority. This would seem to be an evidence of the fact that the people are not ready to assume any responsibility of that kind. If the hon. gentleman was right in making that statement, it must be inferred that the Hearst government should have been returned by a large majority; but I think it would be more in keeping with the dictates of common sense to say that the verdict rather meant the reverse.

And another important point must be considered also and it is this: The operation of our railways by this Government would be fraught with danger to the best interests of the country. Unscrupulous as they are known to be, the hon. gentlemen would then have at their disposal a patronage machine of a most dangerous character with respect to elections, and it seems to me that if the electors had the opportunity so to do, they would show the present Government that such a policy is unreasonable, foolish and contrary to the best interests of the country.

I have not the slightest doubt that the abettors of this transaction are the same as were seen behind the Canadian Northern scheme, that is, the ring around Mackenzie and Mann. The other day, an hon. member on the other side of this House, charged us with being subservient to the interests of the Canadian Pacific. Well, so far as I am concerned, I am not here to protect the interests of the Canadian Pacific any more than to protect the interests of the Grand Trunk, and the Canadian Pacific is no more able to influence my vote here, to-night, than the Grand Trunk Company would be. I stand here as a representative of the people, to protest against any wrongdoing on the part of the Government, against any disastrous policy; this is what I understand my duty to be.

The members of the loyal Opposition of His Majesty are not for sale, but as much cannot be said of the members on the other side of the House.

The hon. member for Red Deer (Mr. Clark) sheds tears over the sad fate of the poor English widows who are shareholders of the Grand Trunk Company. Well, Mr. Speaker, England is not the only country where widows are to be found, there are widows in Canada also. The only difference is that our widows are starving because the Government forced their husbands, by means of conscription, to go overseas and fight to help save the Empire. I must say that my sympathies go out to the Canadian widows rather than to the English widows, and if the hon. member for Red Deer were a true Canadian he would feel just as I do about this.

It seems to me that if the Government can find their way clear to dispose of millions in order to enrich the political jugglers to whom they owe the victory which they won in 1917, they could also find some money to provide for the widows of our soldiers and to meet the needs of their families, for it must not be lost sight of, Mr. Speaker, that when the Administration called to the colours the husbands and the fathers, urging them to go and fight for the sacred rights of liberty and of the smaller nations, they were most lavish in their promises.

Mr. Speaker, the Government's boat is cracking, it is leaking; the rats are climbing up from the hold, and before it sinks under the wave of the people's anger, the hon. gentlemen want to fill up their pockets and the pockets of their friends. I protest with all my might against this new outrage, this iniquity, this waste of public money.

The Government having made such great sacrifices for the last four years from a financial standpoint, they should have a better sense of their obligations and not throw the money out at the window by handfuls; they should administer with economy, they should encourage agricultural industry, establish experimental farms at points like Rimouski, for instance, as was said by the hon. member for Brome (Mr. McMaster), or wherever it might be of advantage to the farmers to have one.

It has been stated by hon. members on the other side of the House that, if we are, to-day, in such a difficult position with respect to railways, the blame is to be imputed to the Liberal policy, and the fault is Sir Wilfrid Laurier's—the old story of everything being Papineau's fault—and if Laurier had not built the Grand Trunk Pacific, the acquisition of the Grand Trunk would not now be necessary. While putting forward this argument, the hon. member for Springfield proved very zealous in behalf of his new friends. He must have forgotten that he was once a Liberal candidate in the county of Macdonald and that he accepted the Liberal platform, at the time, with no reservation as to the Grand Trunk Pacific. He must have forgotten, also that a number of members from Quebec had gone there to lend him assistance and that some of his friends were imprisoned, even, so as to prevent them from addressing the electors in his behalf. I should rather think that he remembers all that. However, I think it ill becomes him to make a display of independence every time he happens to speak, in this House, on important questions. He is not such an independent man as he assumes to be; he is the slave of the Government. It is not the first time that he indulges in such feats for anything may be expected on the part of an hon. gentleman who, after moving an amendment, is seen registering his own vote against it, two minutes later, in order to support a government measure.

I have noticed that, whenever the hon. Minister of the Interior rises from his seat to speak, a good half of the members around him cheer him to the echo as soon as he opens his mouth, although seventy-five per cent of them do not understand the importance of what he says. They fancy that he must be saying something very clever or very deep.

Therefore, all the hon. gentlemen to your right, Mr. Speaker, are going to vote in favour of the taking over of the Grand Trunk, because the Minister of the Interior has convinced them that it is was good business for the country.

On a question of such importance, every hon. member is in duty bound to be mindful of the fact that he owes a duty to his country first, and not to his party; that he sits here as a representative of the people, and not as a slavish follower of a leader, and that he ought to act and vote with discrimination, and do honour to the mandate received from the people.

In conclusion, Mr. Speaker, I would suggest that before going any further, the Government respond to public sentiment and submit this measure to the electorate, for I do not entertain the least doubt that the people would pass condemnation on such an extravagant policy, and I am confident that the people, getting hold of an avenging scourge, will cast out for ever the sellers and changers from the temple.

Mr. FONTAINE (Hull) (translation): Mr. Speaker, in rising to participate in this debate, I deem it my duty to register my protest, on behalf of the electors whom I have the honour of representing in this House, against this disastrous transaction upon which the attention of the House has been focussed for about a month, I mean the nationalization of the Grand Trunk, or in other words, the taking over of the Grand Trunk Company and the Grand Trunk Pacific by the Canadian Government.

Do not believe, Sir, when I say that I rise to register my protest, that I fancy that the Premier or the Government will give heed to my words; far be it from me to harbour such a thought; for I know that their minds are not open to conviction, but I shall have at least the satisfaction of having discharged my duty. As a matter of fact, the best informed and the most experienced members, on this side of the House, have raised the most serious objections and clearly shown that this transaction was going to bring ruin to Canada. But it is all of no avail. It would seem as though the Government were swayed by a diabolical power, which renders their minds impervious to conviction by evidence and impels them to push this matter through. May I venture to say at all events that this deal is the outcome of pre-election promises and pledges given previously to the elections of 1917? Or have they struck a bargain to that effect with the ring of London stock-jobbers? For, after all, Sir, they cannot, except on most serious grounds, ignore and brush aside all the protests which are being voiced all over the country, by the Boards of Trade, and public bodies and thus set at naught the almost unanimous consensus of opinion expressed by our fellow citizens against this scandalous transaction. When I heard, the other day, the hon. Minister of the Interior stating before this House that public opinion was satisfied, I could not help thinking that he was labouring under a delusion or rather that he was trying to lead the members of this House into supposing that public opinion was in accord with him; for, he must surely realize, as we all do, that there exists a strong sense of dissatisfaction and disapproval throughout the country against this audacious deal so skilfully engineered which will enable London capitalists to pile up millions, to the prejudice of the Canadian people.

So, Mr. Speaker, you see how warily they have proceeded in framing their measure and how they have made arrangements of long standing the better to smother public opinion. To begin with, a session was called in September, ostensibly under pretence of ratifying the Peace Treaty, which was quite unnecessary as the hon. members know very well that, as soon as the Treaty was ratified by Great Britain, we had nothing more to do with it, Canada being merely a British colony; but they merely wanted to draw a red herring across the track, and while we were discussing the platitudes submitted to us for consideration, the Government was giving the finishing touch, in the dark, to their great scheme, the taking over of the Grand Trunk. A few days before that bomb-shell exploded, the hon. the acting Prime Minister told us that the session was practically over, and that the Government had no other important measures to bring down. Then it was that the hon. member for Maisonneuve (Mr. Lemieux) who is now being blamed for his absence, made up his mind to sail for Europe, to go and kneel on the tomb of his son, who so gloriously yielded up his life in the service of his country on the front of war. To the same cause may be attributed the absence of the hon. member from Beauce.

Mr. Speaker, as the Government has money galore to spend, and rather than sink two hundred million dollars in this foolhardy transaction, I would suggest that they lower the duties on agricultural implements, so that our farmers may get cheaper farm machinery for the prosecution of their arduous toil. Two hundred million dollars, Sir! that means an enormous taxation which they are wringing out the pockets of the people, and instead of pouring those millions into the maw of the Grand Trunk Company, I would suggest that the Government take duties off articles of household necessity and the necessaries of life, so as to reduce the cost of living and allow workingmen to enjoy the comforts of home.

Why not reduce the income tax? Let me ask the Government, once more, if they have so much money, why do they not provide for the returned soldiers, who have made every sacrifice, who have run every risk to go and defend our liberties?

If there were some reason, at least, to believe that the Government could see its way clear to operate this line of railway with no increase in our deficit! But experience shows that the operation of a railway by the Government cannot be successful, and I want no other instance of this than the

operation of the Intercolonial, which is settled, every year, by a deficit. We are told that it will not be so any longer, that the operation of the Government railways will be entrusted to a commission of experts absolutely independent of political parties. Well, Sir, the Intercolonial and the Canadian Northern are operated by a commission of that kind, and yet, for the year just elapsed, it was settled with a large deficit, and so it is everywhere. Is it not a fact that government ownership in the United States has been a failure? I cannot believe the Government to be sincere in its pretensions. I would say to the hon. ministers: Beware, gentlemen, the limit is reached, the people have been forbearing, they have put up with you for many years, but reaction is now setting in, your friends have been swept away from power in Ontario. I fancy I see written in red letters above your heads, this prophetic sentence: "Mene. Thekel, Peres." Perhaps you shall not retain power for all the time provided by the law, perhaps you shall be forced, in the very near future, to undergo the ordeal of an election which is to you such an object of terror.

Mr. Speaker, I shall vote with pleasure for the amendment moved by the hon. member for Queens and Shelburne (Mr. Fielding), who is conversant with finance, who, for fifteen years, with his leader sir Wilfrid Laurier, has made the country happy and prosperous, and who has always safeguarded the real interests of the people.

Mr. PETER ROBERT McGIBBON (Argenteuil): Mr. Speaker. I am sorry that the Minister of Railways (Hon. J. D. Reid) is not in his place this evening, because I intend to throw a few bouquets at him,—and it is not often that any are thrown from this side of the House. I congratulate the minister upon the patience he has shown and the courteous answers that he has given to the questions, which were many, put to him from this side, as well as to the numerous questions that came to him from his own side of the House. I have always some sympathy for the person in the witness box who is questioned by one or two lawyers; but in this case the Minister of Railways has been questioned by a couple of dozen lawyers, some from this side and some from the other side. He never lost his patience, however; Job was not in it with the minister for patience.

But I am sorry to say that the minister's patience was wasted on a very bad case. This is the worst Bill that has ever come before any legislative body in this country. It is a ruinous Bill to this country; it is a knock-out blow. We are now seriously in debt—the amount of our debt is something over $2,500,000,000—and this Bill proposes to add another $500,000,000 to it. Just think of it; this debt will not be paid for generations to come. This is legislation which will impose a burden upon unborn generations.

The Government, so far as I can observe, are trying to frighten the people into the belief that they will have to go to the country if they do not pass this Bill. My belief is that if a secret ballot were taken on this Bill, the proposal would be knocked higher than a kite. But the ministers have been frightening the people, so far as I can see, on that head. I know that if they go to the country, the Union Government will not likely come back again. The farmers are coming to their own at last; a lot of us business men will have to stay at home after the next general election and the farmers will fill our places. I hope that they will govern the country better than my hon. friends opposite have governed it during the last couple of years.

I am sorry that the Government is going ahead with this Bill in the absence of the Prime Minister (Sir Robert Borden). I give the Prime Minister credit for being an honest man. I believe that a few of his ministers are going ahead with this proposal and pushing it through to a finish against his will. Had he been in the city he could have been consulted, but he is away and we have not his counsel. If he were present I believe that the Bill would not have gone as far as it has gone.

A good deal has been said about the whole country being in favour of this proposal, with the exception of Quebec and some of the eastern provinces. Well, Quebec is a very industrious province; we are not used to getting into debt, and the sum involved in this proposal seems enormous to us. We are an independent people; very few of our farms are mortgaged. So far as I can hear, many of the other provinces are not so independent. Ontario is controlled from Toronto; the trust, loan and mortgage companies control the people of Ontario to a considerable extent. If what I hear is true, British Columbia is pretty low in circumstances. But, as I say, we in the province of Quebec are independent. We cannot be brought into line with this Bill; we would lose our seats rather than vote for it. Personally, I would resign to-morrow rather than sanction this Bill. If I voted for it I would not dare go back to the county that I

represent; my humble home would be torn down and I would be among the missing. Just so with the Union Government after the next general election—they will be among the missing. Of course, we do not all see eye to eye; I am simply giving you my view. It is not Unionists or the Liberals on the other side who are against this Bill; it is the old time Conservatives of the Sir John A. Macdonald school. Those are the men who are down on this Bill and they won't stand for it if they can help it. And if they cannot help it now they will help it at the next election.

I do not wish to detain the House; I simply say, in closing, that I hope this Bill will not pass. I hope that the Government will reconsider their decision to go on with it, and that they will side-track it for some time to come.

On the motion of Mr. Michael Steele (South Perth) the debate was adjourned.

On the motion of Mr. Doherty, the House adjourned at 10.0 p.m.

Tuesday, November 4, 1919.

The House met at Eleven o'clock.

DISPOSAL OF WHEAT CROP.

On the Orders of the Day:

Mr. A. B. McCOIG (Kent, Ont.): Mr. Speaker, I wish to read a telegram which I was just going to send over to the leader of the Government (Sir George Foster). It is addressed to myself and reads as follows:

Chatham, Ont., Nov. 3/19.

Millers refuse to buy wheat at Chatham. I have obligations to meet. Find out what action the Government purposes taking to assist farmers in disposing of their crop.

Mr. SPEAKER: It seems to me that this has to do with a question of policy. If the hon. member wishes to submit a question, he should do so, although I have grave doubts whether he ought to take up a matter of this kind on the Orders of the Day.

Mr. McCOIG: I am willing to abide by your ruling, Mr. Speaker, but this is a matter of supreme importance to the people of the southwestern part of Ontario. As the telegram states, these people have many obligations to meet and they are unable to sell their wheat crop.

Mr. SPEAKER: Will the hon. member put his question? He has not yet done so.

Mr. McCOIG: What action do the Government propose to take in view of the fact that they have regulated the price of wheat and the millers refuse to buy it? It seems to me that the Government should be able to give the producers of wheat some light on this question. They are tied up with their crops; they are unable to dispose of them, and they have obligations to meet.

Mr. SPEAKER: The hon. member has put his question; he may not discuss it.

Sir GEORGE FOSTER: If the hon. member will send me the telegram and give me a chance to cogitate over it for a few moments, I will try to give him an answer.

PRIVILEGE—STATEMENT BY MR. MIDDLEBRO.

PERSONNEL OF SOLDIERS' CIVIL RE-ESTABLISHMENT COMMITTEE.

On the Orders of the Day:

Mr. W. S. MIDDLEBRO (Chief Government Whip): I rise to a question of privilege. I notice that in the Toronto Star of last evening Colonel Currie, in addressing a meeting of the United Veterans' League at Toronto, is reported as follows:

In pointing out that the Government had no intention of having gratuities recommended, the Colonel said that the Whips were sent out to sound out each member as to his views on gratuity; and in the formation of the committee they made sure that there should be no member favourable to the scheme.

I should like to say that I did not, and so far as I am aware no Whip on the Government side did, sound any member with reference to his views on the question of granting gratuities. More than that, I did not, and so far as I know no Whip on this side of the House did, interview any member in any shape, manner or form as to whether that member was or was not in favour of gratuities. Therefore I say that the statement of Colonel Currie has no foundation whatever in fact. I should like to point out that in the formation of these committees the Opposition was consulted. There were seven members of the Opposition on that committee. These members were nominated by the Opposition; the Government had nothing to do with their membership on the committee beyond the acceptance of their names as submitted by the Opposition. I should like to point out also—because the article is more or less a reflection upon the personnel of the committee—that it is composed first, of its chairman, a cabinet minister, Hon. Mr. Calder; next, Colonel Hugh Clark, parliamentary secretary of the Soldiers' Civil Re-establishment Department; next of seven returned soldiers; next a member of the Op-

position an ex-cabinet minister who was for four years a prisoner in Germany; next of one man who had a son in the Flying Corps; next a man who had a son in the Medical Service at the front; next a man who had two sons overseas, one of whom made the supreme sacrifice, and next a man who had three sons overseas, all of whom made the supreme sacrifice. Of the remaining members of the committee not one has a son of military age. Some have no sons at all. So far as I am aware not a single member of the committee had a son of military age who was not overseas or in the firing line.

Mr. J. W. EDWARDS (Frontenac): Mr. Speaker, permit me to say that as one of the members of that committee I was never approached by any whip in regard to my attitude on the question of gratuities, nor did I know that I was a member of the committee until my name appeared in the resolution adopted by the House.

Mr. H. B. MORPHY (North Perth): I may be allowed to say in this connection that the matter is entirely new to me. I was never approached directly or indirectly by a whip or anybody else; I did not know that I was being put upon the committee.

Mr. J. W. BRIEN (Essex South): I concur in the remarks that have been made by those who have spoken before me. I was not approached by any one and I did not know that I was on the committee until the personnel of the committee had been announced.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

Consideration of the proposed motion of Hon. J. D. Reid (Minister of Railways) for the third reading of Bill No. 33, respecting the acquisition of the Grand Trunk Railway system, and the proposed amendment thereto of Mr. Fielding, resumed from Monday, November 3.

Mr. LOUIS JOSEPH GAUTHIER (St. Hyacinthe-Rouville): Mr. Speaker, I have not taken much part in this discussion; I did not want to look as if I was desirous of embarrassing the Government by putting questions that they would not like to answer. But it has been my intention before this Bill is disposed of, to register my formal protest against the acquisition of the Grand Trunk Railway system under the present circumstances.

It is true that the question having been debated for quite a while it is very hard for any hon. member to offer new considerations. But I wish to express my personal views; I wish to take a stand for which I intend to be responsible before the people of the country.

It has been said that it is the duty of the Opposition to oppose. I say that it is the duty of the Government to enforce their decision with their majority, and I have no complaint to offer because the Government sees fit to press the passage of this Bill. They will be responsible for it; all that we on this side have to do is to offer fair criticism in order that the public may know that there is an Opposition in this House and that it is ready and willing to do its duty.

I submit, Sir, that the acquisition of the Grand Trunk by the Government is going to impose upon the Government a duty in connection with railway operation which will be more onerous to the Government than it was to the Grand Trunk Railway Company. That is the first point I wish to make.

It has been stated by the Drayton-Acworth Commission that $21,000,000 had been paid to the shareholders by way of dividends which amount should have been invested for the maintenance and the equipment of the road. Since the submission of that report it has been affirmed by experts that this amount of $21,000,000 has been increased to $51,000,000. I contend that if the Government acquire the Grand Trunk Railway system they will be compelled to invest in that road $51,000,000 which ought to have been invested in it for maintenance and equipment, but which was divided among the shareholders. This puts a very onerous burden upon this country when the road is taken over by the Government.

But there is another point. On the amount of $180,000,000 which is to be submitted to arbitration the Grand Trunk Railway Company never paid a cent by way of dividends. It is stated that the stock representing this amount is valueless.

I am not a professor of the English language, but I would not be disposed to agree with this expression. This stock may be worthless as a dividend producing proposition; but it is not valueless, because the shareholders have invested $20,000,000 in this amount of $180,000,000. If the Government offers for arbitration this amount of $180,000,000 on which the Grand Trunk Railway system have never paid a cent of dividend, what will be the result? In this

country we have had experience in regard to arbitration in connection with a railway. There was in Canada a railway system known as the Canadian Northern, and when we decided to purchase 60,000 shares of that system, shares in which not a cent had been invested, the people of this country were compelled to pay for that stock a price exceeding $10,000,000. This is the point I wish to make to the House and to the country. If in purchasing the shares of the Canadian Northern, in which shares not a cent has ever been invested, we have been compelled to pay more than $10,000,000, what will be the decision of the arbitrators when they put a value on $180,000,000 of stock in which $20,000,000 have been invested? It is a fair conjecture to say that we shall be compelled to pay twenty times the amount that we have paid for the Canadian Northern stock, and why not? The Grand Trunk Railway system is a system in operation; it is a going concern; $20,000,000 have been invested in that stock which has been worthless as a dividend producing proposition; but the value has been placed in that stock, and I am afraid that when the arbitration is over, we shall be compelled to pay to the new or to the old shareholders a sum equivalent to at least twenty times the amount that we have paid to the new or to the old shareholders of the Canadian Northern Railway system. For these two reasons I claim that the acquisition of the Grand Trunk by the Government of this country will impose upon the Government a burden more onerous to them than it has been to the Grand Trunk Railway system and its directors.

What has been the result of nationlization in this country in connection with our railways? We own actually about 14,500 miles of railway, and the deficit for this year is nearly $18,000,000. If you add to these 14,500 miles of railway that we own, another 7,000 miles, you are going to face a deficit of at least one-third more than the deficit for the current year. So that you will have to pay first of all $51,000,000 to replace the amount that has not been invested by the Grand Trunk; then you are going to pay interest on the common stock which has never paid a cent of dividend, and you are going to load this country with an annual deficit on our railways of at least $25,000,000 a year. This is no extravagant statement. In the United States, with its dense population, with manufactures in every city and town, with the immense increase that was made in freight and passenger rates on the railways in that country—and it was claimed that last year the United States railways under government operation showed an increase of $865,000,000 in rates alone—what was the result? The result was a deficit of $850,000,000. With this immense country of Canada, thinly populated, with cities and towns situated far apart from one another, with the difficulties of operating our railroads during the winter season, is it possible to expect that we are going to make a success in operating these 22,000 miles of government-owned railways in this country when the American Government made a failure of their own railway administration during the time of the war when it was necessary to commandeer the railways in order to help the Americans to win the war, to transport as fast as possible soldiers, munitions and merchandise? Even after increasing the rates, the American Government have had to face a deficit, and they intend to give the railways back to their former owners. Yet this Government have decided to try again a policy that has proved a failure in the United States.

Many things have been said in regard to the Grand Trunk Railway system, and I wish to put my views and suggestions on Hansard. I hold no brief for anybody; I speak on my own responsibility, and I intend to do my duty as I think I should do it. In 1903, the Grand Trunk Railway system entered into an agreement with the Government of this country. The Canadian people were to build 1,450 miles of railway from Winnipeg to Moncton, thus opening up new areas for colonization, and this occurred at a time when two new provinces had been given their provincial rights. The old provinces were asking for better terms, and the Government of the day decided that, instead of giving them better terms in the way of subsidies, they would open up the undeveloped parts of the old provinces in order that with their own finances, they might be able to colonize and develop the old provinces. The Transcontinental was built, but it was understood that after a certain period of time the Grand Trunk Railway system would lease it at a certain rental. The Grand Trunk Pacific and the Grand Trunk Pacific branches started building the parts of the road that they were compelled to build. In 1911, there was a change of Government, and a commission was appointed, and the result was that the Transcontinental was degraded. We have paid for that commission more than $60,000 to depreciate property belonging to the peo-

ple of this country, and we have rewarded the two commissioners. What has been the result? The degrading of the Transcontinental was done without consulting the Grand Trunk who were to pay the rental of the railway after it had been completed. The Grand Trunk made out a case so strong that the Government of the day decided that the lease that was to exist between the Grand Trunk and the Government of Canada should be cancelled, and the Government took over the Transcontinental. By the degrading of the Transcontinental the Government have prevented the Grand Trunk from making connections with the Grand Trunk Pacific, and the Grand Trunk being unable to meet their obligations, the Government have appointed the Minister of Railways as receiver for the Grand Trunk Pacific.

The Grand Trunk Pacific may be looked at from a different angle, but the fact remains that this was an undertaking entered into in the interests of the country by the Government and a private company. If the Transcontinental has been degraded it is the fault of the Government and not of the Grand Trunk, because the company was no party to the degrading of the road. Without the connecting link of the Transcontinental between the West and the old Grand Trunk system it was impossible for the Grand Trunk Pacific to operate successfully. By degrading the Transcontinental the Government cut the system in two. Is it fair for the Government, after altering the conditions of the contract they entered into with a private company, after changing the conditions of operation, to say to the company: You must sell your road to the Government, and must accept our terms. The bargain for the Grand Trunk Pacific was entered into by the company in good faith, and was carried out as well as they could. It is not their fault that the Transcontinental was degraded. You cannot charge the company with the war, which has altered economic conditions generally. The Government claims that the only remedy is to buy outright the stock of the Grand Trunk Railway system. Just consider our financial position, Mr. Speaker. We have deficits every year and have to call on the people to subscribe loans. We are floating a Victory Loan now, and expect to get at least $500,000,000. That loan has not yet been subscribed, but already officials of the Government are stating publicly that after it is subscribed there will have to be another appeal to the people for subscriptions. Under such conditions is it fair to say to the people of this country: We are not going to cut down our expenditures or curtail our extravagance, but shall go on as before, and further, we are going to ask you not only to make up our annual deficits, but to buy a road which is unable to make both ends meet; you must put up the money. Not only is the bargain unfair to the Grand Trunk system and onerous for the Government, but it is unfair, and this is my third point, to the people of this country.

I want hon. gentlemen to remember when I speak of the Canadian Pacific that I hold no brief for that company, but there is this argument to offer. We are proud of the Canadian Pacific Railway Company. It is a wonderful railway organization, the greatest in the world. Does any one suppose that the Canadian Pacific railway, when the Canadian Government is its competitor, will be able to maintain its system in that state of efficiency of which we are so proud to-day? Although the National Railway system is operated by an independent board we all know who is responsible for its administration. I am not here to discuss that board, but I say it is impossible for a government-owned system to be administered as a private-owned system would be. We shall have to secure traffic, and the government-owned system will encroach on the rates, will give greater facilities, and break through the traffic regulations of this country, and who will suffer by that? The Canadian Pacific, because to meet the competition of the government-owned system they will have to do what the government-owned system does. The result will be that the dividends of the Canadian Pacific will be cut down, and the efficiency of the road impaired, and who will suffer from that? The people of Canada. If the Government were really anxious to make an experiment in the nationalization of railways I would look with more favour on a project to acquire the Canadian Pacific. If the Government are really in favour of public ownership, let them take over all the railways in Canada so that there will be no unjust competition. Just have one system. I do not know that it would be a paying business, but you would have to risk that. If the Government want to experiment in the nationalization of railways let them buy roads which are on a paying basis, and not simply roads that are bankrupt or about to fail. Why in the name of

everything that is holy should the Government pick up only the railways that are unable to meet their obligations, and leave alone the railways that are operating successfully? I cannot understand that. It may be that the money-makers who would like to buy the shares of the Canadian Pacific would have to buy them in the open market and would have to pay a much bigger price than for Canadian Northern or Grand Trunk stock, because the Canadian Pacific is a paying road. To take over the Canadian Pacific would be a more sound policy for the Government to pursue, but it is the Grand Trunk system that is going to be acquired.

I cannot help smiling when I hear or read in Hansard the arguments made from the Government benches that the Grand Trunk is required as a feeder or connecting link for the national system. Now a connecting link cannot pay better in the hands of the Government than in the hands of a private corporation. If it has proved a failure in the hands of private owners I wonder what will be its fate in the hands of a commission appointed by this Government, when it is acquired under our present peculiar financial circumstances, and in view of the burdens which the Government of the country will have to shoulder. In conclusion, Mr. Speaker, let me say that I have expressed my views on this subject not with any hope of influencing a single vote, but rather to convince hon. members opposite if it be at all possible to do so, that there are more sides than one to a question and that every subject can be debated with perfect equanimity of mind and a sound and unbiased conscience.

Mr. JOSEPH ARCHAMBAULT (Chambly-and Verchères): Mr. Speaker, I feel that I would be derelict in my duty if, before the vote is taken, I did not make a non-partisan and earnest appeal to the members on both sides of the House in an endeavour to save Canada from an agreement which in my opinion is fraught with possible catastrophe and national bankruptcy. In order to make myself perfectly clear in my opposition to the Bill now under discussion, I desire at the outset to enunciate the reasons which I intend to develop in the course of a few remarks I shall make on the subject. These reasons are: First, in my opinion the Bill embodies what I may term an amphibious project, which is not public ownership but which retains all the risks and disadvantages of public ownership, eliminating many important features and advantages appertaining to such policy; second, although I believe in public ownership in theory, and although in practice it might be a good policy in other spheres of action, yet experience teaches us that in railroad matters it has been and is bound to be a failure; third, even if public ownership of railroads were a successful policy, the finances of the country do not permit the expenditure involved in the proposed agreement; fourth, there are at least two alternatives which are better than the proposed agreement now before the House; fifth, the agreement in itself is bad and it should be amended or postponed for further information and more mature consideration; and, finally, public opinion does not demand this undertaking, on the contrary, it is protesting against the proposition.

Let us now briefly and dispassionately examine these six reasons, having in mind the fact that when each and every one of us entered Parliament he took a solemn oath to vote not for party purposes, but according to his conscience, and only in the best interests of Canada. I said, Sir, that this project was amphibious: ni chair ni poisson. It contains all the risks and disadvantages inherent in public ownership, but discards many of the essential features and advantages of that policy. I might have used a more modern and up-to-date expression created recently by the Minister of the Interior (Mr. Meighen), who has largely piloted this Bill. I might have said "amphibiological." But, Mr. Speaker, as I am not speaking "in code," the word amphibious conveys adequately the idea I wish to express. The term "amphibious" is applied to animals or plants which can exist either in water or on dry land and which generally do not thrive to any marked degree of success in either element. Figuratively and economically speaking, it may be applied to a man or a policy having all the ear-marks of a well-defined character, but lacking many of its essential features. This amphibious character is very seldom a success; and it is always a failure when it embodies all the disadvantages of the policy it feigns and takes no cognizance of the advantages which attach to that policy. The ministers who piloted this Bill have made efforts to impress the House with the idea that the agreement embodies real public ownership of railroads, and I shall deal later with the danger of this policy. In the meantime let us examine the advantages of public ownership which are left out of this Bill. In the first place, according to the minis-

ters, the Grand Trunk will never be in our name; we shall never be the real proprietors. We may possess at a certain moment the majority of the stock, but the Grand Trunk Company will remain as a company and an entity. By not having the railroad under the name of the Canadian National Railways we deprive ourselves of a very great advantage in the shape of advertisement. It is true that the people will know that we have the controlling interest, but the road will still be run as the Grand Trunk railway and will not attract Canadian trade to the same extent as if it were known as part of the Canadian National railways. The second advantage, which is not embodied in the Bill, and which appertains to public ownership, is the fact that under this policy the state can enact uniform legislation favourable to its own railways and of great assistance towards their success. The Grand Trunk has something like two thousand miles of road in the United States. It controls thirty-three companies with stock amounting to some fifty-one million dollars. These companies in the United States will escape our legislation and jurisdiction, with its benefits. Furthermore, of these two thousand miles both ends will be subject to foreign law, operated under the administration of the American railroads; and it is not likely that the American people will favour a railroad controlled by a foreign government and running in the United States in competition with American lines. Therefore these lines of the Grand Trunk which are at present running in the United States under a deficit will be further jeopardized by antagonism and unfriendly legislation. When we were discussing the resolution in committee, I raised the point that Canada, or His Majesty, could not own and operate railways in a foreign country because it is an absurdity in international law that the sovereign can be subject to the legislation and the laws of a foreign country. The Minister of the Interior who answered my question gave me two reasons. The first was that, although admitting the soundness of my argument in theory, the fact remained that the United States Government were operating railways in Canada. That was no answer at all because the United States Government does not operate any of its own railways in Canada. The New York Central and Delaware and Hudson are privately owned railways that have been taken temporarily by the Government of the United States for operation. There is no similarity between the fact that the United States Government is operating temporarily private-owned railways in Canada and the fact that we would go into the United States and operate our own railways. It makes all the difference in the world. If the New York Central or the Delaware and Hudson should violate the orders of the Canadian Railway Commission, or if by chance an accident should occur rendering either company liable in damages, surely action would be properly instituted against the New York Central, or the Delaware and Hudson, and not against the United States Government in view of the fact that it is not the United States Government which is operating these roads in its own name but that they are simply being operated for private companies.

But, says the minister, in his second answer: "We will not own the Grand Trunk railway lines in the United States but we will only own the majority of the stock." I admit that legally and technically the contention of my hon. friend is well founded but, although on this side of the House we were considered disloyal in 1911 because we wanted to enter into a trade agreement with the United States, I must say, Sir, that we do not relish the idea of the Dominion of Canada expressing the subordination of its will to a foreign power and to a government bureau of that foreign power. We believe we are right in our contention that the subordination of a private-owned company or corporation to the laws of a foreign government is not the same as the Government of Canada subordinating itself in any manner to the same power.

This operation by Canada of its railways in the United States has another aspect which concerns the friendly relations between Canada and the United States. It is well known that the acquisition by Japan of a railway in Manchuria and the operation of that railway is looked upon with intense disfavour in China and may bring about trouble between the two nations. How will the 110 million people of the United States view the control by the Dominion of Canada of a company owning American territory approximately 2,000 miles in length and 60 feet in width in the States of New Hampshire, Maine, Vermont, Massachusetts, Connecticut, Michigan, Indiana and Illinois consisting of the right of way necessary to enable the Dominion of Canada to reach two of the seaports of New England, Portland and New London as well as the great city of Chicago. Will that make for friendly relations?

An hon. MEMBER: Sure it will.

Mr. ARCHAMBAULT: On the other hand it is most likely to entail most serious consequences. These lines of the Grand Trunk as it appears, are showing a deficit now that they are privately owned. What will happen if this agreement goes through? Is it not natural and logical to surmise that the Americans will feel rather chary about using our roads? They will certainly have the same disposition as we would towards a railway owned and operated by the United States in Canada. These lines will increase their deficit and the poor taxpayer will have to dig deeper into his pocket.

Here I come to a very serious consideration. I ask you, Mr. Speaker: What would happen in the case of war? There is only one answer. The United States would be entitled to, and would confiscate the 2,000 miles of line belonging to the Canadian Government, worth over $51,000,000, the country would suffer that loss and Canada would be in the absurd, the suicidal position of having her own railway used against her for purposes of war. There is an advantage in state-owned railways which is not embodied in this Bill. It has been repeated in the House before but I desire to bring the matter up again. By the British North America Act government-owned buildings and railways cannot be forced or obliged to pay one cent of municipal or school taxes. It is certain that whether the Bill is passed or not the school and municipal taxes which our lines in the United States are now paying will continue to be paid. We have had the assurance of the Minister of Railways that in Canada the municipalities will not lose these taxes. I understand that the amount is something like $1,000,000 in Canada and approximately the same in the United States, which means that the taxpayers of Canada will have to pay, if this Bill is passed, $2,000,000 a year to municipalities which they would not have to pay if the policy of the Government was real public ownership.

Now even if we had all the advantages of public ownership I say this: Although I believe in public ownership in theory, and although in practice it might be good, in other spheres of action experience has taught us that public ownership of railways has been a failure. The hon. member for Marquette (Mr. Crerar) has pointed out very clearly the paramount reason why, in theory, public ownership of public utilities is preferable to private ownership, and I would be entirely in accord with his view if this principle could be applied to railroads. The hon. gentleman said this: "Private ownership is based on the principle of gain—it is an investment for profit. On the other hand public ownership is based on the idea of service at cost to the people." I find no fault with that principle, but even my hon. friend's definition contains a doubt. He says that it is based on the idea of service at cost to the people; he does not say based on a service at cost to the people; he has to include the word "idea" which means a theory. Is it possible to give service to the people at cost?—That is the whole question. In some cases it is. In other spheres of action, as I said before, even if the price above cost is so little that the benefits derived from it are greater than the over-cost, it would be all right. I am in favour of public ownership of cold storages for instances, because they require very few employees, and if such a policy were adopted the people would not be famished and fleeced as they are now by the food barons of this country. The hon. gentleman (Mr. Crerar) has also cited in order to prove his case, the Hydro Electric Commission of Ontario and the Winnipeg power scheme. Sir, admitting that these enterprises are a success and that in their case public ownership has proven a success, nobody will compare the administration of power enterprises in one province or in one city, with the administration of a system of railroads covering the whole of this Dominion and also operating in the United States. Once the natural energy is converted into electricity the cost of operation is very small—everybody knows that. But in the case of railroad enterprises such as I have described the differerence in the cost of operation and in the number of employees is so vast that I am amazed that the facts do not impress the clear and shrewd mind of my hon. friend. When the hon. gentleman speaks of the success of the Hydro Electric Commission of Ontario let me remind him that in the city of Montreal a private-owned company sells power just as cheaply. But let me ask my hon. friend this: Is he in favour of the nationalization of grain elevators and telephones, and what have been the results of attempts at such a policy in his own province?

Mr. BURNHAM: I would like to call my hon. friend's attention to the fact that when the sinking fund is paid off these public-owned properties, the service will be much cheaper than it is now, which is entirely different from private ownership.

Mr. ARCHAMBAULT: It is, but will the Government create a sinking fund in connection with their policy for the purchase of the Grand Trunk railway? That is quite different.

Mr. McKENZIE: They will be sinking.

Mr. ARCHAMBAULT: It will be a case of the country sinking to the depths of bankruptcy. But taking it for granted, Sir, that in practice public ownership of certain public utilities could be made a success—and I might admit that it might be made a success—it is bound to be a failure in the case of railroads. It has been a failure wherever it has been adopted.

An hon. MEMBER: Where?

Mr. ARCHAMBAULT: It has been a failure in the United States and it has been a failure in England.

An hon. MEMBER: No.

Mr. ARCHAMBAULT: It has been also a failure in Canada, and can my hon. friend who disputes my statement name another country where it has been a success except Germany or Austria, and even in Germany at the present moment there is a deficit of $150,000,000. Will my hon. friend suggest that we should adopt the policy of Germany? Germany is a military-conducted country, and it is because the railroads there are operated by the military authorities that the system has proved a success.

Mr. CHARLES MARCIL: And there are no strikes.

Mr. ARCHAMBAULT: Very true. As my hon. friend sitting near me states there are no strikes. Now, in order to conduct the operations of a corporation or a business with success, four elements are absolutely necessary and essential: First, efficiency in management; second, the acquisition of the basic materials of industry at the cheapest rate and in the absence of waste; third, the selection of the best officials and employees; and fourth, the creation of an incentive to advancement. Public ownership is practically barren of these four elements, because political influence has always existed in connection therewith and will always exist. Every hon. member who spoke in favour of the Bill—the Minister of Railways (Mr. Reid), the Minister of the Interior (Mr. Meighen), the ex-Minister of Finance (Sir Thomas White), and the hon. member for Marquette (Mr. Crerar)—stated that public ownership of railways could not be a success if political influence was to remain in Canada. All other reasons in favour of the policy fall flat, even according to their own admissions, if this essential and sine qua non condition does not exist. It is a Utopia to seriously consider that railways can be operated by a Government—I do not care to what party it belongs—without political influence. If rails, stations, or other equipment of a railroad are needed, friends of the Government will use—

Mr. CANNON: This Government has no friends.

Mr. ARCHAMBAULT: —I am speaking of Governments generally—will use their influence, and sometimes without scruples as to the means, to secure contracts. If a new line or new stations be needed, the private concern will put the new line or the new stations where most needed; but the Government, irrespective of party, will provide the accommodation where it will be most useful politically—we cannot get away from that. If the position of an official or other employee becomes open there are the 100,000 employees that will be created to be considered—because there will be that number of railroad employees under Government control if the present measure passes, and if we add the Grand Trunk railway to the railroads that are already owned by the country.

Well, for every vacancy there will be at least fifty applications from each of the two hundred and thirty-five ridings in the Dominion, and where is the hon. member who will contend that from among 11,750 applicants for one job the most efficient will be selected?

Moreover, under the circumstances, the best men will not apply. The best qualified men are always eager for advancement, and this incentive, so necessary to efficiency, does not exist in the case of a publicly-owned company. A great number of men, builders of industry, have started at the bottom and landed at the top, and it is that prospect which makes them hard workers, which makes them efficient, which makes them devoted to their employers. Many names could be cited as examples, but one of the most striking is the example of the ex-president of the Canadian Pacific Railway Company, Lord Shaughnessy, who, if I am not mistaken, entered the service of the company as a telegrapher at ten dollars a week and climbed steadily through various stages in the company's employ until he became president. There are other examples, Sir, too numerous to mention. Can the

Minister of Railways or the Minister of the Interior give many examples of a government employee who started at the bottom as clerk and reached the head of his department?

Mr. W. F. MACLEAN: The present postmaster of Toronto.

Mr. ARCHAMBAULT: Can my hon. friend name any others?

Mr. W. F. MACLEAN: Yes.

Mr. ARCHAMBAULT: Many others?

Mr. RICHARDSON: The collector of customs at Winnipeg.

Mr. ARCHAMBAULT: I was talking about railroad employees. My hon. friend may be able to give a few examples, but the exceptions are few. In practically every department in Ottawa the heads are surely not men who started at the bottom as clerks. I do not say that they are not competent, but practically every one of them was named through political influence.

Hon. J. D. REID: Perhaps the hon. member will permit me to point out that the system on the Government railways is the same as on all other railway systems. All employees belong to the unions and when a vacancy occurs the senior employee takes the position if he is qualified for it, or, if not, the next in order of seniority. The principle of seniority in promotion follows right through in every branch.

Mr. ARCHAMBAULT: Well, I am not ready to answer that. But I remind the House that the position of head of the Railway Commission has certainly not been given to a gentleman who started at the bottom as a railway clerk.

Mr. J. D. REID: That is a judicial position.

Mr. ARCHAMBAULT: Well, call it judicial if you like; it is a government railway position, nevertheless.

I have said that the acquisition of this railway creates a huge political machine dangerous to the State. Imagine a strike for higher wages of one hundred thousand employees of a railway. If the strike is in a private concern the Government can interfere as conciliator—even in certain cases with a strong arm. But if they are government employees, what Government will take the risk of antagonizing one hundred thousand employees from all over Canada, probably enough in each riding of the country to elect a representative one way or the other? No Government will take any such chances. The demands although perhaps unreasonable, will be met; the deficits will be greater and the poor taxpayer will again be the worse off.

What are the prospects of the elimination of patronage under the present Government? The railways do not come under the control of the Civil Service Commission; there is no question about that. On every occasion when the Civil Service Commission or anything pertaining to it has come up for discussion in the House, scores of members on your right, Sir, have protested vigorously against the bone being taken out of their mouths and have demanded eagerly a quick return to patronage. These are not very encouraging signs of the death of patronage. But, Sir, recently I had occasion to bring before the House a most glaring case—a sad case—of political patronage, not a case where a job was in question, but a case where the whole system of the Canadian National railways in one district was tampered with in order to aid political propaganda. I was not allowed to disclose all the facts at the time, but I am now in possession of further information and it may be interesting to my hon. friends to know what kind of political patronage is permitted to thrive under the present Government. On the 17th of September, 1919, I received the following letter from one of my constituents:

> Dear Sir:—I enclose herewith clipping dated September 6 with regard to alleged misuse of Canadian National railway train between Hybla and Toronto for the benefit of a political picnic.
>
> This charge is very serious, too serious to pass unchallenged, and I would thank you to inquire into same, on the floor of the House if necessary, to see if things of this nature are allowed to happen.
>
> Yours respectfully,

Here is the clipping:

> Slain by Politics.
>
> The Romans used to have a proverb, "Butchered to make a Roman holiday." In Canada we do better. We kill children in order to make a political picnic.
>
> The other day R. H. Thompson of Hybla, Ontario, boarded a Canadian National railway train at his local station, with his little girl, who was critically ill, in order that she might be taken to the hospital for sick children, Toronto. The time table called for the arrival of that train in Toronto at nine o'clock that evening and the father depended upon reaching the city at that time, as it was a case of desperate hurry. When the train got to Bancroft the child became much worse, and to his dismay the father found from the railway conductor that the train would not proceed any farther that day, because all the cars were needed to take good followers of the Union and Hearst Govern-

ments to a picnic at Marmora given by E. Gus Porter, a Unionist M.P. for West Hastings.

Mr. Thompson consulted a local doctor and was told that the only thing to be done was to take the child to an hotel for twenty-four hours until the Canadian Government would be ready to fulfil its contract to carry the father and child to Toronto. This was done. The next morning the train was taken to Toronto. On arrival in the city, 24 hours after the time she should have arrived, the child was hurried to the hospital and was operated upon. But it was too late, and she died in a few hours, leaving behind a broken-hearted father, who was compelled to go home and tell his wife that their child had died, because the Government allowed a political picnic to suspend the schedule of their National railway.

I immediately sought to bring the matter up on the Orders of the Day, but I was stopped the moment I mentioned the name of the paper, namely, Jack Canuck.

Mr. SHEARD: Oh, oh.

Mr. ARCHAMBAULT: My hon. friend may laugh, but it was the same paper which flooded the trenches during the elections in 1917 with money of the Unionist organization. I put the question on the Order Paper and I finally got the following answer:

1. No trains were cancelled for the purpose mentioned, but on account of shortage of equipment and motive power due to troop movement and harvest excursions and to accommodate extra traffic on the branch the time of train No. 60 was changed, due notice of which was given to the public affected thereby.

To question No. 2 asking if the Government were aware of what had happened to Mr. Thompson's child, the answer was "no"; and to question No. 3, asking if the Government intended to hold an immediate inquiry into the matter, the answer was "no". My next move was to write a letter to Mr. Thompson. I thought that the matter was so grave and sad that it should be investigated, and with your permission, Sir, I will read Mr. Thompson's reply:

Monteagle Valley, October 3, 1919.

Dear Sir:—Received your letter of 30th n regard to the hold up of the Canadian Northern railway regular train for Porter's picnic at Marmora. On August 20th I boarded the train on said date with my littie daughter of six years who was suffering from appendicitis. When I got to Hybla the trainmen helped me in the baggage with the cot. Just when the train was ready to pull out, the conductor asked me where I was going. When I told him, to Toronto, he said I had better wait until the next day as the train was going to be held over until six o'clock at Marmora, so I could not get a train out from Trenton to Toronto before three o'clock in the morning of the 21st. But there was no use of taking my sick child back home as something had to be done at once. When I got to Bancroft, Dr. A. T. Embury met me at the station and advised me to wait over as so long on the road would be more than my child could stand, so I waited until the 21st, and as there is a fast train one day and a slow train the next that handles freight, I had to take the slow train. This hold-up was not advertised at all. This can be proven by Mr. N. D. McElroy of 49 Grosvenor Street, Ottawa, who was taking his wife home from Baptiste lake on a stretcher and had to wait over at Bancroft. Had the hold-up been advertised, I could have got to Bancroft by auto and gone to Toronto by way of Lindsay. I reached Toronto about nine o'clock in the evening of the 21st and my child was operated on without delay. She spent a fair night, but took bad in the morning and died about eight o'clock on the 22nd in the evening. The doctor said if I had got there before the twenty-four hours I was held up she would have every chance.

But listen to this:

My wife was sick with bronchial and nerve trouble at the time. The shock of losing my little daughter was more than she could stand, and she passed away on the 13th September leaving me with three small children. I am now obliged to sell out my stock at a sacrifice price as I cannot look after my children here. Will close as I think I have told you everything as is the facts.

You will notice that in this letter Mr. Thompson mentioned that another witness, a Mr. McElroy, was with him. I accordingly wrote a letter to Mr. McElroy, and this is the reply which I received from him:

Dear Sir:—Replying to favour of the 10th instant, re Mr. R. H. Thompson of Monteagle Valley, Ontario. On August 20th, I went to the Canadian Northern railway station at Bancroft to make arrangement to bring my wife to Trenton on a stretcher, she having met with an accident while camping at Lake Baptiste. Was informed by the agent, Mr. Smith, that the trains were running on a spur line that day to Marmora to carry passengers to and from Mr. Gus Porter's picnic. Mr. Smith advised me to wait until next day as it would mean a delay of five hours at least and would cut off all connections at Trenton. On Thursday, August 21, got accommodation in the baggage car where I met Mr. Thompson who had his little girl on a cot rushing to Toronto with her to have her operated on under the advice of his family doctor. Mr. Thompson boarded the train the day before at Hybla, two stations north of Bancroft. Fortunately for me the delay did not signify, but learned recently that on Mr. Thompson's arrival at the hospital, he was told by the doctors that he was too late with his child as other complications had set in and nothing could be done for his child so death occurred. Outside of inconvenience to the travelling public and causing the sick prolonged suffering and in the end to lose those that are near and dear to you, it was the most inconsistent piece of railroading that has come under my notice in the eighteen years of my road life.

I do not question the answer of the minister. Probably the answer was given to him by one of his officials.

Mr. J. D. REID: The question that appeared on the Order Paper I sent to the

management at Toronto and the answer that I gave to the hon. member was the one which I received from the management.

Mr. ARCHAMBAULT: May I be permitted to read a public letter addressed to the Minister of Railways:

Hon. J. D. Reid, M.P.,
Minister of Railways,
Ottawa.

Sir:—As a Minister of the Crown, we take it for granted that in your answer to questions put to you in the House of Commons, you are expected to tell the truth. Having this belief, we venture to call your attention to several—

Mr. DEPUTY SPEAKER: I am entirely in the opinion of the House in this matter, and I think that the hon. member for Chambly and Verchères was perfectly justified in bringing to the attention of the House a certain incident which he considers to be a reason or an example why public ownership should not be encouraged. That having been done, I think that he should return to the question under discussion and that he should not take up the time of the House upon the third reading of the Bill concerning the acquisition of the Grand Trunk railway in discussing the correctness of an answer given to a question in connection with another matter before the House of Commons.

Mr. ARCHAMBAULT: I just wish to read this letter if I may be permitted.

Mr. DEPUTY SPEAKER: If the letter related in any way to the acquisition of the Grand Trunk system it could certainly be read, but as I understand it, it relates entirely to another matter, to a question answered by an hon. minister in the House of Commons. Even if the letter were relevant, if it contains a reflection upon the conduct of a minister or a member in the House, or upon any proceeding in the House it could not be read.

Mr. ARCHAMBAULT: I can assure you, Mr. Speaker, that it does not reflect on the conduct of a minister in the House, but simply puts a question to the minister. I submit that we are discussing the public ownership of railways and that as this letter relates to the administration of the railways under public ownership, it is in order for me to read it.

Mr. DEPUTY SPEAKER: There is a well-known rule of Parliament which says:

Nor is it in order to read articles in newspapers, letters or other communications, whether printed or written, emanating from persons outside the House, and referring to, or commenting on, or denying anything said by a member, or expressing any opinion reflecting on proceedings within the House.

Mr. ARCHAMBAULT: I bow to your decision, Mr. Speaker. I do not say that the Minister of Railways sanctioned the excursion, but the lesson I can logically draw from this unfortunate incident is that the operation of the Government railways is bedevilled by politicians. What must the people of the country think? The hon. member for West Hastings (Mr. Porter), ex-Premier Hearst, and T. W. McGarry must feel proud that the price of the success of their political picnic was practically the murder of a suffering child.

Returning to the general question of the Government ownership of railways, let me read a resolution on this subject recently passed by the most important association of business men in America, the Merchants' Association of New York:

Whereas, By reason of conditions inseparable from our form of government, governmental operation of economic undertakings, whether Federal, State or Municipal, is characterized by:

Extreme delays and inertia, vacillation, hesitancy and inconsistency in matters of policy;

Wasteful outlays in response to sectional demands;

Insufficient provision of funds when needed for necessary purposes;

Absence of close and harmonious co-operation between the legislative directorate and the executive officials;

Insecurity of tenure in the higher places and lack of self-interest as an incentive;

Frequent change of higher officials and the injection into office of new and untried men;

Unsuitable methods of selecting executive officials whereby such officials are not often properly qualified by expert knowledge, previous training, experience or proved capacity;

Hampering conditions imposed by law upon executives whereby they are deprived of necessary control of operation and of their subordinates; and

Whereas, From these conditions naturally result imperfect co-ordination, lack of qualified management, bad operating methods and general waste and inefficiency; both the methods and the results being diametrically opposite to those which prevail in properly managed business undertakings, which latter are governed solely by economic considerations, and require for their success close and friendly relations between the directorate and the officials; the prompt provisions of funds as required by the economic needs of the business; high capacity, long experience and special training on the part of the executive officials, assured tenure during efficiency, self-interest, and the possession by such officials of a very large degree of discretion as to outlays and operating details; Now, therefore, be it

Resolved, By The Merchants' Association of New York that governmental methods in the conduct of business affairs are inherently defective by reason of the fundamental restrictions imposed by our form of government; and that such methods are often inefficient and

wasteful and therefore unsuited to the conduct of business undertakings; And be it further

Resolved, That The Merchants' Association of New York is opposed to governmental ownership and operation of railroads, telephones, telegraphs, and other public utilities, believing that such utilities are far more effectively operated under private ownership, subject to public regulation, than would be possible under governmental ownership and operation, and that it would be a national calamity to subject these instruments, indispensable to the welfare of the whole country to the hampering, inefficient and wasteful methods inseparable from governmental undertakings.

Let us see how public ownership has turned out in countries where it has been tried. The hon. member for Sherbrooke (Mr. McCrea) invited the President of the Privy Council (Mr. Rowell) the other evening to name any country where public ownership had proved a success. The minister replied that it had proved successful in some countries, but not in English-speaking countries. To what other countries was he referring, as well as the hon. member who put a question a few moments ago? Evidently to Germany and Austria. That is no comparison at all, because in Germany and Austria the railroads are on a military basis, they are managed practically by soldiers under the control of the military authorities. There can be no strikes on the roads there for higher wages, the employees being controlled just as the soldiers of Germany and Austria were controlled by their officers during the war. Unless we want to establish a military dictatorship in Canada, we had better look to some other country to prove that public ownership can be made a success. I may add that only two days ago I saw by the papers that the roads in Germany, even though under the control of the military authorities, had a deficit of $150,000,000 this year.

My hon. friend, the President of the Privy Council (Mr. Rowell), never said anything truer than when he made the statement that public ownership of railways had not yet been tried successfully in English speaking countries. It has been tried in England; it has been tried in the United States; it has been tried in Canada. And in every case it has proved an utter failure. In England before the war the railway companies were moderately prosperous, returning something over four per cent to their proprietors, and the service was the best in the world. The Government took over the roads, with the result that for the year ending last April the deficit was in the neighbourhood of $300,000,000. In the United States the deficit last year under government management amounted to over $210,000,000, and although the Government collected through increased rates $865,000,000, making a total of $1,075,000,000 more that the people had to pay, the service was worse than before. The result is that, on October 13, the United States returned to private control and operation of railroads under the direct supervision of the Interstate Commission and National Transport Board. Now, the other country is Canada. No one will contend that the Intercolonial has not always made deficits, and the deficits on Canadian-owned railways for this year will amount, if I am correct, to $18,000,000. Who will pay these deficits? The Canadian taxpayers, and even those who do not use the roads will have to pay their share just the same. It is said that the farmers and the grain growers of the West are in favour of public ownership of railroads. Well, when the Government, in order to recoup the deficits incurred by public ownership, begin to tax the lands of the farmers, I believe the opinion of the agricultural communities of Ontario and the West will have undergone a radical revision by that time. No; public ownership has been rejected by the greatest authorities in the matter. When we realize that, including operating expenses and fixed charges, it cost the Canadian Pacific railway about $70 to do $100 of business, and that, including operating expenses and interest on cost, which we may consider as fixed charges, it cost the Intercolonial and government-owned railways from $200 to $220 to do $100 of business, I think it is time to say with force and emphasis to the Government: "Stop! You are steering the vessel of State into the breakers." But, Mr. Speaker, even if public ownership of railways could be made a success, I submit that the finances of the country do not permit the expenditure that will be required at this time. I shall make but a few observations on this point, my reasons having been fully given by previous speakers. The Minister of Railways (Mr. J. D. Reid) in answer to my hon. friend from Pontiac (Mr. Cahill) has stated that by this agreement we assume obligations to the extent of $504,629,240, besides the sum of $109,721,760, due by the Grand Trunk to Canada, and a further sum of approximately $150,000,000 for repairs and terminals ordered by the Railway Commission, making a total of some $889,351,000. Now, the debt has increased from $334,000,000 in 1914 to almost $2,000,000,000, or from $34 per head to $220 per head. The expenditure this year will reach something

like $800,000,000, but the revenue will be only $280,000,000, which will mean that we shall have to borrow about $520,000,000. The report of the Soldiers' Civil Re-establishment Committee refuses any gratuity to the returned man, giving as its reason the desperate financial condition of the country. One paragraph of that report says:

> Your committee also desires to point out that as a result of financial sacrifices, the German mark, ordinarily worth 23.8 cents, has fallen as low as 4.60 cents; the French franc, equivalent to 20 cents has fallen to 10 cents, and the value of the pound sterling has much depreciated. Further exploitation of Canada's credit can only bring about similar results and jeopardize her future. The multiplication of Government securities and of Dominion notes of issue, apart either from a proper gold reserve or supported proportionally by increased commodities, must inevitably result in an inflation and debasement of the nation's currency, and, again, inevitably further increase the cost of living.

Mr. Speaker, I entirely share the views of my hon. friend from Centre Winnipeg (Mr. G. W. Andrews) on this matter. If the financial conditions of the country do not permit us to assist the men who won such glory for Canada and shared so valiantly in the defence of civilization; if by assistance to those deserving men the cost of living would be increased, then it is a crime, against which I desire to register my strongest protest, to increase the cost of living by entering upon an undertaking pregnant with disaster. Before we hazard our money on any ill-considered venture, by buying a lame duck like the Grand Trunk railway, I think it is our duty to assist the maimed boys who were wounded in our defence in France and Flanders.

In order to meet our annual expenditure we have to borrow, and I believe it is far better to borrow at home than in the foreign market. I am therefore rendering my best assistance in my constituency on behalf of the Victory Loan. But I meet with strenuous objection on the part of people who are ready to subscribe, and have in the past subscribed large sums. They do not want to subscribe if this Bill goes through. I was awaiting with anxiety the speech of the Minister of Finance in Montreal in order that I might secure some sound argument in answer to those who objected to the loan by reason of this proposal. Well, the first thing the minister said was that he was opposed to the introduction of the Grand Trunk Bill at the present juncture. But his second argument was, in my opinion, so childish and naive that I am afraid some one may be able some day to sell him a gold brick. He said that not one cent of the loan would or could go to the Grand Trunk acquisition. That may be true technically, but you cannot gainsay the fact that if we acquire the Grand Trunk it will be with the money of the Canadian people. If we do not acquire the Grand Trunk with the actual money raised by the Victory Loan, this money so raised will replace money used for the purchase of the Grand Trunk or for some other purpose for which the disbursement on account of the Grand Trunk would serve. But suppose we accept the minister's statement as correct. Will it disabuse the minds of the people of the impression they have formed? No. The effect on the loan will be so tremendous that the Government is not justified in risking its failure by the passage of this Bill. We have been told that we are forced to take the Grand Trunk because our national system will be a failure if we do not. We are told that we need these lines in the East as feeders for the West; that we need these terminals; that if we do not take over the Grand Trunk what will happen?—liquidation and acquisition of the road by the Canadian Pacific. This is the argument brought forward by the minister and by other speakers on your right, Mr. Speaker, except perhaps the hon. member for Red Deer (Mr. Clark), who said with all the emphasis and the volume of voice of a drone: If the bargain was to cost $60,000,000 to the Canadian people, what of it; if it was going to give $120,000,000 to the British shareholders, what of it? It was not too much for those poor people! I have always listened to the hon. member for Red Deer with great deference. Sometimes he makes amusing statements. I remember, for instance, that when last year he was invited by the leader of the Opposition to come across he hurled back: "What have you got to offer?" I remember also on the resolution for an inquiry into electoral frauds the hon. member stated that we should not have brought the matter before the House, that the only question was the ratification of the Treaty of Peace. So important was it that, when it was discussed in this House, although the hon. member was present in Ottawa, he did not see fit to come to the House or deem it important enough to address the House on the matter. But he gave the hon. members of this House, the night he spoke on this Bill, the real truth about his principles—Give the British shareholders $120,000,000; the citizens of Canada do not count when it comes

to increasing the burden of taxes! The returned men were promised everything in the world during the election, but the returned men and the widows and orphans of the returned men did not weigh in the balance of the hon. member so long as his old and not forgotten friends of twenty years ago across the seas get their $120,000,000.

Let us see now what there is in the supreme argument that there is no alternative but liquidation and that feeders in the East will change a non-paying proposition into a most successful system. Are we sure of that proposition? Is it even a probability? In England and in the United States the feeders were there because the United States and English Governments controlled all the railways in their own countries. But let us assume that the proposition is sound and see if there is no way out of it but the acquisition of a controlling interest in the Grand Trunk. The Minister of Railways on the 15th stated:

(a) That if the Grand Trunk is not acquired the Dominion Government must spend $100,000,000 to $200,000,000 for branch lines and terminals in the east.

(b) That Canadian National railways are without branch lines or terminals in the East and therefore could not gather freight in the East for shipment West.

(c) That therefore the outlay for terminals and duplication would be avoided.

(d) That the only way to keep the Grand Trunk out of Canadian Pacific railway hands is to buy it—is to prevent it going into the hands of a receiver and unless this is done there would be no future for the Canadian National.

The statements of the Minister of the Interior and the President of the Privy Council were about the same. I submit, Mr. Speaker, that the facts do not bear out these statements, that there are at least two alternatives, and one especially which is very simple, and to which I wish to draw the attention of the Cabinet in order that they should give it their consideration before it is too late.

First—It has been admitted that the Grand Trunk, having defaulted in its obligations could readily be forced into the hands of a receiver; therefore, the Dominion Government has the power to compel a reasonable attitude on the part of the Grand Trunk in order to make a traffic contract or alliance or on any other matter.

Second—It is a common practice of privately owned and operated railways to make traffic contracts or alliances with other railways by which all reasonable means are provided for interchange of traffic without the ruinous expense of building into every section of country from which traffic is sought.

Third—The natural Canadian outlet for Grand Trunk traffic, from Eastern to Western Canada is via North Bay, but as the Grand Trunk long haul is from Toronto to Chicago and its short haul from Toronto to North Bay, a long term traffic contract requiring all its traffic to be delivered to the Canadian National at North Bay, could readily provide the means for liquidating a considerable portion of the Grand Trunk's financial obligations to Canada.

Fourth—It is an error to assert that the Canadian National is to-day without any eastern branches or terminals. It is very completely entrenched in Nova Scotia, Prince Edward Island and New Brunswick; has Government access to the great ocean terminals at Halifax and St. John, and also a considerable system of railway lines in Ontario and Quebec.

Fifth—It has been asserted also that in order to make a success of the Canadian National railways the terminals of the Grand Trunk are needed. By the traffic contract I would suggest the Grand Trunk could give access to the Canadian National to all the terminals and give running rights required, and the Government would not disburse one cent, but would credit the Grand Trunk with such sums as might be determined for rentals, running rights and surrender of its long haul at North Bay, and apply these credits to the extinction of the obligations of the Grand Trunk towards the Government of Canada. This, in my humble opinion, is one way out of it, and it should be carefully considered by the Government.

There is also another proposition, and it comes from a prominent and respectable business man, Mr. John Baillie, president of the Montreal Board of Trade.

Mr. McMASTER: A good Tory.

Mr. ARCHAMBAULT: Yes and a good Tory, too. Here is the suggestion which Mr. Baillie made at the meeting of the Montreal Board of Trade:

Personally I think there are men in Canada now, as there were in the old days, who can help the country by forming a syndicate like the C.P.R. and taking over the Grand Trunk. I think there is room in this country to form another such organization and take the road over and run it. They could run it in a business way far better than any government in Canada or any other country, irrespective of political faith. If we have to put the money up to run it, it had better not be under government control.

The Grand Trunk and the Canadian Northern should be run together. I am in favour of that,

but not under government ownership. If the Grand Trunk should run it, then possibly the government roads should be leased part or in whole to the Grand Trunk or C.P.R. I think two great systems are advisable in this country.

At one o'clock the House took recess.

After Recess.

The House resumed at three o'clock.

Mr. ARCHAMBAULT (resuming): Mr. Speaker, before recess, I had suggested two alternatives, either of which, in my opinion, the Government might adopt with better advantage to the interest of the people of Canada than the acquiring of the control of the Grand Trunk as is proposed in this Bill. The first was a traffic arrangement, or contract, or alliance between the Grand Trunk Railway Company and the Canadian Government under which the Grand Trunk would surrender their long haul from Toronto to Chicago and deliver all through traffic coming from tne East to the Canadian National Railways at North Bay. This contract would also give to the Canadian National railways the use of the terminals they need; it would give them certain running rights, and it would enable the Grand Trunk to liquidate its obligations to Canada.

The second suggestion—it was the suggestion of a prominent business man, Mr. John Baillie, president of the Montreal Board of Trade—was the formation of a syndicate to take over the Grand Trunk. I believe that this suggestion also is a good one. If my hon. friends are afraid of the Canadian Pacific getting control, they could easily direct the Railway Commission to prevent any amalgamation of this syndicate with or its control by the Canadian Pacific Railway Company. Now, Sir, we have not yet heard any discussion of these two alternatives. They have not been discussed in the House, but I believe that they deserve serious consideration. The Government would be derelict to its duty in rejecting the amendment now under discussion, because that amendment would give them an opportunity to weigh carefully these alternatives with a view to serving the best interests of the country.

Mr. MEIGHEN: The hon. member should not say that they have not been discussed; they have been discussed over and over again.

Mr. ARCHAMBAULT: They certainly were not discussed at length, though there may have been one suggestion in that regard. The matter is of great importance and the Government should go into it thoroughly in order to get a better bargain than we are getting by this Bill. Even if these alternatives are not considered feasible by the Government, more time should be given to consideration of the proposed agreement and more information should be forthcoming, because the present bargain is bad in itself.

I do not propose to go into all the financial aspects of the question; that had been lengthily discussed in this House. Let me simply say that when the Grand Trunk was found to be in default of its obligations the Government should have dictated the terms of the deal rather than be dictated to by the company. It is a bad bargain from what we know of it, and there are many important factors in the situation that we do not know of. What we know, however, is this: If the Minister of Railways is right, the acquisition of this system is going to cost at least $504,000,000, plus something like $150,000,000 for repairs to put the road in good shape and for the building of terminals ordered by the Railway Commission. We know, also, that the Board of Arbitration will decide the value of $180,000,000 worth of stock which was declared by the Drayton-Acworth report to be valueless. Our experience in connection with the Canadian Northern arbitration, which valued at $10,800,000 a valueless stock, does not tend to inspire me with confidence in the result of this arbitration.

We know, also, that the first guaranteed stock of £12,500,000 will not be arbitrated, but that the people of Canada will pay four per cent perpetually on that stock as well as four per cent on the other guaranteed stock that will be valued by the Board of Arbitration. I am not going to examine the financial aspect in detail, because it has already been presented to the House, but I desire to protest most emphatically against some of the enactments in the Bill.

The enactments against which I desire to protest all pertain to the arbitration clause. In my fairly long practice at the Bar, nineteen years, I have always wondered why the practice of having an arbitration board consist of one member named by one party to the litigation, another named by the other party and the third by both parties, has been followed. These arbitrators will be paid by the taxpayers of Canada. One of them will represent the interests of the Grand Trunk, and he will act on that board with a desire to increase the value of the stock. Another arbitrator will represent the

Government of Canada, and he will go on the board with a desire to decrease that value. The final judgment, therefore, will be in the hands of Mr. Justice Cassels, of the Exchequer Court, the third arbitrator. Would it not have saved the country much expense and trouble if the matter had simply been referred to the Exchequer Court? The result would undoubtedly have been the same, and I fail to see any reason why that course was not followed. Of course, there may be a reason; the Government may desire to create another fat job for one of its friends.

I also protest against the first guaranteed stock not being included in the arbitration. Thirdly, I say that we are departing from a principle of democracy by making the award of the Board of Arbitrators final without the formal approval of Parliament.

This is such a bad bargain for us and such a good bargain for the Grand Trunk stockholders that the stock in London has already jumped twenty or thirty points and will reach 80. But that is not all. At a meeting of the shareholders of the Grand Trunk Railway Company, held in London on the 21st of March, 1919, I believe, to consider the offer of the Government, there were cries of "shame," "ridiculous," "confiscation," "disgraceful," and the chairman, Mr. Smithers, scored what he called an attempt to acquire the system at the expense of the British investor. But these cries have changed to cries of delight at the news of the new scheme. An idea of what the change has been can be gathered from the following despatches. Here is one despatch which appeared in the Montreal Gazette of October 14:

England Welcomes Grand Trunk Bill.

London, October 14.—The financial editor of the Times says the news of the agreement regarding arbitration reached between the Canadian Government, and the Grand Trunk railway was received in the city yesterday with undisguised satisfaction.

The rise in the guaranteed stock would appear to be fully justified by the terms of the arbitration agreement.

The financial editor of the Daily Mail writes that if the Canadian Government's proposed terms are duly carried through, the Dominion guarantee of four per cent on the guaranteed stock will make the stock worth even more than the much higher price to which it rose yesterday, on the announcement of the terms. Last week the price closed at 46½, but yesterday it jumped to 57. If it rises to 70 it will still yield as much as five pounds, or fifteen per cent to the purchaser.

In view of the current market value of Canada's credit, a price of 70 would be by no means excessive.

Here is another despatch which appeared in the Montreal Star of October 14:

[Mr. Archambault.]

London Favourable to G.T.R. Proposal.

Favourable reception has been accorded the announcement of the intention of the Canadian Government toward the Grand Trunk railway. Financial circles here consider the debenture guaranteed stocks have been well treated, one authority estimating the increased value following the Government's action at thirty-five per cent. This also is likely to affect the stocks of several of its large holding corporations who will benefit, if this surmise proves correct.

This is a palpable and irrefutable confirmation of the views of those who believe that the Grand Trunk Railway company is getting the best of the deal at the expense of the Canadian taxpayers. But this is only one aspect of the agreement and dealing with what we know. What about the things which we do not know and which it is impossible for us to know because this matter is being rushed through at the end of a session which, I must repeat, was called for one special purpose, namely, the ratification of the Treaty of Peace, and because this matter was brought up after the leader of the Government (Sir George Foster) on a Wednesday afternoon had stated that the session would end on the following Saturday? I will mention these things on which we have no accurate information, without any comment because I believe I have already spoken quite long enough. I wish simply to emphasize the fact that no business man with a level head would plunge into such a gigantic venture without having in his possession all the information and data pertaining to it.

First, we have a very confused idea of the amount of obligations that we assume by this deal. After insistent queries by the hon. member for Pontiac (Mr. Cahill) and other members on this side of the House, the Minister of Railways (Mr. J. D. Reid) gave us figures, but there might be much more. We have no accurate data in connection with those figures.

Second, we have no accurate and expert advice as to the amount of money required for repairs in order to put the road into good shape. We have no accurate data as to the amount required to build the terminals and to do the work which the Railway Commission ordered the Grand Trunk to do. We have a little information from the Drayton-Acworth report which says that $51,000,000 will be required to put the road into good shape; but that report was made in 1916, and the amount might be much more now.

Third, the minister could not state the cost of the terminals at Toronto, Montreal and other points ordered, as I said before, by the Railway Commission.

Then we have no specific idea as to the amount necessary to comply with the regulations enacted by the Interstate Commission at Washington and the National Transport Board regarding the Grand Trunk lines in the United States. Then, we have no expert and specific valuation of the road itself. We have no arrangement for the running into American territory of lines controlled by Canada. On this point, it might be interesting to the House, if the Minister of Railways would give us some information about the trip which, if I am well informed, he made last week to Washington. What was the purpose of the trip, and what was the result of it?

Mr. J. D. REID: I did not make a trip to Washington last week.

Mr. ARCHAMBAULT: Then, I have been wrongly informed. But is the minister in a position to state that he had no interviews with the authorities at Washington in relation to the running of the Grand Trunk lines in the United States after the Canadian Government acquires them?

Mr. J. D. REID: Yes. I had no interviews nor discussions in any way, shape or form with any one at Washington or any one in the United States. The only person that I had any communication with in connection with the Grand Trunk was Sir Alfred Smithers.

Mr. ARCHAMBAULT: If the minister had no information from and no discussion with the authorities at Washington, my point is much stronger because we should have had this information. Only lately, I read in one of the newspapers that the authorities at Washington were watching eagerly what this Parliament was going to do in regard to this matter. Another piece of information which might perhaps prove of no value, but which might lead to an interesting discussion is the list of shareholders of the Grand Trunk Railway Company. If we had that list, it might reassure the mind of the hon. member for Red Deer (Mr. M. Clark), and it might convince him that the deal that is now going through will not be of any assistance to his poor widows and orphans on the other side, but will be of some assistance to other parties.

I come now to public opinion which some hon. members seem to treat so lightly. Has public opinion demanded the present deal? I listened very carefully to the whole discussion in the hope that some hon. member or the minister would place on Hansard or give to the House communications containing requests or petitions from provinces, cities or towns, showing that they were anxious that the Government should acquire the controlling stock of the Grand Trunk. But I have heard nothing of the kind. The only reference made to public opinion was made by the President of the Council (Mr. Rowell), who stated that he was anxious to have the Bill go through this session because if we delayed it, public opinion might rise in Canada against the Bill. In my opinion, this was the most bare-faced, anti-democratic statement I ever had occasion to listen to. But on the other hand, protests have been pouring in from every place in Canada, from Boards of Trade.

Mr. MEIGHEN: Where?

Mr. ARCHAMBAULT: From Regina.

Some hon. MEMBERS: Oh, oh.

Mr. ARCHAMBAULT: My hon. friends may laugh, but it is a fact that there was a protest from the Regina Board of Trade. I believe the report was just as accurate as the explanation given to the House by the hon. member for Regina (Mr. Cowan) himself, who was not there, who had no news of it before the report was brought into the House and who could not possibly know what had taken place. I believe that the report of the Regina Board of Trade should be taken into consideration.

Mr. MEIGHEN: I can tell my hon. friend that the report is that there were not seven, but six good Mackenzie King Liberals there and no one else. But the Toronto Board of Trade recently, at a meetig at which 300 gentlemen were present, unanimously passed a resolution strongly endorsing this proposition.

Mr. ARCHAMBAULT: I take the word of the minister, but at the same time, the reading of that resolution might be interesting. There were also protests from the Montreal Board of Trade which is not a negligible body. I know that the gentlemen who compose the Montreal Board of Trade have always been staunch supporters of the Government. I know they passed a resolution in favour of conscription in 1917, which led the ministers of the Government to say that if these hard-headed business men were asking for conscription we should have conscription in this country. Why is it that the Government praises Boards of Trade when they favour their legislation, and treats their opinions very lightly when

they are opposed to the Government's legislation?

Mr. MEIGHEN: They are nearly all in favour of it.

Mr. ARCHAMBAULT: Name some.

Mr. MEIGHEN: I have just mentioned one.

Mr. ARCHAMBAULT: That is not "nearly all".

Mr. MEIGHEN: Get through with that one first.

Mr. ARCHAMBAULT: Then we have a resolution from the Board of Trade of Halifax, which is pretty far from Montreal. I do not see much ground for my hon. friend's statement that nearly all Boards of Trade are in favour of this legislation when he can only cite one, without even reading it to the House.

Will my hon. friend from Halifax (Mr. Maclean) state whether the Halifax Board of Trade is for or against this legislation.

Mr. MACLEAN: Will my hon. friend repeat his question?

Mr. ARCHAMBAULT: Shall I put the question in French?

Mr. MACLEAN: Oh, not at all.

Mr. ARCHAMBAULT: Perhaps my knowledge of English is so imperfect that my hon. friend did not understand the question.

Mr. MACLEAN: Oh, not at all. I can compliment my hon. friend on his perfect knowledge of the English language but the fact is that my mind was occupied with other matters when he first put his question.

Mr. ARCHAMBAULT: Well, my question was if my hon. friend (Mr. Maclean) will state whether the Halifax Board of Trade is for or against this legislation.

Mr. A. K. MACLEAN: They never passed a resolution against it and therefore I cannot tell.

Mr. MEIGHEN: Wrong again.

Mr. ARCHAMBAULT: I may have been misled, but I remember quite well that while we were discussing this Bill in committee the hon. member for Lunenburg (Mr. Duff) started to read the resolution passed by the Halifax Board of Trade when my hon. friend from Halifax got up and said that but for him the hon. member for Lunenburg would never have got that information.

Mr. A. K. MACLEAN: I understand that a committee, or part of a committee, of the Halifax Board of Trade informally met one day and passed a resolution. I do not know the exact purport of it but it neither approved nor disapproved. I understand that the resolution, whatever it was, met with the condemnation of the Board of Trade later on. In fact, it was not a resolution at all.

Mr. ARCHAMBAULT: It might be interesting to have this resolution or whatever my hon. friend chooses to call it read in the House. At all events hon. gentlemen opposite cannot deny the fact that newspapers, erstwhile strong supporters of the Government are opposed to this legislation, and, of course, these papers represent the opinion of the districts where they are published, to say the least. They are branding the Bill as an impending calamity to the state. The Government, however, pays no heed to these protests and has decided to pass the Bill even if it is necessary to name new senators. Is it possible that this Government does not see the writing on the wall? Is it possible that they are blind to the unrest in Canada and deaf to the voice of the people? I trust not. I sincerely hope that the far-seeing members on your right, Mr. Speaker, will join with us in staying the project with all its dire consequences. My appeal may be unsuccessful, but I shall at least have the satisfaction of having performed a duty inherent to my mandate in giving a plain warning to the Government of an impending disaster.

Mr. D. A. LAFORTUNE (Jacques-Cartier) (Translation): Mr. Speaker, I had not expected to be called upon, in the course of this session, to speak in this House. First of all, I had been expressly forbidden so to do by my physician, owing to the bad condition of my health; but in spite of this, I shall yield to the requirements of my duty, as I have always done, turning away, thereby, from obedience to that medical injunction and to the request of my family.

Mr. Speaker, I should like to see many members go out while I am addressing the Chair, I should then undergo a strain somewhat lighter, I would feel more at ease and not so deeply moved, and my task would be all the easier. I quite realize that it may not be agreeable for those hon. gentlemen to listen to your humble servant expressing himself in the language of Molière and Racine, and not in the language of Shakespeare, I wish I could show more compla-

cency for our friends sitting to the right side of the Chair, but this is an impossibility for me, and I feel much more at ease when I happen to use my own mother-tongue.

Mr. Speaker, I have listened with keen interest to all that has been said on the question now submitted to this House, and so far as I can recollect, ever since I had the honour to occupy a seat within these precincts, no question was debated with so much science, eloquence or authority by the hon. members who have preceded me. As I have somewhat a partiality for my own friends—I mean particularly the hon. members who sit on this side of the House—I have listened with a great deal of pleasure, I must admit, to the young members of the Opposition when they dealt with this proposition in such an able and forceful manner. I shall, therefore, congratulate them all, most heartily.

I have often times participated in very serious debates which took place within these precincts, debates which lasted uninterruptedly through many days and even many weeks, and had reference to questions which we thought it our duty to discuss to the full measure of our strength, trying thereby to defeat, if possible, the proposals submitted. I shall now ask those of my colleagues who share my own opinion to support the views which I am about to expound, I shall ask them as a special favour to speak as fully and as often as may be required to defeat this nefarious measure.

I ask you, Mr. Speaker, why should we buy a railroad, under the straitened circumstances in which we are placed? Why should we think of buying a railroad, when we have no money?

An honourable MEMBER: Hear, hear.

Mr. LAFORTUNE: Always did I approve those who say: "Never buy on credit, buy for cash, and if you cannot buy for cash, do not buy at all. Buying on credit is a ruinous policy, and its consequences are always fatal."

The railway which the Government intends to take over is capitalized at about $500,000,000, a pretty large sum, Mr. Speaker, though not considerable for a prosperous Government; but it is a large sum for a country whose financial condition is unsettled. Under the circumstances, it is foolish to entertain a proposition of this kind; no wonder so many protests are made throughout the country, and if we are to judge of it by the most unpleasant remarks which are hurled at the Government from all parts, we must come to the conclusion that public opinion is very much exercised over it. I ask you, again, why should we buy a railway when we are burdened with more obligations than the Government can face? The budget of the country shows large deficits every year, and strange to say, the honourable gentlemen, as though they wished to make our condition worse, are trying, by every possible means, to deepen the abyss in which we are plunged.

Mr. Speaker, though not conversant to a great extent with financial matters and not having made a special study of the railway policy, I have some experience, however, I have investigated what happened in the past and what is taking place just now, and I frankly declare that the position taken by the honourable gentlemen on the other side has been a great surprise to me. I do not charge them with bad faith, and I respect their opinion, for I am willing to admit that they thought they were doing the right thing, and were really satisfied that this transaction was in the interest of the country. But, heavens! I am very much afraid that their opinion will not be accepted later on, that is, when they have to render an account of what they have done.

As long as a member does not have to stand before his electors, he can always do and say as he pleases; but when it is a question of showing clearly his policy to the public who have elected him, I assure you, Mr. Speaker, that I do not envy the position of my hon. friends on the opposite side of the House when, pressed by the electors, they are called upon to give them detailed information and vouchers explaining the reason of the enormous expenditure which this calamitous transaction is going to saddle on the people of this country. I repeat, Sir, that the people will have their turn and perhaps sooner than our hon. friends seem to believe. Far from me the idea of trying to offend anybody, but experience tells us that things are not so bright for the hon. gentlemen of the other side of the House; clouds are gathering, the sky is getting darker; from all sides one hears rumblings, the people are restless and, as you know, Mr. Speaker, when the anger of the people is aroused there is cause for apprehension. Nothing in the world would lead me to accept any part of the responsibility which is incumbent on the hon. gentlemen opposite and therefore I believe it is my duty to stand up in this House and protest very energetically against the adoption of such a measure. I said a few moments ago that this year again we shall have to face

a deficit of at least $18,000,000 in the operation of our railways. This is an enormous sum, Mr. Speaker. Still when we ask that certain works be undertaken in the immediate interest of our electors, nay, most urgent works, this is the answer we get: "What could we do? We have no money. We understand that your request on behalf of your electors is fair and reasonable, but we cannot possibly help it". This is, Mr. Speaker, the answer that we get from them, and the answer is correct because, I assure you, the treasury of this country is far from overflowing and whatever sum we may have to invest in that way amounts to very little. But if we lack funds to meet the urgent needs of this country, and I think the hon. gentlemen are right in so stating, why then should we seek to acquire a road which will cost millions of dollars? This is the question, that I, like some of my good friends on this side of the House, have not ceased to ask of the Government, but so far no satisfactory answer has come forth. Why are they trying to persuade this House that it will be of great advantage to the country to buy a road when we have not the money to pay for it.

By what I see, the hon. minister of the Interior (Mr. Meighen) while an honourable man, is the most astute lawyer I ever came across. At home, such men are termed hair splitters, I shall not presume to detract from his merits; far from it and I shall say that if the hon. minister had taken up as a career pleading before criminal courts, nobody would ever have been hanged. His cleverness, his persuasive ways, his mellifluous tones in the service of a bad cause, are unexcelled, and I do not think there is in this House any one who can compare with him in this respect. He is never taken unawares; there is always an answer forthcoming; and many who have not made a study of him are liable to abide by his statements, to believe in his sincerity. As for me, having seen him so often on the job and thus being in a position to adequately size him up, I have no hesitation in saying that he has not yet convinced us that he was right.

On the contrary I think, and it is the opinion of a great number of my friends, that the more he has tried to explain the case the more he has given proofs of his weakness, not his personal weakness, but that of the cause which he was defending. Is it a matter for surprise, Mr. Speaker, that supporters of our friends opposite, very respectable and worthy gentlemen, men who have sat in this House for a great many years, should cut off the ties binding them to the Government? For, if I am well informed, the Government can no longer depend on the support of many of its old-time partisans. We shall observe their demeanour when the bell rings and they are called upon to openly express their opinion. It will be particularly interesting to notice the stand of Liberals who have abandoned their party and joined the present Government. If they have deserted us, it is no doubt, for serious reasons.

They wanted to follow the dictates of their conscience on a policy of momentous interest to the public at large; they expressed the view that they could no longer support the party as regards conscription issue and consequently they extended a generous hand to our opponents for the "time being" and no further.

Sir, conscription being no longer a question of the hour, what position will they take? I wonder if my hon. friends who were seen in our ranks ever since they began to meddle with politics, ever since they were born, so to speak, may sincerely and conscientiously approve the transaction which is now submitted to us. Up to the present time I believed them to be sincere and in good faith, but I must reserve my right to judge them otherwise if they agree to this proposition and if they vote for this measure.

I have taken, so far, a keen interest in the railway policy, and I am perfectly aware of what happened when the North Shore railway was built. Great discussions took place, many public meetings were held and that enterprise was fully discussed pro and con by both political parties. It would seem that whenever the railway question is dealt with, the weak side of my hon. friends' cuirass is reached.

They had built a railway for $14,000,000 or $15,000,000, and they sold it for $6,500,000. We said to them: What transaction do you wish to make? That road has cost $14,500,000 and you are going to sell it for $6,500,000? It is ridiculous. They replied that the transaction was in keeping with the public interest. Poor tax-payers! How they are loved! How jealously their rights are safeguarded, and public money economized! The more one has, the more one wants. Our good friends from Toronto have sacrificed hundreds of millions by taking over the Canadian Northern, and yet they are not satisfied. Yes, Mr. Speaker, the more one has the more one wants. Having caused

the country to spend an enormous amount of money for the Canadian Northern, they now wish to bring the country to ruin. Yes, how they like the good Canadian people, and how they concern themselves with the credit of the country!

Mr. Speaker, having promised my dear electors so many good things, I often wonder how it will be possible for me to canvass their votes once more, they are such a good sort of people, and they thought I could obtain justice for them. Often times did I advocate, in their behalf, the building of a bridge from Perrot island to Vaudreuil, and of another bridge from Vaudreuil to St. Ann! Well, like sister Ann, as says the song, I keep waiting, but nothing is yet in sight. My hon. friend the member for Vaudreuil and Soulanges (Mr. Boyer) whose political career spells sacrifice, who has been most active, who has even spent a good deal of money, has joined me. We have joined hands, but in vain, to the effect that those two bridges, which are so necessary, should be built. This would entail a total expenditure of about $350,000. What is that sum, after all, for the Canadian Government, for the government of a country with inexhaustible resources, resources representing millions and I should rather say billions of dollars. In fact, for centuries to come, this country can undertake to do whatever it pleases. As was said by the old woman whom somebody tried to frighten, one day: "No matter, Canada can stand it."

When we urge the building of a bridge to accommodate the electors of Vaudreuil and Soulanges, to help those whom I have the honour to represent, that is, the county of Jacques-Cartier, the finest in the whole country—

Mr. McMASTER (translation): The finest is Brome.

Mr. LAFORTUNE (translation): There should be no question of taking an inventory. When we ask the hon. gentlemen to live up to the promises made by all the hon. gentlemen who have represented that county, we are told that there is "no money available".

A short time ago, I urged the repairing of the bridge on Bizard island, the approaches of which were built by this Government. That would have been about $300. The answer was: "No money."

When I urge the repairing of the Lachine wharf, which is in such a pitiful condition as to be dangerous and inaccessible to the public, the answer is: "No money".

When I urge the repairing of the Pointe-Claire wharf, which the ice is about to sweep away—in fact, it should be rebuilt altogether, because it is almost completely gone and it is impossible to repair it—I am told again that there is "no money available."

When I ask the hon. Minister of Justice (Mr. Doherty) a most worthy gentleman who has held a judgeship for many years, a member of the Government, to his own credit and to the credit of his electors; when I ask him why not build a tunnel under the Lachine Canal, to make it possible for my own electors in Ville-Emard to cross that canal at any time, day or night, I get the same answer. Yet, those poor workingmen, those poor women and children, must stand on the bank of the canal for hours and hours, amid snow and severe frost, suffering from the bad weather at any time in the year, waiting till the canal is free and the bridge is open to them, that they may go to work in the morning and come back home about six o'clock in the evening, losing, every time, as a result of this inconvenience, half an hour, an hour or perhaps more.

Now, I said to the hon. minister, being the representative of that territory (for the constituency he represents is next to my own), why do you not urge your Government to build that tunnel which is essential for the protection of those poor workmen? His answer was: "Yes, sir, you are right, but what can we do, we have no money?"

Well, Mr. Speaker, I asked for the enlargement of a small bridge spanning the Lachine canal, a bridge which originally was sufficient, seeing the limited business which was transacted there. That bridge was erected when there were but 2,000 people; the town of Lachine has now 20,000 inhabitants. When two vehicles pass over that small bridge, people are wondering what they should do not to be crushed. On a certain occasion, a young girl seventeen years old fell into the water and had it not been for a citizen who was on the spot, she would have been drowned. And such has been the condition for many years.

I am wondering how long such conditions will prevail. I am wondering how long the country will stand such an Administration. Time will tell. However, as I said a moment ago, beware, the voice of the people is dreadful when their anger is aroused. I assure you it is nothing to laugh at.

The present Government state, and I believe they are right in that, they cannot meet their obligations. They are perfectly right; I agree with them for the first time. The Government are unable to live up to their most pressing obligations.

Now, what happens in such cases? In our province, when a man cannot meet his obligations, we call it bankruptcy. I do not know how it may be called here. There is another name, insolvency, if you would have it so; however, the two names are in close relationship.

Now, if they be unable to meet the obligations they are committed to, could any one tell me what has become of the surpluses of the former Administration? Where is the money which these gentlemen got when they took hold of the coffers? I hear rumours of all kinds as to that, but the chief one is that nobody knows where it went.

Mr. Speaker, our main obligations are numerous, are they not? With respect to that, had they any money and were I called upon to humbly advise the hon. members on the other side, I should tell them: "Gentlemen, the main obligation for Canada at the present time is to give to the returned soldiers what they ask for." In my opinion, it would be the right thing to do unto them. The returned soldiers are entitled to an altogether peculiar protection. We shall never repay the debt of gratitude we owe them. We may perhaps give them instalments; we could never give the full measure of gratitude they have the right to expect from Canada.

Now, what answer has just been given to the returned soldiers? "Yes, gentlemen, you are right; you have made great sacrifices; the country greets you like heroes; but what can we do, we have no money?" When money fails, money fails and yet sums will be found for the taking over of railways. When it is a matter of protecting those concerned in such legislation, means are always found to get the required funds, but for the soldiers it is out of the question.

Be careful, the soldiers know how to fire guns; you call them heroes because they have been able to handle arms; they still have their brawn and muscle, beware! Beware of the soldiers; do not delude them.

If we had money, Mr. Speaker, we could help our soldiers and take the necessary measures so as to set them up in business, to protect their wives and children, in short, to give them a square deal. Had we the necessary funds, we would be prepared to help agriculture and the farming class that needs so much help, and to protect also the workingman; we could put our soldiers in a position to earn a decent living.

The chief duty of a government, it seems to me, is to do every thing which is possible, nay, impossibilities so as to render the people contented and prosperous. Nevertheless, Mr. Speaker, I can assure you that at the present time prosperity is seldom seen in this country. There is but one class of contented people in Canada, those who live at other people's expenses; to them distress is unknown.

At night they have well-lined purses and nothing else to do but rack their brains and devising the means of going into new expenses; as I said, Sir, they are at the present time the only truly happy people in the country.

If we have any money to spend, Mr. Speaker, it seems to me that one of the very first thing to do would be to increase our exports by assuring on all foreign markets a safe place for our Canadian products; however, it does not seem to be the purpose of the Government to do so. Instead of spending our time discussing this measure, if we took the necessary steps and appointed special financial agents on the different markets of the world with a view to successfully and advantageously introducing our Canadian products abroad. render this country a much greater serrende rthis country a much greater service. I regret, Sir, that the time at our disposal will not permit us to do so.

At the present time the labourers complain of a shortage of labour and no later than yesterday I noticed that in the town of Lachine a strike involving from 2,000 to 2,500 men was called in the works of the great Dominion Bridge Company. What is the reason of this strike? The labourers tell us that the wages are inadequate. Should the Government have at their disposal a sufficient sum of money, they could launch out into new enterprises and grant further contracts to these large establishments in such a way that in their turn these companies could pay higher wages to their employees and strikes would no longer be heard of in this country. May I Mr. Speaker, be permitted to say a word about the hon. gentleman whom the Liberal party has chosen as its leader. Our new leader, who is the embodiment of honour has devoted many years to the study of these important questions as well as other domestic problems which all make for the hap-

piness and prosperity of our people. I would suggest by right of seniority, although his leadership turns to his advantage—I would suggest, I say, in my own name as well as on behalf of the people I have the honour to represent in this House, that he let not this measure carry and become law. This measure shall not became law and for that purpose, if it be necessary, we shall sit here day and night; perhaps will they be discouraged at last.

Mr. McMASTER: They are already discouraged.

Mr. LAFORTUNE: No, Mr. Speaker, such a scandalous measure most not become law by the sanction of this Parliament, and I ask my hon. leader to stand up and appeal to all those who are ready to support him to form into a solid front and tell these gentlemen opposite what the French told the Germans at Verdun: "No, you shall not pass." And, Mr. Speaker, you know that the Germans did not pass; so will it be to-day with this measure.

Mr. MACKIE: Will the hon. gentleman permit me to ask him a question?

Mr. LAFORTUNE: With pleasure, if it is a reasonable one.

Mr. MACKIE: If a private company cannot possibly make a succes of the administration of the railway, what alternative will the hon. member suggest to this House?

Mr. LAFORTUNE: All I ask is that the House do not run the country into debt and be not a party to this infamous transaction.

Mr. MACKIE: Will the hon. gentleman allow me one more question?

Mr. LAFORTUNE: Most assuredly, and as often as you please.

Mr. MACKIE: I very much appreciate the privilege that the hon. gentleman gives me.

Mr. LAFORTUNE: You may ask as many question as you like, provided they are not too long.

Mr. MACKIE: My hon. friend seems to circumscribe me within certain limits; he does not want me to ask too many questions.

Mr. LAFORTUNE: I am not here to undergo a cross examination; yet I am ready to answer all your questions.

Mr. MACKIE: Let me put the same question once more: If a company feels that it cannot possibly make a success of the administration of a railway what then would you have to suggest to this House?

Mr. LAFORTUNE: In reply to the question put by my learned friend I might say that when a company is not in a position to meet its obligations, so much the worse for the company. We, to-day, are under no obligation to nurture the offsprings of the Grand Trunk. Well-ordained charity begins at home, and with greater reason when a country is not in a position to meet its own obligations, why should it be responsible for the obligations of others?

Mr. MACKIE: May I ask the hon. member another question?

Mr. LAFORTUNE: Go ahead.

Mr. MACKIE: Is it not true that the hon. member is the endorser of a note made by the Grand Trunk company, and—

Mr. LAFORTUNE: I, the endorser! I beg your pardon. I am not the endorser of the Grand Trunk company as my learned friend claims I am; he honours me too highly, and my credit is not good to that extent. On the other hand, it is fortunate for me that I am not the endorser, because I should have to suffer for it. One must not rejoice over the misfortunes of one's neighbour, but after all, we are not concerned with the deficits of that company. That company was organized with the help of English capital and it is up to those capitalists to see what they have to do with their stock and their company. My hon. friend from Edmonton asked me to make a suggestion. I would only suggest that he vote with us; the country would give him credit for it and his constituents would be grateful to him if he did. He must not forget that he also will have an account to render, and when his electors come and ask him why he voted for the acquisition of that railway, he will need no less ability than the honourable Minister of the Interior has displayed, in order to defend his case, for it may be somewhat difficult to convince the electors.

Mr. Acting Speaker (Mr. Boivin), we were at one time fighting side by side, but I beg your pardon, I was forgetting that, though we both belonged to the same party, you must not be alluded to, as such in the position which you now hold. However, I may be permitted to recall the discussion which took place when the Government submitted to this House a proposition to

authorize a gift of thirty-five millions; we kept fighting day and night that the measure might be defeated, but we were snowed under, and, unfortunately, it was carried in spite of all our efforts. Our good friends the honourable members of the Senate came to our rescue, however; once again, they discharged their duty, and as a result, that question was shelved. To-day, those good Senators are again exerting themselves, and a number of the Government's friends in the Upper House are intent on withholding their support from this measure. Mr. Speaker, we are not the only ones to protest against it. Conservative papers of the highest authority, like the Montreal Star for instance, are also opposed to it, and surely the Montreal Star cannot be suspected of having any interest in the matter any more than its convictions themselves could be doubted, for it is a well known fact that it has always been a friend of the Government. The Star has championed every measure which the Government may have proposed; now, however, that paper is clamouring against this proposal and appealing to the hon. members on this side of the House to do their very best in order to prevent the perpetration of this injustice, if in any way possible.

If this change of front means anything, it means that the transaction is essentially a bad one. The Star is confident, as we are, that the honourable Senators who are, after all, the custodians of the public moneys and of the good name of the country, will prevent the perpetration of this iniquity.

It might well be pointed out here that the owner of the paper which so denounces the Government is Lord Atholstan, a gentleman who has recently been called to the peerage, if you please, and by his friends, of course, and who does not hesitate, however, to denounce them in forcible terms.

I now come to another point. If the Government were in a good financial condition, would they not take the steps necessary to reduce the cost of living? We have heard a good deal said about the commission which was appointed to that effect, but, strange to say, ever since it was appointed, the cost of everything has gone up; the price of cheese and butter soars higher and higher, hens have ceased to lay, and eggs are now selling at a fabulous price. Is it the commission's fault? The facts are somewhat beyond understanding. Ever since that commission was appointed, the price of everything has gone up instead of going down, and it will be pretty hard to make New Year's gifts!

Mr. Speaker, hon. gentlemen were exceedingly well treated by the Speaker of the House, in the past; he used to give us small trunks which were accepted cheerfully and with which our wives and children were well pleased. The new members who came into this House were expecting their trunks and they are yet expecting, for, in spite of all your good will, the answer is: "No money, and therefore, no trunks".

The hon. members who have kept asking for an increased indemnity for many years are still waiting for it. The answer is: "No money."

The judges, the magistracy, who claim that their salaries are inadequate, write us letters suggesting that we apply to the Executive for an increase in their behalf.

The civil servants, whom we happen to meet every day, complain, and rightly so, of the fact that their salaries are insufficient, that they are unable to secure a living for their families because the prices of the necessaries of life are soaring every day; they are clamorous for an increase of salary and they are answered that there is "no money." Meanwhile, those hon. gentlemen, who have well-lined purses, are so generous towards the English capitalists as to pay them the price of their stock, which they are given the opportunity to sell at a larger profit, at the expense of those who are suffering. Mr. Speaker, this matter is serious, so serious as to cause one to knit one's eyebrows as you now do, and to admit of no fun, and I wonder what will be the end of all this. Trade is dull, it brings no return; the big firms are complaining, industry is not prosperous as it should be, and unrest is seething in the working classes, because the Government keep saying that they have no money and cannot come to their rescue. Why, the only thing the Government did was to increase and pile up the taxes with which the people are saddled. If the taxes were reduced instead of being increased; if, instead of making this transaction, which has been advocated by the hon. members of the Government, we were to alleviate the burden of taxation now weighing on the shoulders of the people, so as to make life easier and happier for them we should put the country under a debt of gratitude.

Loans after loans are being floated, the population is appealed to to buy Victory bonds; but if, instead of borrowing and having the people subscribe to loans, we took the means to practise economy and

protect the electors in a more efficient way, the ratepayer would surely have more satisfaction.

When you talk of things absolutely necessary, of things which cannot be dispensed with, there is no money to meet those requirements; but there is money to favour friends of the Administration. I make no charge against anybody, God forbid it, but I say that friends of the Administration are being favoured in this transaction. What will happen when this line of railway is under the guardianship and direction of this Government? The hon. member for Chambly and Verchères has quoted an instance of what did happen on a railway operated by the State; their management is taken advantage of, to favour their own friends. I say, Mr. Speaker, that the finances of Canada were practically crippled by the transaction which took place in connection with the Canadian Northern, and the credit of this country will be virtually ruined by this Grand Trunk deal. Where will that lead us to? In my humble opinion, to one of the three following alternatives; bankruptcy, imperialism or annexation to the United States, I see no other issue. Bankruptcy will be in sight when Canada is so loaded with liabilities that the resources of this immense country will no longer suffice to pay off the national debt; when we must toil and moil, not to pay off the principal, nor even to settle accounts, but to meet the interest on the floating debt. I say, Mr. Speaker, that bankruptcy is our first alternative, it is bound to come some day or other, if we keep on spending large sums of money in such a foolish manner.

The United Kingdom of Great Britain, to which we belong, will then seize upon the children of the colony; imperialism, which was dreamed of for years, will break out and England will say to us: "You are bad administrators, you cannot face your obligations."

The third alternative will be annexation. If I mistake not, we already owe something to our friends on the other side of the forty-fifth; consequently, they will have their say in this matter. There will be no room for recrimination and the country must have its way out. In my opinion, our hon. friends on the other side of the House will be responsible for this condition of things. It is yet time to stop. Why do you not give heed to the voice of your superiors?

When one of my colleagues said, a moment ago, that the Board of Trade was opposed to this transaction, some of the hon. members on the other side were seen laughing. They seemed to trifle with that opposition, as though the men composing the Board of Trade were second or third-class men. Let me tell them that they may be proud and rightly so, of the leading men of Toronto, and of their Board of Trade, they are, without contradiction, respectable people, but they are surely no more important or respectable than our own.

If Toronto numbers many honourable men, men well versed in financial matters, Montreal is the queen of the Dominion from a financial, intellectual and moral standpoint, as also from the viewpoint of temperance. As the honourable members are well aware, our Board of Trade is composed of very prominent citizens, and those gentlemen may perhaps come here tomorrow and make representations to the hon. members of the Senate. Will they fare better than they did with this House? We all hope they will.

There must be something connected with this proposition that we are unaware of and that was not brought down. Being called upon to face this unusual happening and to approve this extraordinary transaction, we feel quite surprised to witness that intelligent men, representatives of the people, men conversant with business and having, in every respect, the same interest as we have, are so eager to endorse a bargain of this kind, and we have a right to wonder if there is not a "nigger in the woodpile" and if those men have not been prompted by some secret motives to act otherwise than is generally the case with people abiding by the dictates of conscience. I have nobody to blame in particular, I do not wish to reflect on the motives of those hon. members who think otherwise than we do, but I am very much afraid that there is something which it may be impossible to submit to the House. Mr. Speaker, the people will tolerate none of the three alternatives which I have just mentioned, they will tolerate neither bankruptcy, nor imperialism, and still less will they tolerate annexation. What happens in the trail of such great financial crises, of such great political upheavals? The people turn to rebellion. History teaches us that whenever a people is asked to do things arbitrary, unjust or unwarranted, they throw off the yoke. Commotions, revolutions, have always been brought about in that way. Mr. Speaker, if children are disobedient, you may punish them, but if you

do so in a way which is unjust or arbitrary, they will rise against you. So it is with nations; if they are asked to submit to conditions which are arbitrary or unjust, they will forswear allegiance. I should not wish any such thing to happen in this country, but it shall happen. I am ready to abide by the law of my country, I have respect for the ruling power, for my king, but provided the law is equitable and that I am not discriminated against.

The provincial as well as the Dominion authorities are now looking, and rightly so, to a greater agricultural production, they say to the farmer: "Keep your children at home, retain your sons on the farms, teach them agriculture, stock-raising and farmwork generally; show them how to cultivate their farms to advantage, and see to it that the children of the soil do not take the road to the great centres. This we are willing to do, Mr. Speaker, but if agricultural production is bound to develop, the Government must protect it. The Government has been requested for many years to help the farmers, the farm-owners reclaim their land, to extend financial aid to the various provinces in order that thousands of acres of land, unproductive heretofore, might be reclaimed. In Ontario as also in Quebec and in the western provinces, there are thousands of acres of such land, no system has been devised, as yet, to secure efficient irrigation and to promote, in an adequate manner, the cultivation of our farms. If any application is made to the Government, the same old answer inevitably is forthcoming "We cannot help you, for we have no money."

The Government should establish agricultural stations. The experimental farms already in existence are very efficient, they render great service to the country as demonstration farms; the farmers, and I am one of them, request that agricultural stations be established in the main districts of each province, with a view to demonstrating and doing on a small scale what is done on a larger scale on the farms.

The Government has just made a step in the right direction, thanks to the persevering efforts of the hon. member for L'Assomption, an experimental station was opened recently within the town of L'Assomption, where people will be taught how to grow tobacco, and the electors of Montcalm and of L'Assomption will surely credit Mr. Seguin with having convinced the Government by his work and his perseverance. I ask that a station of this kind be established in the constituency which I represent. I should be glad to see an agricultural station located at a short distance from Montreal, where the children of that great centre would come for information and views which would impart a liking for agriculture, and which would be an adjunct to the famous school existing already in the county. I mean the Macdonald school.

I was in presence of our future king, the Prince of Wales, who did us the honour to visit the Macdonald school and the military hospital at Sainte Anne de Bellevue, within the limits of the same locality. I asked him to help us change the present conditions, which are so detrimental to our population, and to try and see to it that the farmers' sons were not arrested, hounded, dragged before the courts and thrown in prison, when they are so much needed on our farms.

Agriculture is recognized as being the mainspring of all success. In our country it is surely the most important, the most powerful, the most productive of all industries. The farming industry, if well understood, with the farmers well protected, having at their disposal everything necessary to cultivate their farms, would yield to the State five times more than it now does, if the Government would only help us, if they would establish agricultural stations and provide adequate means of draining and reclaiming our lands.

We have a beautiful climate in this country, but the summer season is too short. The soil must be rid of its excess moisture from superabundant rains and the work done in proper time, if we are to reap from agriculture the best possible results. We claim no privilege, we ask for nothing unreasonable, but we think the State should lend us, on rather easy terms, the money requisite to reclaim our lands; then, the crops would, in the very near future, be three or four times what they are now.

The Government which I fought and which I am still fighting has occasionally a happy inspiration. For instance, when a delegation of farmers came down here to ask that tobacco growing get better protection, they were met by the hon. minister (Mr. Crerar), who took their request into serious consideration and promised to see to it that the farmers were helped along. The delegation asked that an additional tax be imposed, so as to protect the Canadian tobacco against the foreign article. At the last session the Government made a step in

the right direction, and I give them credit for it; they raised the duty on imports of tobacco from the United States and caused the growing of Canadian tobacco to give better returns, because Canadian tobacco fetched thereafter better prices. The yield is better this year than previously. I say it is necessary to protect the farmer if the country is to get the best possible returns from the farming class, which represents a majority of the whole population.

There are people in my county who are much to be pitied; I mean the landowners of Bizard island, the seigniory erstwhile owned by the late F. D. Monk. He had made them a promise, a promise of no mean importance, and one which I am sure he intended to keep, for he was an honourable man and his word was as good as his bond. He had promised them that a bridge would be built between Bizard and Jesus islands. Just imagine people living there and unable, for months and months, to come out because no communication is possible at high water and it is dangerous to cross the river in a row-boat. Those people are obliged to wait till the river is clear of ice, and till the waters subside to leave the island to go north to St. Eustache or south to St. Geneviève. It is a dangerous state of things, many have been drowned, and the building of the bridge is advocated on behalf of those good people. As I have just said, Mr. Monk had promised that a bridge would be built, but unfortunately for them, he died prematurely and nothing was done.

Your humble servant, who now lives in that district and who has lived there for thirty-five years, is conversant with the needs of that population. I have told them that, so long as I had the honour to be their representative, I would leave no stone unturned to see to it that they were given a square deal. I have failed, and why? Because the Government kept giving me the same old answer: "No money". But I assure you, Mr. Speaker, that a change must be brought about; justice may remain asleep for some time, but not for all the time. There must come a day when public opinion gets its share of sunshine, its share of protection and of justice. I do not lose courage.

An hon. MEMBER: Hear, hear.

Mr. LAFORTUNE (translation): The building of a good national highway from Montreal to Toronto is being rumoured. I wish it were built, so that I might pay more frequent visits to those Toronto people, whom I love in spite of their more or less snappy remarks. We still have respect for them, and we should be pleased to have them side with us more frequently, and so get better acquainted.

Mr. Speaker, I told the hon. gentleman who was presiding before you came in, that we well liked the Speaker in former times, because he used to give us, every session, a small trunk filled with stationery, but that, on financial grounds, you abstain from doing so any longer. I am sorry that our finances are in such a bad way, and that the trunks are withheld—

Mr. McMASTER (translation): We are given a "Grand Trunk". . .

Mr. LAFORTUNE (translation): Yes, it is more than a "trunk", it is a coach.

An hon. MEMBER (translation): Or rather a train. . .

Mr. LAFORTUNE (translation): There was talk of building a national highway from, Montreal through Soulanges, Vaudreuil, Jacques Cartier and the neighbouring counties, to Ottawa, and from Ottawa to Toronto. There is an urgent call for that highway. The Government have built up the eastern national highway from Montreal to Quebec, a magnificent road, and now we must have the western national highway. The Government are congratulated, and rightly so, for having built an immense military hospital in the county of Jacques Cartier, in the parish of St. Ann's, opposite the famous McDonald College. There was also an urgent need for that hospital. It is an immense building, indispensable for the welfare of the returned soldiers, the wounded the lame and the disabled; in a word, it is a national hospital. But the soldiers, the wounded and all the medical staff there, are recruited from every part of the country, from Ontario, from the Maritime Provinces and from the South. If there were a national highway from Montreal to Toronto, the relations and friends of those people would take more frequent trips to this hospital and would profit by those occasions to see what is going on at the great McDonald school which its former owner, Sir W. C. McDonald, built at a cost of millions and millions.

Well, Mr. Speaker, if, instead of using the people's money to help out the shareholders of the Grand Trunk, the Government would contribute towards building those great national highways, what good we could do! We would then have an interprovincial highway, and what great advantage it

would be to the English-speaking as well as to the French-speaking population, that is, to both races who are living here together! We would, thereby, link the great centres of Ontario to Montreal, the metropolis, the real Queen City of the Dominion. Our predecessors had dreamed of that, and we, the men of to-day, are asking for it, because there is an urgent need for it. I venture to hope that this proposition, which has been under consideration for a long time, will be realized, and that we shall have this national highway.

Mr. Speaker, needless is it to recall the efforts that we, on this side of the House, have made in the past. Is it not the general impression that the Georgian Bay canal should be built? The governments which were in existence prior to 1896, the Macdonald, the Thompson, the Tupper Administrations, and others, not excepting the one of which the most regretted Sir Wilfrid Laurier was the leader, have expended enormous sums of money for surveys, maps and specifications, which proves to what extent this enterprise was necessary and was considered to be so. To my mind, common sense prescribes that we should proceed with this great work instead of spending millions for things which are of no importance to us. The Government has no right to act thus; they cannot dispose of the people's money as they please; they own nothing, they are mere trustees of the people. I am sure the Canadian people would approve the proposal to build that canal which would enable ships to take their cargoes to the end of Montreal island, the most magnificent spot in Canada, and thence proceed to Halifax, thereby shortening their course by more than four hundred miles; So far as the grain from the West is concerned, the cost of transportation would thus be reduced by two cents a bushel. Just imagine what immense benefits would be derived from such a canal.

The only way to pay off our national debt is to encourage agriculture to the greatest possible extent. We should also make every sacrifice which might be necessary to increase the yield of our mining industry. Such is the only means by which we may expect to get rid of the enormous liabilities which we have assumed.

Let us not regret what we have done. Let us be proud and happy to have spent so many millions in order to face the conditions in which we have been placed. We should not look back, we should rather look forward. Let us face the future with some assurance, and let us practice, with respect to our expenditure, a well-advised economy. I am following here the advice of the most respectable, honourable, competent and shrewd men in our beautiful Dominion; they say that the country is in a most serious condition and that the Bill now under consideration will bring ruin to Canada.

I therefore appeal to the hon. gentlemen who listen to me to join with me in an endeavour to strongly protest against the acquisition of the Greand Trunk railway; their doing so would thus follow the advice tendered by the leading papers of this country. I have in mind just now publications such as the Montreal Gazette and the Montreal Star. The Gazette, Mr. Speaker, is a most interesting newspaper of which I have from youth been a constant reader, with a view to gathering information, getting pointers on important issues, and incidentally, finding out what they have to say against us. Now, this paper is clamouring and its columns are replete with editorials condemning this proposal. It cannot be said of this paper that it has been induced to hold such views for monetary consideration. You are all aware, gentlemen, that the Gazette cannot be bribed.

I regret, Mr. Speaker, to take up so much of the valuable time of the hon. gentlemen, but they will all realize that the situation is of the most momentous character. I do not imagine for a moment that my feeble voice will in any way insure the success of my case or that it will enthuse hon. gentlemen on the other side to such an extent that they will rally to my views. Indeed this day would be a red letter day in my life were I instrumental to the least extent in inducing my opponents to ponder seriously over the matter under discussion.

A few minutes ago, Mr. Speaker, when referring to the means whereby our national debt could be wiped out, I forgot to mention a branch of industry which is absolutely neglected in our province of Quebec. Our soil is the most fertile soil that could be wished for. We have plenty of young and vigourous helpers, and our chief aim is to live up to our business obligations. Our earnest wish tends to replenish the national treasury to a larger extent than we are doing at the present time. And for that purpose, I would suggest this: Why should this Government not finance for us the establishment of the sugar industry in our province? Such an industry is al-

ready in existence, as we all know, in Ontario where it meeets with no small amount of success and we would only be too willing to follow in the trail of those who lead in this particular industry. I feel that a subsidy should be granted to the farming community in Quebec with a view to fostering the growing of sugar beets. Such a grant would enable us to produce all the sugar required for our own consumption and put an end to the importation into this country of such large quantities of sugar. This further development would not be a new venture. Experiments along these lines have been attempted in Farnham and the results obtained have led to the conclusion that our soil is highly suitable for beet growing. But, the industry met with failure through lack of funds to carry it on. The Quebec Government was then requested to grant a bonus of fifty cents per ton, and a similar request was made to the Dominion Government. To these requests the answer was that the country's financial conditions did not warrant such an action and as a result the Farnham refinery was compelled to close its doors. Berthier was also the scene of similar attempts, but the promoters met with the same failure. In short, a good many farmers who, at a certain time were confident in the future of this incipient industry, had planted quite a portion of their farm with beets, eventually sustained a total loss from that source. Why not, then, re-establish this industry on a safe footing, now that the Government find themselves better situated financially speaking.

Were the farmers given a small subsidy, no matter how moderate same might be, we would witness here in this country what now takes place in the United States, that is our table would be provided with sugar from our own refineries and the product of our own soil. Would this not help to reduce our debt? I should answer in the affirmative.

Let the hon. minister, who is an experienced man, who is quite familiar with all the ups and downs of political life, bear in mind the suggestions now made by his humble servant. Let him commit them to writing so that he may say: Every one of your statements is fully warranted and it is only just that we should help build up the sugar industry in this country. It is to be hoped that a time may come when, in every Canadian household, our own product shall have taken the place of the imported article. Every one would appreciate this new state of things, and we should have thus profited by the wise policy of this House in the interest of the farming class. I trust that the minister will give due consideration to the proposal now laid before him by the member for Jacques Cartier. Later the people will have an opportunity to say: Every little helps, and we owe much to the member for Jacques Cartier who was instrumental in securing for the province of Quebec the establishment of the sugar industry, as well as to the hon minister who so ably seconded his endeavours in this direction.

Now, Mr. Speaker, that I have submitted the main point of my argument, may I state what my views are as to what is a government owned and operated railway.

When I am on my own farm, at the head of my men, those men do a good day's work, but if I happen to come here, I find, when back at home, that the work which they did while I was away is not quite so satisfactory. The shareholders of a company like the the Grand Trunk or any other corporation are naturally anxious that the company's business should be so well managed as to yield an interest on the capital which has been invested, whether it be English capital, Canadian capital or any other capital, and this is only fair and just; but when the Canadian Government becomes the owner of the railway, that property will not be managed so well as it would be if in the hands of a private company, because what belongs to the Government belongs to everybody, and according to the axiom of old, he who robs the Govvernment robs nobody; and we know that civil servants like to lose time, sure as they are that the Government is rich and will be able to pay them. It is much to be regretted, but it is so. When the Grand Trunk shall have become the property of the Government it will be everybody's property. Now, have you ever seen a Government make money out of a railway? If you have, not so with me.

We have heard about experiments made in other countries. Well, the Americans are supposed to be shrewd and hard to fool. What has happened, however, since the United States Government yielded to the request that the railways should be owned by the State? Millions and millions have been squandered away, and there was nothing wrong about it, it was only natural

that all this should happen, because it was Government property.

What will be the deficit in next year's budget, as a result of the acquisition of the Grand Trunk? I am afraid it will be enormous. If the hon. gentlemen think that I am in error, let them show it; but I now think, myself, that I am right, and that it is impossible for the State to operate a railway with any measure of success. Take the municipal corporations. They make all sorts of by-laws, they try in every possible way to safeguard the people's money, and yet their efforts in that direction are crowned with failure. Why? Because it is public property. They spend all they can, they save nothing, and as a result, deficits are piled up. Men act in good faith, men are honest. They have no intention to defraud or to rob, but such is their nature that when they have no direct interest they become careless, and we shall have an instance of that when this road becomes the property of the State. Consult business men, men of experience who have made a success of their own private business; they will tell you they are against this transaction. Would they not be in favour of it if it were really a safe proposition? There are gentlemen in this House who know what work means, who spent their life working regularly and conscientiously, having not a minute of their time to spend for pleasure. They are also opposed to this transaction as being absolutely wrong. The hon. member for Sherbrooke (Mr. McCrea) is not the first comer in this House, and I have noted what he said. He got rich through hard work, economy and good management. I know him well, he is a Scotchman, he is independent, and once he gets into his head an idea which he thinks is good, it is useless to try and make him change his mind. Now, here is what the hon. member for Sherbrooke said about the transaction: "Mr. Speaker, I cannot conceive how free men like the hon. gentlemen sitting on your right can entertain an idea of that kind."

Those men have spent their lives in business and their judgment is most worthy of our consideration. I ask you, Mr. Speaker, if, with respect to a business question like this, I should not defer to their opinion rather than to the opinion of a lawyer? What does the hon. Minister of the Interior know about railways? Let me ask him, with all due deference, what does he know about the management of a business of that kind? Like myself, he can see the wheels turn, he can see the trains stop at stations, he can see them run, but we are now talking about a transaction which we have to appreciate according to its proper merits, and I should rather depend upon the experience of business men for a notion of what this proposition really means.

When a working man is at work it may seem that anybodu could do his work as easily as he does it himself, but if you try your hand at that work you may alter your ideas. For instance when you see the farm hand holding the plough while at the same time guiding his team of horses, you may imagine that it is very easy work, but take his place for a while and you will soon find out that there is more in it than you surmised.

Mr. Speaker, before resuming my seat, I may say that the ideas to which I have given expression have been submitted to this House in a much more proper manner by those who have preceded me in this debate, but I owed it to my electors to stand up here and register my most vigorous protest against this measure. In election time, we are glad, Mr. Speaker, to show our electors that we have raised our voice in their behalf, that we have taken their interests at heart, and that if our advice has not been heeded, we are not to be blamed. If unfortunately I have not succeeded in my task, my conscience however is clear and I shall not be afraid to stand before them and claim absolution. Those brave electors of ours generally reproach us with not having voiced their feelings under such circumstances; they believe that it is sufficient for us to speak and that everybody will give heed to our advice. They are egregiously mistaken, for it is not so easy a task as they are apt to believe.

In conclusion, Mr. Speaker, I appeal once more to the conscience of the hon. gentlemen opposite, in behalf of the country of my choice. I hope that they still entertain within themselves a sense of justice and that before coming to a division upon this unfortunate proposal, they will give it all the attention it deserves.

I thank you, Mr. Speaker, and I also give thanks to the hon. gentlemen who have just listened to my remarks.

The House divided on the amendment of Hon. Mr. Fielding, which was negatived on the following division:

YEAS.

Messrs

Archambault,	Copp,
Boivin,	d'Anjou,
Bourassa,	Déchêne,
Brouillard,	Delisle,
Cahill,	Denis,
Cannon,	Desaulniers,
Deslauriers,	McGibbon (Argenteuil),
Devlin,	McKenzie,
Ethier,	Marcile (Bagot),
Euler,	Michaud,
Fafard,	Molloy,
Fontaine,	Murphy,
Fortier,	Pacaud,
Fournier,	Papineau,
Gauthier,	Pardee,
Gauvreau,	Pedlow,
Gervais,	Pelletier,
Hunt,	Prevost,
King.	Robb,
Lafortune,	Savard,
Lanctôt,	Seguin,
Lapointe (St. James),	Tobin,
Leger,	Truax,
McCoig,	Turgeon,
McCrea,	Vien.—50.

NAYS.

Messrs

Argue,	Lalor,
Armstrong (Lambton),	Lang,
Arthurs,	Long,
Best,	Mackie (Edmonton),
Blair,	Mackie (Renfrew),
Bolton,	Maclean (Halifax),
Boyce,	Maclean (York),
Brien,	MacNutt,
Buchanan,	McGibbon (Muskoka),
Burnham,	McGregor,
Burrell,	McIsaac,
Calder,	McQuarrie,
Campbell,	Maharg,
Casselman,	Manion,
Chaplin,	Marshall,
Charlton,	Martin,
Charters,	Meighen,
Clark (Bruce),	Merner,
Clarke (Wellington),	Middlebro,
Clements,	Morphy,
Cockshutt,	Mowat,
Cooper,	Munson,
Cowan,	Myers,
Crowe,	Nicholson (Queens, P.E.I.),
Cruise,	Nicholson (Algoma),
Currie,	Paul,
Davidson,	Porter,
Davis,	Redman,
Douglas (Strathcona),	Reid (Mackenzie),
Douglas (Cape Breton S. and Rich.),	Richardson,
Edwards,	Sexsmith,
Finley,	Shaw,
Foster (Sir George),	Simpson,
Foster (York),	Smith,
Fripp,	Steele,
Glass,	Stevens,
Griesbach,	Stewart (Hamilton),
Halladay,	Sutherland,
Harold,	Thompson (Hastings),
Harrison,	Thompson (Yukon),
Hay,	Thomson (Qu'Appelle),
Henders,	Tweedie,
Hepburn,	Wallace,
Johnston,	Wilson (Saskatoon),
Keefer,	Wright.—91.
Knox,	

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messrs.

Borden, Sir Roert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Wilson, G.,	Béland,
Stacey,	Baldwin,
Stewart (Lanark),	Sinclair, J. E.,
Kemp, Sir Edward,	Trahan,
Mewburn,	Verville,
McCurdy,	Chisholm,
Spinney,	Sinclair (Queens),
Scott,	Power,
Drayton, Sir Henry,	Lavigueur,
Fraser,	Gladu,
Blake,	Jacobs,
Crothers,	Boyer,
Bowman,	Ross,
Allan,	Lesage,
Butts,	Proulx,
Crerar,	Leduc,
Nesbitt,	Fielding,
Guthrie,	Kay,
Sheard,	Kennedy,
Reid, Hon. J. D.,	Bureau,
Cronyn,	Cardin,
Ballantyne,	Casgrain,
Hughes, Sir Sam,	Duff,
Rowell,	DuTremblay,
Loggie,	Demers,
McIntosh,	Parent,
McLeod.	Mayrand.

Hon. W. S. FIELDING: I was paired with the hon. member for North Oxford (Mr. Nesbitt). Had I voted I would have voted for the amendment.

Mr. J. H. SINCLAIR (Guysborough): I was paired with the hon. member for Yarmouth and Clare (Mr. Spinney). Had I voted I would have voted for the amendment.

Hon. CHARLES MARCIL: I was paired with the Minister of Justice (Mr. Doherty). Had I voted I would have voted for the amendment.

Mr. W. F. KAY: I was paired with the Solicitor General (Mr. Guthrie). Had I voted I would have voted for the amendment.

Mr. W. C. KENNEDY: I was paired with the hon. member for South Toronto (Mr. Sheard). Had I voted I would have voted for the amendment.

Mr. A. R. McMASTER: I was paired with the hon. member for Leeds (Sir Thomas White). Had I voted I would have voted for the amendment.

Mr. J. E. SINCLAIR (Queens, P.E.I.): I was paired with the hon. member for

Lanark. Had I voted I would have voted for the amendment.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

PRIVATE BILL.

CONSIDERED IN COMMITTEE—THIRD READING.

Bill No. 39 (From the Senate), for the relief of Robert Stephenson Carson.—Mr. Hocken.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

The House resumed consideration of the proposed motion of Hon. J. D. Reid (Minister of Railways) for the third reading of Bill No. 33, respecting the acquisition of the Grand Trunk Railway system.

Hon. W. L. MACKENZIE KING (Prince): Mr. Speaker, the Bill before the House proposes to authorize the Government to enter into an agreement with the Grand Trunk Railway Company and other companies and interests for the acquisition of the Grand Trunk Railway system. I purpose to move in amendment that this agreement shall be submitted, and be made subject, to the ratification of this Parliament. In pressing this amendment I would remind hon. members that action in this connection is necessary from the fact that we have been unable to get from the Government any assurance that the agreement will be brought down to the House. Indeed, in so far as we have had any comment on the matter as to whether or not the agreement is to be submitted, it has been to the effect that it will not. I would remind the House that my hon. friend from Chateauguay and Huntingdon (Mr. Robb) suggested an adjournment that there might be opportunity for hon. members at this particular session to see the agreement, but the Government were unwilling to meet that suggestion, although we on this side of the House intimated our willingness to remain for an indefinite time if they would give us any assurance. We feel it to be absolutely in the public interest that this agreement should be submitted to Parliament in order that hon. members may have an oportunity of stupdying its provisions and be better able to protect the public interest.

May I point out that we urge the support of this amendment broadly on two grounds: First, we urge it on the ground that this is an all-important, a business transaction, and be regarded with the same degree of caution and prudence that should be exercised in every important measure of a public nature. We also wish to urge support of the amendment on the ground of the duty and obligation of Parliament in a matter which so vitally concerns the interest of the country both present and future.

Now, first, as to the importance of the measure as a business transaction: I think the debate which has taken place shows conclusively that this is perhaps the most important business transaction that has come before the country in its history, taking alone the amount of the transaction. We have been unable to get from the Government exact figures as to all the liabilities which the country is to assume but we believe that the amount will be somewhere between $500,000,000 and $700,000,000. This vast sum of money is almost equivalent to one-quarter of the total public debt of Canada though that debt has mounted to the studendous figure of $2,000,000,000, and it is very much in excess of what the public debt of Canada was prior to the war. Considering alone the proportions of this transaction there is the strongest reason why, before the country is committed to it in all its vast details, the people should have as complete knowledge as possible of the different phases of the transaction, and the people's representatives should be given an opportunity to pronounce upon it. In order that the House may reconsider the extent of this transaction, let me, for the sake of greater accuracy, state again its main provisions. It involves:

1. The assumption of all the liabilities and obligations of the Grand Trunk railway, including its American lines and the Grand Trunk Pacific, including branch lines, land companies, hotels, steamships, telegraphs, etc., etc.

2. The guarantee of the interest on about $160,000,000 debenture stock at four and five per cent per annum, amounting to about $7,000,000 yearly, thus increasing the value of an ordinary debenture stock depending upon the earnings of the enterprise for the payment of the interest, and converting it

into a guaranteed government bond, whose interest must and will be paid whether earned or not;

3. The guarantee of the dividends upon more than $60,000,000 guaranteed stock, amounting to about $2,500,000 annually, thus adding fully 100 per cent in value, and converting what is in essence a preferred stock depending upon the earnings of the enterprise for its dividends, into a guaranteed government bond, whose interest must and will be paid whether earned or not, thus increasing the fixed charges of the Grand Trunk railway.

4. The guarantee of the dividends at four per cent on new Grand Trunk guaranteed stock to an amount to be fixed by the arbitrators, and exchanged for the preferred and common stock, thus increasing the fixed charges of the Grand Trunk railway by the amount of these annual payments, plus the $2,500,000 on the old guaranteed stock, as specified above.

In return, the Government gets—what? It gets a block of preferred and common stock which, even with the guaranteed stock included, (which it does not get) the Drayton-Acworth report said was intrinsically of but small value, without taking into consideration at all its alleged existing obligations in respect of the Grand Trunk Pacific without the guaranteed stock. Therefore, it would be fair to say that its value would be properly represented by a very substantial minus quantity. This, of course, is on the basis of the maintainable income of the company, but without regard to the deferred expenditures on maintenance and capital which had accumulated, and which amounted in 1916 to $51,000,000.

These figures are enormous and they represent a transaction unparalleled in the history of this Parliament. For that reason we on this side of the House say that before this agreement is finally consummated it should be submitted to Parliament for ratification.

Not only in amount is the transaction unparalleled but also in the magnitude of the obligation which is placed upon this country. We take over not only a railway system but a series of railways. This is not a transaction to acquire a single railway but a large number of railways, land companies, hotels, telegraph companies, steamship lines, not only in our own country but also in the country to the south. In regard to these railways in the United States, the only information that the Government has given us thus far as to the attitude of the United States towards Canada's assumption of the ownership of these lines is that they have not discussed the matter with Washington and that they have not heard one way or the other how Washington would view it. In that connection let me read to the House a despatch which appears in the New York Journal of Commerce and Commercial Bulletin of Friday, October 31, 1919. It is exceedingly pertinent to the subject we are discussing.

United States May Oppose Grand Trunk Plan.

Canada to Control 1,500 Miles of Railroad.

Senate will Investigate Dominion Ownership of Right of Way in This Country—Matter Before the State Department.

The prospect of acquisition of the Grand Trunk Railway System by the Canadian Government under the Bill now pending in the Dominion Parliament does not come without attention to the matter in official quarters in Washington. Senator McCormick of Illinois today introduced a resolution in the Senate directing the I.C.C. "to investigate and report to the Senate the facts in connection with the present or prospective ownership or control by the Government of the Dominion of Canada either directly or through the ownership and control of the stocks of any corporation or company of any line of railway or part thereof, situated within the territory of the United States, together with a statement of the mileage of said railroads."

The resolution was referred to the I.C.C. and will be taken up for consideration at the meeting of the committtee Friday with a prospect that it will be at once reported out for speedy adoption by the Senate.

Mr. J. D. REID: What date is that?

Mr. MACKENZIE KING: Friday, October 31.

While the McCormick resolution does not mention any particular railway that may become the property of the Dominion Government, the Illinois Senator said the object was to deal with the situation that presented itself in connection with the action of the Canadian Parliament in passing a Bill to acquire possession of the Grand Trunk System.

I shall not read the rest of the article except the closing paragraph:

Congress has always been jealous of foreign control of any corporations, especially involving means of communication in this country, and special legislation has been enacted in recent years against the ownership of the majority stock of domestic corporations by alien interests. Similar legislation has been enacted against the ownership of land by aliens.

These laws may be held applicable to the Grand Trunk case, and it is not considered improbable that opposition would be aroused against retention of control of the 1,500 miles of track by the Canadian Government.

I submit that the article suggests an entirely reasonable attitude on the part of the United States. Imagine the proposition reversed. Imagine, as I have said, that we were learning for the first time that the Government of the United States was about to take over the Grand Trunk Railway system in this country and operate it, would we be indifferent to the transaction? Would the Parliament of Canada view with indifference the Government of the United States coming into this country and owning and operating a railway system within it? If we ourselves would take up a matter of that kind in a serious way have we not every reason to believe that the Government of the United States will be actuated by the same kind of motives in protecting the interests of their citizens? And if there is reason to believe that this question is likely to be one which will involve the two countries in, at least international negotiations, if not international complications, is it not the part of wisdom that these negotiations should be carried out before this matter is finally consummated, and that this Parliament should have a direct assurance recorded in the agreement which is to be drawn between the Grand Trunk Railway company and the Government that any embarrassment, or the possibility of any embarrassment between the two countries will not result from that transaction.

Now, Sir, not only is the agreement important from the point of view of the amount concerned and from the point of view of the properties concerned, but the principle which is involved is perhaps the most important and far-reaching of any which this Parliament will be called upon to discuss. I submit, Sir, that so far in this debate we have been unable to discover that this measure is entitled to be correctly viewed as a measure of government ownership and control. The most that we can say about it is, that from certain aspects it is a measure of government ownership; from other aspects it is certainly a measure of private ownership because the greater part of the stock remains in the hands of the private shareholders. It is a measure of transfer of control in the management of the Grand Trunk Railway Company to a commission appointed by the Government to administer the national railways; but as one hon. member this afternoon well said, the measure, in the form in which it has been drafted and brought down, presents the combined defects of government ownership and private ownership and omits the virtues which belong to either of these methods of control separately exercised. I think the member to whom I refer spoke of the measure as amphibious on account of its being neither one thing nor the other. I think we might with equal appropriateness describe it as a hybrid affair; it is in part government ownership, it is in part private ownership but, as I have said, it lacks the value or the merit of real government ownership and has its defects. Those who advocate government ownership do so because they believe that they are getting rid of operation for the sake of profit, and securing cost. In order words they seek to get rid of paying out dividends to private shadeholders, and through the possession of a property by public ownership seek to reserve for the public the moneys which would otherwise be payable in dividends so that the benefit of the undertaking may go to the public in a reduction of rates. But this measure perpetuates the payments to private shareholders. It guarantees payments which, at the present time and in the past, have not been made, and so much merit as a government ownership scheme in the truest sense would have is lacking altogether in this particular measure. Private ownership has the advantage that it stimulates watchfulness in management. The shareholders, from the fact that their returns are dependent on the efficiency of management, take an interest in the working of a concern and see that it is carried on in the most efficient way. By this measure all that incentive is taken away. The Government guarantees to the shareholders the dividends that they are to receive, and their interest in watching the undertaking from the point of view of efficiency in management is entirely gone. So we say that in a transaction of this kind, where the whole matter is as uncertain and doubtful in its particulars as this measure appears to be, there is the strongest reason why we should see the agreement that is about to be drafted and learn whether in as many particulars as possible it safeguards the public interest.

Indeed, I should like to suggest, Mr. Speaker, in regard to this measure that we may well pause, having in view the experience of the world in the matter of railway management, and ask ourselves the question whether it is best to jump from a monopoly of control on the part of capital to a monopoly of control on the part of the

state or whether it is not possible to work out some plan which will have fuller regard for all the interests which are involved in great industrial concerns. Looking at the United States and its management of railways we find that under Government control there the scheme has failed lamentably as a solution of the problem of rates or costs, of benefits to the consumers or to the public. Looking at the experience of England we see that the Government management of roads there has not been a success in any way towards solving the difficult problems of the relations of the parties to industry that are very certain to arise in these big undertakings. The strikes on the railway systems in England a few weeks ago showed clearly that under a system of monopoly of control by the state, when a great body of workmen went out, there was a condition which put the labour forces of the country in an attitude of apparent hostility to the government of the country as a whole and laid the basis of what might seem to be a great class war.

Now, with these examples before Parliament, is it wise to plunge into a scheme which seems to present such possibilities, without considering more carefully and in detail whether, instead of thus seeking to get rid of a monopoly of control by capital by establishing a monopoly of control on the part of the state, we might not work out some system of joint control whereby the interests of capital, and of labour, and of the state would be more effectively conserved with greater benefit to all concerned? I submit that while no one scheme could be worked out quickly, through the submission to Parliament of an agreement such as might be drafted in accordance with this principle there would be opportunity for suggestions that might be of lasting benefit to all parties concerned.

My hon. friends opposite have repeatedly said that we on this side have had no alternative to offer. Well, if we have had no alternative it has been, perhaps, because we have sought to follow advice we are giving, and not rush into any half-baked scheme without giving a matter of such enormous importance the careful consideration that it deserves. It would be most unwise for any body of men to seak to offer, on the spur of the moment, a scheme which has for its purpose the solution of the railway problems of the country. The only proper way to approach a subject of this kind is to permit as much as possible in the way of debate and to allow as much as possible in the way of expressed opinion on the part of the public.

For that reason, Mr. Speaker, now that the Government have determined to go on with this measure and to enter into this contract, we hope that they will at least pause to this extent: That while proceeding at once with the agreement, they will give the public the assurance that when the agreement is drawn they will submit it to Parliament so that the people will have an opportunity of knowing the degree to which they are being bound and of expressing themselves upon it before they are committed to it for all time.

Sir, that course is necessary and desirable for the reasons that I have mentioned—the enormous size of the transaction, the vastness and complexity of the undertaking, and the great significance of the principle involved. It is also desirable, when you stop to consider the extent of the liabilities which we are immediately assuming at a time when we are finding it extremely difficult to raise the money necessary to the carrying on of the ordinary business of the country. At this moment an effort is being made by the Government to raise a loan of $300,000,000 to meet current expenses. I wonder if it is appreciated throughout the country that every cent of that money has already been borrowed from the banks and that every cent of the loan will simply go to pay back the bankers who have been advancing money to hon. gentlemen opposite for the carrying on of the business of the country? We are told that in order to meet existing obligations, to say nothing of new obligations, we shall soon have to go again to the people and ask for another loan of three hundred odd millions. Well, in the face of that situation, with that knowledge and that information before us, why should this particular moment of all moments be chosen to saddle upon the taxpayers of this country additional liabilities amounting to many millions.

Another reason why this agreement, when it is drafted, should be submitted to Parliament is that apparently the Government are unwilling to allow the award of the Board of Arbitrators respecting the value of certain of the stocks to be submitted to Parliament for ratification. As I have already pointed out, the stocks involved in this transaction are of two kinds. First, there are the interest stocks, amounting to $216,207,138, on which there is to be an annual interest payment of $9,500,000. That, we know, we shall have to meet; that much

is certain knowledge. But in addition to that there are dividend stocks amounting to $180,424,325. Now, what these stocks are worth we do not know. All that we know is that they are to be submitted to arbitration; that arbitrators are to give a value to them and that when they are valued the Government is to give to the holders of these stocks certificates equivalent in value to the valuation which is placed upon them by the Board of Arbitrators. We have no information, we have not been able to get from the Government any information, as to the basis on which that valuation is to proceed. I submit, Mr. Speaker, that the agreement which is to be drawn between the Grand Trunk Railway Company and the Government should contain the basis on which that valuation is to be made. We do not know whether it is to be on the basis of the market value of the stocks at a given time, and, if so, what that given time may be. We do not know whether it is to be on the physical assets of the company, and, if so, whether it is to be on the basis of what it would cost to reproduce the system to-day, having regard to the increased cost of labour and material, or on the basis of the cost at the time the road was constructed. We have nothing to indicate to what extent the possible or prospective increment is to be taken into account in giving a valuation to these stocks. Sir, the amount to which this country will become liable will depend in direct ratio upon what is stipulated in the agreement in these particulars. If the Government are unwilling, as I understand they are, to refer to Parliament for its approval the valuation to be placed upon these stocks by the Board of Arbitrators, they should be at least willing to submit to Parliament the agreement between the Grand Trunk Railway Company and itself in which will be set forth the basis on which this award is to be made. It is for that reason, among others, that I urge as strongly as I can that this agreement be made subject to ratification by Parliament.

Hon. gentlemen opposite have pointed out that from a legal point of view it is unwise to suggest the submission of a certain proposition to a board of arbitrators and then ask for the right to pass upon the award. Well, I am ready to go so far as to say that if the Government are prepared to submit this agreement to Parliament so that Parliament will know on what basis this valuation is to take place, so that Parliament will be able to make at least some estimate of the amount to which the country is to be committed for all time, there would be strong reason for not urging that the award of the arbitrators be submitted to Parliament for its approval. But in the absence of an assurance of that kind, when a contract involving the vast sums which this contract involves is about to be entered into, it seems to me that as trustees of the people it is not merely our right, it is our duty, to surround the transaction with every precaution which it is possible for us to devise.

I wish to direct the attention of hon. members to a further reason which will, I am sure, appeal to every member of the House irrespective of the party to which he belongs. The Bill as drafted gives to the shareholders of the Grand Trunk Railway Company the right to call a special meeting for the purpose of approving the agreement between the company and the Government If it is a right and proper thing to permit the shareholders of the Grand Trunk Railway Company to pass upon an agreement entered into between the Government and that company, it is equally proper and equally necessary that the same right be given to the Canadian taxpayers through their representatives in this Parliament.

It is a tendency of human nature to be very generous when dealing with other people's money, a little more generous than one often is when dealing with one's own. Another tendency very often met with is to do for others what one is not prepared to do for one's own people. We find that sometimes in individual homes; men are ready to go outside of their homes and do more for others than they will do for their own families. If there is to be charity at all, let us remember the old maxim: "Charity begins at home." No one on this side has advocated that there should be anything other than absolute fairness and justice as between the shareholders in England and the taxpayers in this country, but what we claim is that each is entitled to the same measure and method of treatment. If a stranger had visited the galleries of this House without knowing the nature of the assembly or the debate that was going on, he would very soon have gathered the impression that sitting on the Government benches opposite were directors of the Grand Trunk Railway Company defending the interests of the shareholders across the sea, and that on this side were representatives of the people of Canada looking after their interests. I would say further that if the Government persists in refusing to give to the taxpayers of Canada the same rights

as they give to the English shareholders, not merely the stranger in the gallery, but the people throughout this Dominion from one end to the other will have reason to believe that such is the case.

A great deal has been said by hon. gentlemen opposite in regard to the widows and orphans in the Old Country who are going to suffer unless the arbitration goes, as the Minister of Railways (Mr. J. D. Reid) himself has suggested, in a generous way for the shareholders on the other side. I do not wish to add anything to the "widow and orphan" argument excepting to point out that, while hon. gentlemen opposite have been careful to speak about the widows and orphans in England, they have forgotten to mention that after all there are only a comparatively few widows and orphans who hold shares in the Grand Trunk Railway Company, but amongst the taxpayers of this country, who are the other party to this transaction, there is not a widow nor an orphan in the whole Dominion who will not have to pay some part of the cost of this transaction. I would also like to point out that while a great deal has been said by hon. gentlemen opposite of the widows and orphans in the Old Country, they have said nothing whatever about the speculators whom the hon. member for York South (Mr. W. F. Maclean) spoke of yesterday as sweating the King's coinage and who hold some of the stock of this company. They have said nothing about the plutocrats and aristocrats who are holding privileged positions on account of being able to draw dividends, whether provided by governments or otherwise. Therefore, in this particular we can well afford to drop out of account consideration of who are the holders and who are not the holders of this stock. It woud be interesting, however, and of advantage to hon. members and to the people of this country to know who were holding stock in this company when this matter came before Parliament first and who have secured stock since. That might throw a great deal of light on the haste with which the Government are proceeding in connection with this measure. But apart from whoever those persons may be, there is only one basis on which any board of arbitration is justified in dealing with this matter, and that is to deal with it on the basis of what is right irrespective of who the parties may be, and of giving to the people of this country the same rights as are reserved to the shareholders of the company.

I ask hon. gentlemen opposite—and I appeal to them as representatives from their different constituencies of the people of Canada—in considering this amendment to think of their responsibility to the people as the other party to this transaction. The Board of Directors of the Grand Trunk Railway Company have been thinking of the shareholders; in drawing up this agreement with the Government, they have been emphasizing the interest of the shareholders. We have an opportunity in this Parliament on this side of the water to stand up for the taxpayers of this country; the first duty of every member of Parliament is to protect the interest of his constituents, and there is not a man in this House who can for a moment feel that he is doing other than his duty by his constituents in advocating that the agreement should be submitted to Parliament in order that the people of Canada may have exactly the same rights in the matter of the ultimate approval of the agreement as the shareholders have.

A course of that kind would be a great strength to the Government in drafting the agreement. I am sure that when the Minister of Railways and the Minister of the Interior meet Sir Alfred Smithers and the gentlemen associated with him they are continually confronted in the course of their transactions with the remark: Yes, yes, we would be glad to do this and to do that; but we have to think of the shareholders; we have to remember that this agreement when drafted will go back and be submitted to a special meeting of the shareholders, and that it must be ratified there, and while we would like to proceed in such a way, we cannot do that in virtue of the fact that the agreement must be submitted to them for ratification. It would be a great help to my hon. friends to be able to reply to Sir Alfred Smithers that they too have to consider the fact that the agreement has to be brought before Parliament and the people of this country. Having that position and being strengthened in it, they will certainly as a result of it effect a bargain which will be better for the people of this country and at any rate one which will have more of the confidence of the people behind it.

Just to conclude this part of my argument, I would again submit that that is the only right and proper method of dealing with trust funds. After all, the ministry is not handling its own money; it is dealing with the money of the people of this country, and that is something that I am afraid hon. gentlemen opposite some-

times forget. They go through with a great transaction of this kind without ever considering that the funds involved are not funds that belong to them, but funds that belong to the people of this country; that for the time being they are honoured and entrusted with the position of trustees. Therefore, I urge them to rise to the occasion as their great opportunity and to meet their position of trusteeship in the way in which it would be met in the every day walks of life. There is not a member in this House who would be willing in a transaction—I do not care how small you like to make it, the purchase of a house or a farm—to leave to the other party in the transaction the approval or disapproval of the agreement drawn and deprive himself of an equal right. Therefore, I say to hon. gentlemen opposite: In the discharge of your public duties, be actuated by the same motives that you would be actuated by in handling your private affairs.

If that disposes of the argument on the score of this being a business transaction, let me now appeal on the ground of what is due to Parliament. Let me appeal to hon. gentlemen opposite to uphold the rights and duties and obligations of Parliament. May I remind them that the executive except what it derives from Parliament, that it has no authority and no rights except what it derives from Parliament, any more than Parliament has any rights and powers except those it derives from the people. So I say to the ministry. Inasmuch as we stand here as the representatives of the people and as you stand there deriving your authority from this House and this Parliament, you should come back with this agreement when it is drawn and submit it to the people's representatives for their approval and ratification, just as the directors of the Grand Trunk will submit it to the shareholders of the company.

Sir, the war has had the effect of producing two tendencies that are all too obvious in the method by which the Government is proceeding, and has got into the habit of proceeding. There are two tendencies which war produces: one is to do everything in haste and the other is to do everything, as far as possible, by independent executive authority with as little reference to other sources as possible. Those methods may be excusable in times of war; they may be more than excusable, they may be necessary. But they are neither excusable nor necessary when you get out of times of war into times of peace, and it is desirable that any of these habits into which the ministry may have fallen in the last four years through force of circumstances should be abandoned as quickly as possible, and that we should get back again to the normal method of proceeding, conserving to Parliament the rights which are the most highly prized of all that Parliament possesses.

Take this session as an example, if you will, in regard to both these tendencies. The session was called to deal with the Peace Treaty. Why, before the Peace Treaty was distributed, this House was told that it was a matter of such great urgency that we must proceed with it at once, that hon. members must give their final pronouncement upon it without having had the opportunity to peruse it carefully. What have we seen? Long after this Parliament had disposed of its part in ratifying the Peace Treaty, along comes England, then France, and Italy, the great European nations that were involved in the war, to do their part in ratifying the Treaty. Even they did not feel the urgency and the haste which this Parliament exhibited. Here the Treaty was brought down and had to be dealt with hurriedly and gotten through with expeditiously at all costs. We have this Grand Trunk legislation before us now. To-morrow we will have possibly the Bill dealing with the Department of Soldiers' Civil Re-establishment, and what position are we in? Already there has been introduced into the House a form of closure in morning sittings, which have always been one means of bringing Parliament to an end.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. gentlemen may laugh, but I would ask them what other reason is there for morning sittings unless they are intended to bring the session of Parliament to a final termination? So the answer we received from the Government when we asked for time to deliberate this measure was the introduction of morning sittings, which is a form of closure, in order to shut off further discussion on this transaction.

I would further point out that when the Government brought down the Treaty they brought it down to all intents and purposes, at any rate, according to the Government professions, because they believed Parliament had a duty to perform in approving it. There was a transaction which, while it related to Canada certainly in a most important way related also in very large measure to foreign conditions on the other

side of the ocean. If it was desirable for Parliament to ratify the agreement between the Allied and Associated Powers and Germany, it is equally desirable that a transaction of this kind, which affects Canada from one end to the other and will affect the taxpayers of this country from one generation to another, should also be ratified by this Parliament. May I point out that when, under the former Administration of Sir Wilfrid Laurier, the Grand Trunk was entering into an agreement with the Government in regard to the National Transcontinental railway, the Government of that day brought down the agreement, and one clause of it provided that the agreement should be submitted to Parliament and be subject to its ratification. Hon. gentlemen opposite did not follow that method when they came to deal with Mackenzie & Mann and to take over the Canadian Northern, and we all know in what dissatisfaction that whole agreement resulted. I would suggest to hon. gentlemen opposite that they follow at this time the better precedent, and submit the agreement to Parliament in order that it may be ratified.

When one stops to think of the extent and magnitude of this transaction, of the obligations the country is incurring, of the vastness of the principle involved, of the position of the shareholders in England in relation to our own Canadian taxpayers, and the like, is there not the strongest reason why the country should be as fully informed as possible on this transaction before it is finally consummated.

Public opinion has not yet had an opportunity to express itself to anything like the extent that it should on a measure of this importance. What are three short weeks in which to consider a momentous transaction such as this? I would also draw attention to the fact that throughout this whole discussion we have not heard the voice of the Prime Minister (Sir Robert Borden); he has been away. We have hardly heard the voice of the Acting Prime Minister (Sir George Foster), the Minister of Justice (Mr. Doherty), or of a single minister of the Crown except the three who spoke at the outset, the Minister of Railways (Mr. Reid) the Minister of the Interior (Mr. Meighen) and the President of the Privy Council (Mr. Rowell).

Mr. J. D. REID: You have not been able to digest what we gave you.

Mr. MACKENZIE KING: I quite admit the truth of that. I do not think any one has, inasmuch as my hon. friend has told us that he has not been able to digest this transaction in full himself. He has repeatedly said that he is unable to say this or that. I would also draw the attention of the House to the fact that one or two members on the other side have told the House that when they got up to speak on this transaction the minister frowned on them and they were led to believe they were not to speak on a measure of this kind. I submit that that is not the proper attitude for members of Parliament in discussing a measure of this kind.

Just one word more. Hon. gentlemen opposite have been fond of saying on different occasions that they have had a mandate to do a particular thing. In the days when they were in Opposition they were fond of saying to the Government in power. "You have no mandate from the people. You should not go on". I ask them if they had any mandate on this measure. There has been no mandate whatever for this Government to proceed with this particular transaction. This Parliament was elected in refe ence to the winning of the war, and this session was called in reference to the Treaty of Peace. Both of these objects have been fulfilled, and now the Government, without submitting any particulars of this transaction to the people until, not the eleventh hour, but within five minutes of the twelfth hour, proceed to rush this measure through at all costs.

The Minister of the Interior the other evening, when the proposal was put before the House that the award of the arbitrators should be subject to the final approval by Parliament, said that was a Bolshevist proposal. Let me tell him that he is mistaken as to the origin of Bolshevism. Bolshevism has never had its origin in submitting to the people's representatives a mat er which affects the people. It has had its origin in the arbitrary acts of autocratic executives, and if he and hon. gentlemen opposite want to foster in this country Bolshevism or movements akin to Bolshevism they will persist in arbitrary acts by their autocratic Executive forcing everything through by Order in Council and refusing to give the people's representatives in parliament the rights to which they are justly entitled.

Sir, I am only too conscious of the fact that I have been unable to present this important matter in the way in which it should be presented.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: My hon. friends say, "Hear, Hear," and for that reason I shall ask them to ponder seriously these two considerations when they come to cast their vote on the amendment. I appeal to them as business men who are concerned in this Parliament with great business transactions, to be just as cautious in the administration of public affairs, and just as prudent and honest as they would be in the management of their own private business. I appeal to them on the further ground, as members of parliament elected to express the will of the people in this House of Commons, and chosen by the people to keep the ministry responsible to parliament, that they consider above all else at this time their duty to make this parliament the expression of the will of the people, and to make the Executive responsible to parliament in the fullest sense of the word. I move, seconded by the hon. member for Antigonish and Guysborough (Mr. Sinclair):

That this Bill be not now read a third time but that it be recommitted to the Committee of the Whole House with instructions to amend same by adding to Section 2, the following:

"The agreement herein shall be submitted to and be subject to ratification by the Parliament of Canada."

Mr. A. R. McMASTER (Brome): At this late date, in the discussion of this important matter, it is difficult to say anything new, but I wish to detain the House for a few moments while I give my feeble voice in support of the amendment moved in such a splendid speech by the leader of His Majesty's Opposition (Mr. King). It has been the practice of some hon. gentlemen opposite to endeavour to make this discussion a great contest between public ownership of railways on one side and private ownership of them on the other. I have no delight in dwelling in Laodicea. As a rule, I am able to take ground, whether rightly or wrongly, on a definite side of any public question. But I say in all sincerity that I believe I voice no inconsiderable degree of public opinion in this country when I state that my mind is seeking fresh light on the question of public ownership of railways. I can easily understand that there is a tremendous amount to be said, and a very strong case to be made out against private ownership of railways as we have experienced it in this country. But he would be blind who at this time did not realize that a very strong case can also be made against the public ownership and operation of railways. It is not a Liberal principle; it is not a Conservative principle. It is, if anything, a principle of State socialism, and I believe that throughout the world men are asking themselves just how far it is wise to extend the ambit of Government activity, and how far it is wise, on the other hand, to leave to individual effort and private initiative the carrying on of humanity's business. I am not going to appeal to hon. gentlemen here to-night either as an advocate of public ownership or as an opponent of the principle. Nor shall I appeal to hon. members as a Liberal. Rather, I am going to appeal to them as a prudent man desirous of seeing the nation's affairs well handled. And that is common ground, surely, with all of us. If we are to have public ownership in this country we want to see it founded on solid bases, and one of those bases is that the railways which are to be owned and operated by the people should be acquired at a reasonable cost, that a price greater than their value should not be paid for them.

What is the proposal of the hon. member for Prince (Mr. Mackenzie King)? It is that the agreement which will be arrived at between His Majesty the King, acting through his Canadian advisers, and the Grand Trunk, shall be submitted to this House before the deal is finally consummated. Now, is there any one here who will deny that that is a reasonable and prudent proposal?

Mr. BURNHAM: In the course of ordinary business, when you make up your mind to buy property, you set out the terms, as this is set out, and then go to the owner of the house and say to him: "Will you accept my offer?" There is therefore no necessity for ratification on the part of the man making the offer.

Mr. McMASTER: I may reply to my hon. friend by asking a question: If my hon. and learned friend, in his capacity as a solicitor, were buying a house or a farm for a client, would he not wish his principal to see the agreement of sale before he put his name to it?

Mr. BURNHAM: If I had a power of attorney to transact business for that man I would go on and transact it.

Mr. McMASTER: My hon. and learned friend has fallen into the error which I am sorry to see prevailing in this House, namely, of supposing that the hon. gentlemen composing the Cabinet are furnished with an irrevocable power of attorney. This is not the case; they have no power of attorney. They are a Committee of the House,

and in all matters of real importance they should come back to the House for ratification of whatever they propose to do.

Now, Mr. Speaker, there are several reasons why we should see the agreement in connection with this transaction. The first is that, as I believe, the interests of the Canadian people have not been fully safeguarded in the Bill itself. While the Bill was in Committee, I asked the Minister of the Interior (Mr. Meighen) this question: Why do you not submit to arbitration the value of the four per cent guaranteed stock? He answered me very frankly that the Government would have liked to submit it to arbitration but the company was not prepared to do so. That is a frank statement, but it is not a satisfactory answer, because the Grand Trunk railway was absolutely unable to meet their obligations, and the Government, if they proved recalcitrant, had merely to say: We will withhold all further aid from you. And then, according to the terms of the Drayton-Acworth report, the railway would not have been able to carry on. I say, therefore, that the Government had absolutely the whip-hand in the matter, and it was for them to impose upon the railway such terms—I do not ask that they should be unjust, but such terms within the limits of justice—as they deemed necessary for the protection of the Canadian people.

Then I believe that the Government should have been willing to make the arbitration subject to submission to Parliament. I remember when that was suggested the Minister of the Interior said: Well, why have an arbitration at all? I would have much preferred, had the Government decided to buy this railway, that they should have made a bargain with the railway company subject to the approval of this House rather than submit the value of its stock to arbitration, because our experience in the acquisition of the Canadian Northern was most unfortunate. We found ourselves obliged to pay, under the award of the arbitrators, some $10,000,000 for stock which Sir Henry Drayton, Mr. Acworth and Mr. Smith said represented no real value or investment whatever. I would have much preferred, if we are going to have an arbitration, to have had the price of these stocks fixed and referred to the House. The Minister of the Interior said that would not be an arbitration. In one sense it would not be an arbition. It would be what we call in the province of Quebec an expertise. It happens quite often in a lawsuit in our province that a judge will refer a technical matter to experts. These experts will bring in their report, but the report is not necessarily adopted by the judge. The party in whose favour the report is drafted moves for the homologation or acceptance of the report while the other side moves to reject the report. With the facts that the experts have found before the court it is in a better position to judge of the matter and decide upon it. Such might have been done in this case.

These are some of the facts which lead me to ask members of this House to agree to the amendment moved by my hon. friend from Prince. After all is it not a reasonable thing? Are we not reasonable men? We should be reasonable men. I would support the amendment of my hon. friend from Prince very heartily and commend it to the wisdom and prudence of my fellow members.

Mr. MEIGHEN: Mr. Speaker, I had intended rising when the hon. the leader of the Opposition (Mr. Mackenzie King) took his seat but the hon. member for Brome (Mr. McMaster) anticipated me and I did not have that privilege. The courtesies of debate require that an address in this House delivered by one occupying the conspicuous position the leader of His Majesty's loyal Opposition shall receive at all events the attention of a reply even though that address be little more than a repetition, perhaps for the tenth time, of the same remarks uttered by himself as well as by many of his followers.

The congratulations of hon. gentlemen on this side of the House are due however to the leader of the Opposition by reason of the very manifest evidence of the determination on the part of his followers to show fidelity to his leadership—evidence that came frequently to our ears in the way of applause and which was all the more pronounced and impressive when we recall the long succession of demogogic platitudes that evoked that applause. He read a lecture which he has read, I think, every time he has stood upon his feet since he entered the House about duties to the people of members of the Government and members of this House, duties that I venture in all humility to suggest every hon. member of this House was thoroughly aware of, thoroughly conscious of, long before the House received this rather nauseating reminder from the hon. gentleman.

If I have one suggestion to offer to the fair rose of expectancy of His Majesty's loyal Opposition; it is that when we have a concrete subject before the House for de-

bate he would be good enough to offer some remarks which really bear upon the merits of the issue and leave out of consideration, if he possibly can, these old, hackneyed phrases "democracy" "autocracy of executives" and all the rest of it which have no more relevancy to this discussion than were he to discuss the merits of the government of Japan.

What is his amendment? He moves in this House that the agreement which Parliament is now asked to ratify shall be hereafter again submitted to this Parliament. He tells us that unless that is done it is an exercise of autocratic power on the part of the Executive, a denial of the rights of the people, a granting to the other parties to the bargain of privileges they should not receive and a refusal to follow the wholesome precedents that have been established in days gone by. He took occasion to call to the attention of the House one of those precedents, the action of His Majesty's Government in 1903 in introducing the Grand Trunk Pacific bargain. There are two methods, as I have pointed out more than once, by which the Government might take authority for this action from Parliament. The one method is to meet the other party to the bargain, discuss and arrive at terms, write down the letter and the sentence, have the commitment complete; and then, with hands tied and feet bound, come to Parliament and say: "Take it or leave it." That is one method. Another method is to come to Parliament, lay before Parliament the general propositions, the general principles, the basis of agreement, ask Parliament to supplement these wherever it may be necessary or wherever in the judgment of Parliament they can in fairness to the public interest be improved and then seek authority in that way. I have never known or read in this Parliament or any other of the two methods being adopted. I defy and challenge hon. gentlemen opposite to bring me an instance from this Parliament, from the British Parliament, from the American Congress or from the Parliament of any civilized state, of both being regarded as necessary.

That being so, let us come to the discussion of which is preferable. I have stated the one and I have stated the other. Now I appeal to the reasonable men amongst the hon. members of this House: Which do they prefer? Is there an hon. member who listens to me now who would prefer that th eGovernment, the Executive of this country, should come asking the authority of Parliament after the consummation of the negotiations, asking for authority after the negotiations are completed, signed and sealed, rather than to come to Parliament with the general basis of the negotiations, with the principles of these propositions and then let Parliament try to amend or improve them as Parliament may be advised?

Which is the better position to place Parliament in? Which is the more just to hon. members of this House? Which is the fairer to the representatives of the people? Which is the more in consonance with democratic principles? Yes, in 1903 the other course was pursued on the part of hon. gentlemen opposite, and I do not wonder that as a consequence there are hon. members of this House who to-day stand up and frankly say that though in 1903 they supported, as followers of the party of hon. gentlemen opposite, the negotiations and the transactions at that time they have since had reason to repent their course in sackcloth and ashes. They have repented it, and there is no Canadian who does not repent it. "Oh, yes," hon. gentlemen say, "just do what we did in 1903?" It is because the Government of that time did what hon. gentlemen recommended in 1903 that there is $500,000,000 of unnecessary debt hanging around the neck of this country to-day. It is because of what they did and the way they did it that we have the accumulation of disasters that hangs around us now and that demands the drastic treatment we are now presenting. "Oh," says the hon. gentleman "give us a little time. We are asked for an alternative but for the life of us we cannot tell you one. This is a half-baked proposition, that is what we have to say about it; give us a little time to bake and then we will show you what we can produce." How much time did hon. gentlemen opposite give in 1903? How much time was possible under the method they followed and which we are now recommended to follow again? We stated the substance of these proposals to Parliament a year and six months ago. We notified Parliament of our policy. We advised this country of the path we were treading and of the goal that we sought; not in general vague terms, we pointed out the destination definitely and finally. Is that statement denied? That is what we did on the 15th day of May, 1918, through the voice of the Prime Minister of Canada. That is what we repeated the following session through the voice of the Minister of Finance, reading the terms line for line from commencement

to the end. Previous to that we had given notice to the country of the difficulties that confronted the Government and we appointed a commission of experts to recommend a course to be followed. That commission made a recommendation and its recommendation—along the lines we are following now step by step, line by line—has been before the people of the country for more than two years. What did hon. gentlemen do in 1903? How many hon. members of this House who were citizens of Canada at that time heard of the Grand Trunk Pacific deal two years before it was consummated? Whoever heard it mentioned—did any one hear it mentioned one year before it was consummated? Did any one hear a notification from hon. gentlemen opposite or from any hon. gentleman who sits on the Opposition now or from any hon. member in the House six months before it was consummated. Not a voice; not a whisper; not a warning; not a note. Did any hon. gentlemen hear, even two weeks before that agreement was brought into this House signed, and sealed and final, a single word as to what the agreement contained, or even an advice that such an agreement was in contemplation? That agreement was brought down on the 30th day of July, 1903, all complete. It was not half-baked, it was all baked—it was baked and burnt and crusted. On the 13th day of March, 1903, Parliament was called and the speech from the Throne was delivered. Did the speech from the Throne even contain an intimation that a Grand Trunk Pacific bargain was to be entered into or that the Government contemplated such a policy? Was any such intimation to be found there? I have the speech before me. Can the hon. member for Shelburne and Queen's (Mr. Fielding) enlighten me before I read it? He is one of those who complain of haste and "jamming" in connection with this legislation to-day. So does the hon. member for Brome (Mr. McMaster)—they are all complaining about it—and all acknowledging in the very same breath that nothing unfavourable can be said about the whole transaction and apologizing for speaking as a consequence. There was some reference to transportation in the speech from the Throne in 1903, and I warn hon. gentlemen to prepare themselves until I read that reference. It brings a weird memory with it, especially when one recalls the new commission policy recommended to this House by the hon. gentleman (Mr. Fielding). Here is the reference, here is the notification that was given to Parliament on that occasion:

> The great influx of population into our Northwestern territories and the very large additional areas of fertile land which are being brought under cultivation combine to further press upon us the need for increased transportation facilities for the forwarding of our grain and other products, to the markets of the world, through Canadian channels.

Now we come to the gem:

> The whole question of transportation and terminal facilities continues to occupy much attention, and my Government will immediately appoint a Commission of experienced men to report on the subject.

Who was the commission that hon. gentlemen opposite appointed in pursuance of that speech from the Throne? I will tell you, Mr. Speaker, the commission they appointed. They appointed a commission to build the National Transcontinental railway in pursuance of a signed contract brought down on the 30th day of July. They had a policy in 1903 appointing a commission, but it was confined to the speech from the Throne. In practice, the policy was to sign and seal the agreement, throw it into Parliament for a "yes" or "no"—certainly in that case a "yes"—then go ahead and bind the country, tie it hand and foot and burden it with debt for generations; whereas instead of that they had promised us a commission of inquiry. No wonder the hon. gentleman suggests a commission to us now. They planted in 1903 the forbidden fruit of which we are now reaping the consequences, and although they promised a commission of inquiry they never gave it. They planted it and committed this country to the policy without notice, warning or notification; and now, in 1919, after a commission of the best experts this country could name has inquired fully as to what to do to extricate us from the embarrassments in which those hon. gentlemen plunged us, after one commission has been appointed they go on asserting that a policy of one commission is not enough; it did not need a commission to tie us to these embarrassments but it needs two commissions to get us out of them. They also say "Let us see the agreement later on, and if you deny us the right to look at the agreement it is an exercise of autocratic insolence and is inconsistent with what we understand by democracy." It is vain to point examples to hon. gentlemen opposite. It is vain to show them over and over again that this is the ratification; that we are the representatives of the people; that even admitting they are representatives of the people themselves—in the

modesty of his nature the leader of the Opposition assured us that he and the gentlemen around him constitute the representatives of the people of this country—here is the Bill for ratification by these representatives of the people and for consideration and determination by them. What could be more democratic than that? If the hon. gentleman will not grant us the honour of representing the people of Canada surely he will continue to assume that honour for himself.

He says that they represent the people, but here is a Bill for ratification by the people. Unless the people's representatives ratify it, it cannot go through; where is the absence of democracy? It is vain to point out to him that any modification that hon. members here, representatives of the people, want in this Bill can be made. If they want to put in any modification that they think fair and right and square and honourable, that can be done.

Mr. MACKENZIE KING: Will the hon. gentleman say now on what basis the arbitrators are to value this stock? Will he give the House an assurance on that point at this stage so that we may know now on what basis the valuation is to be made?

Mr. MEIGHEN: The hon. gentleman evidently did not know what I was talking about; if he did, he is very anxious to get me off the point that I was making. I was asking him if we did not represent the people and whether in deciding on the agreement as embodied in this Bill, we were not speaking for the people of Canada. If he wants to put in some basis to submit to this Parliament, some basis that is to guide and direct and restrain and constrain the arbitrators, let him submit it; now is the time; he might just as well submit it now as at the next session. Why has he not an amendment like that? It would mean something; it would not involve a tedious repetition of what he has advanced over and over again, as does the amendment which he submits now. If he thinks that there are some principles that we should lay down for the guidance and restraint of the arbitrators, let him get up in this House and suggest those principles. It is our judgment—I have said already that it is my judgment—that the principles of equity and law by which the arbitrators will otherwise be bound are good enough and are right and are best; that they are better than any principles that we could possibly at the moment devise. It is our belief that in the hands of the Chief Justice of the Exchequer Court of Canada, to whom has been committed for years the determination of values as between the people of Canada on the one hand and individual owners on the other, and who has discharged that duty subject to the laws of equity and of justice that have come down through generations—it is our belief that into his hands this can well be committed, subject to those laws of equity and those principles of justice.

The hon. member says that he wants the agreement submitted here because a certain agreement was submitted in 1903. Well, I have defined the course that was pursued in 1903, and I have asked hon. members to weigh the merits of the one course as against the merits of the other. I am going to say just one thing more. When the hon. gentleman states that in no case has Parliament, after laying down the determining principles in just as great detail as Parliament desired, authorized the Government, upon those foundation principles, to build in the details that were necessary, he speaks without the faintest knowledge of history. I have dealt with that point in this House over and over again. I have quoted statutes wherein the Government of which my hon. friend was a member did that time and again—did it in 1903, did it in 1908, did it in 1910, did it, I venture to say—I did not look at the statutes—every year during which they were in power. That is the regular course that is pursued whenever a Government comes to this Parliament for authorization and ratification first and does not choose the far less desirable way of binding and tying the feet of the country and then coming to Parliament for ratification. On many occasions that has been done. It was done in the Canadian Northern arrangements which hon. gentlemen opposite made in 1910; done in similar arrangements in 1908, done in similar arrangements in 1903. There is nothing new about this. There is no reason why there should be an appeal to the high principles of democracy on the part of the leader of the Opposition. Why did he not make these appeals when he was Minister of Labour in 1910 and when they might have had some effect on his leader of that day? We did not notice very much struggling then on the part of the hon. member in an effort to drive into the intellects of autocratic members of this House a proper sense of the principles of democracy. He sat by while this very thing was being done then, every year during which he was in office. I do not suppose he noticed it; nobody did.

Two years ago, in 1917, when the Canadian Northern negotiations were before this House and the same course was pursued as is pursued to-day; when the general principles that were to be the basis of arbitration and the agreement of arbitration were laid before this Parliament for the consideration of hon. members, did the leader of the Opposition of that day rise and find fault on the ground that there was not the power to insert such details and work them out to completion? Not at all. He knew that that was the regular plan; he knew that that was always done. He knew that that plan had never been abused under his Government or under the Government then in office; had not been abused at any time in the history of the country. Was it abused in the case of the agreement that was prepared following the Bill that authorized the Canadian Northern arbitration? I had an allegation from the leader of the Opposition that it was abused. I challenged him then to make good his allegation; I challenged him to bring forward one single clause or sentence of that agreement which had been prepared on the authority and faith of the statute passed by this House and which was out of consonance with that statute, or which, in fact, did not safeguard the public rights or was a concession to the other parties to the bargain. Has he made good the allegation? He talked a lot along lines of what I must describe as demagogism, but he did not attempt to make good the specific allegations which he recklessly put forward on a subject which I venture to say he knew nothing at all about.

Now, the hon. member tells us that he is afraid we are going to get into great trouble with the United States. He read an article —no, he did not; he read part of an article —from a newspaper called The Journal of Commerce, published in New York. After reading such extracts as suited him, he told the House that the suggestion of the article was that there would be objection to this agreement on the part of the United States Government, and that, as a consequence, he had a new reason for hesitation to advance. The article in question does comment upon the course that is being pursued. It contains, I think, exactly the extracts that he quoted; it gives one side and the other side. I do not wonder that there should be such an article, following the fears that hon. gentlemen expressed in the early part of this debate almost a month ago now. I do not wonder that these fears would be carried by the winds and the telegraph wires down to the United States, and that some newspaper would have an article upon them. But he took care not to read it all; he explained to the House that he would not read the rest of it and he simply let it go at that. I will read a little of the rest of it, and perhaps hon. members will then understand why he did not read the rest of it:

> No similar issue has ever come before the State Department, it is understood. There is some disposition to believe that the ownership of the stock of the Panama railroad by the Government of the United States furnishes a parallel case. The statement has been made that the Panama railroad as a corporation is subject to the same control by the Pan-American Government as any other private enterprise, and it is probable that this will be the attitude of the United States as to the Grand Trunk system.

I am afraid the hon. member has sent out an invitation to a ghost that is not likely to be accepted. He has at least one bogey that he won't very often put up to knock down again.

The hon. member made some other references in the course of his address, many of them nothing more or less than repeated misrepresentation of statements that had been made on the part of the Government and misrepresentations of figures that had been brought down. He went so far as to say that the House had not been advised of the obligations of the system, notwithstanding the fact that every obligation has not only been brought down, but its proper allocation made and its nature fully defined. The proper division and the various characteristics of the obligations have been amply explained.

All obligations to the last dollar are pretty well known to this House and to any hon. member who desires to peruse the papers that have been laid on the Table, and I do not know what more a Government can do. The hon. member asks then finally and as a last plea that we be good enough to bring down the agreement so that it may be seen by hon. members of this House. Most assuredly, it will be brought down. I have never known, in all my knowledge of Parliament, of an agreement made on behalf of a Government that was not laid on the Table when it was made or just as soon as possible afterwards. That undoubtedly will be done; but if we are not to do anything until the agreement brought down, what is the good of what we are doing now?

Mr. MACKENZIE KING: The minister is changing his tune now. Do I understand him to promise that the agreement will be brought down?

Mr. MEIGHEN: I will sit down so as to let the hon. member tell me what tune I am on now.

Mr. MACKENZIE KING: The minister declined to promise before that the agreement would be brought before Parliament for ratification. If he will say now that he promises to give Parliament the right to ratify that agreement, I will withdraw my amendment.

Mr. MEIGHEN: The hon. gentleman does not see any difference between bringing down the agreement and refusing to do anything until the agreement is signed and sealed and brought down.

Mr. MACKENZIE KING: No.

Mr. MEIGHEN: Did I never say that the agreement would be brought down? I told the hon. gentleman that the first time he mentioned the matter.

Mr. MACKENZIE KING: Let us understand each other accurately.

Mr. MEIGHEN: I do not misunderstand the hon. member in the slightest. He does not want to do anything until the agreement is brought down. In that case, what is this debate for?

Mr. MACKENZIE KING: May I assure the minister that I would like the Government to proceed at once with the agreement? The whole purpose is by all means to let the Government go ahead and complete the agreement, but let the minister give the House the assurance that when the agreement is completed, it will be brought down and submitted to Parliament for ratification.

Mr. MEIGHEN: Then what is the purpose of this debate?

Mr. MACKENZIE KING: The purpose of this debate is to find out whether the Government is agreeable to that course. The minister says that he will bring down the agreement, but he is careful not to say that he will submit the agreement to Parliament for ratification, and that is the whole point.

Mr. MEIGHEN: If after this debate the agreement is to be submitted to Parliament for review again, what is the good of this debate or of this Bill? There is no sense in taking the two courses, as the hon. member must surely see. There is no common sense nor propriety; in fact, greater lunacy could not possibly be conceived of than to take the two courses. What is the object of the debate on this Bill? This debate is the method by which Parliament is made aware of the principles, indeed, the specific clauses which, so far as Parliament desires, are to be embodied in the agreement. If the agreement is later to be brought down for review, what is the good of this debate? You have to take one course or the other.

Mr. CANNON: Suspend the discussion.

Mr. MEIGHEN: One course or the other must be pursued. To take the two courses is simply to play with Parliament, and I cannot conceive of anything so wholly indefensible—I described it as lunacy. You could not possibly defend both courses. It is for Parliament to decide whether we are justified in taking this course or whether the other would be better. I put it to hon. gentlemen: Do you prefer the course of 1903, or do you prefer this? Do you prefer to have something to say as to what is in the agreement, or do you prefer to have no opportunity at all except to say: Yes or no? That is what is before the House. Certainly the agreement will be brought down; but when a Government is authorized to make an agreement and when that Government is told the nature and the only nature which that agreement can have, then that is the authority of that Government; and that is the best method of procedure in the interest of Parliament and in deference to the just rights of Parliament and of the people whom Parliament represents. That is the best way and the democratic way to go before Parliament. It is not the 1903 method; I do not think the people of this country want the 1903 method any oftener than is unavoidable. I will tell the House a little more about that method. In 1903, the Government of the day made an agreement with the Grand Trunk Railway Company. They threw the agreement into the arena here, and do you know the way in which they did that? They did not even put a resolution on the Order Paper that hon. members in the Opposition or the hon. members behind the Government could see it and know what in the world it was before the debate came on. I said a moment ago that there was not a week's notice; I want now to tell this House that there was not an hour's notice; that there was not a minute's notice. I will explain the procedure that was followed, a procedure, I think, unprecedented in the history of this or of any other Parliament. The leader of the Government of that day stood in his place and moved for leave to introduce a Bill. By the rules of the House there had to be a resolution before the Bill could

be committed, but he introduced the Bill before he introduced the resolution. Why? Because if he had introduced the resolution first, he would have had to put it on the Order Paper to introduce it, and then hon. members would have known what was contained in the resolution. He did not want that, so he preceded the resolution by the Bill. You do not have to distribute the Bill. He got up and made a speech of about two hours in length, and none of the members of the House had ever had the Bill before him, and when he got through with his speech, he sent across for the first time a copy of the Bill to the leader of the Opposition. That is a course in the interest of democracy, if you please. That is the fidelity to democratic principles that is solemnly advised on the part of the leader of the Opposition to-day. We want no more of the manner or the form or the substance of the 1903 course again in this Parliament or in this country. Therefore, I say that of the two methods that were before us from which we might choose, we have chosen the one that shows the greatest consideration for members of Parliament, that gives the people of this country the best chance to be heard, that is in every way the most democratic and, indeed, the most prudent in the interest of the whole nation.

Mr. D. D. McKENZIE (Cape Breton North and Victoria): Mr. Speaker, it would appear as if the Minister of the Interior (Mr. Meighen) and myself or somebody else on this side of the House could continue making speeches and replying back and forth for the balance of the winter. The other day the Minister of the Interior made exactly the same speech as he has made this evening. I replied to it and, as to-night, he has paid no attention to my reply, that makes it necessary for me, in the briefest possible way, to reply to his speech again, and I hope that will be the end of the matter. I have the gratification of knowing that in making my reply to-night to the Minister of the Interior, I have a bigger audience than I had the other night. Hon. members are gathered in the House, and I hope they will stay for a few moments. As a rule we have not the luxury of having hon. gentlemen opposite remain to hear us because evidently in the caucus they are told what is to be done.

Some hon. MEMBERS: Oh, oh.

Mr. McKENZIE: They will not stay here because what is the good of their hearing anything about the matter; they are told what they are to do, and that is the end of it. That seems to be the position of hon gentlemen opposite because if their information consisted in what they heard in the House, it would be very meagre because they are here very seldom if at all. The Minister of the Interior, in his usual emphatic manner and knowing exactly the chords to touch in the hon. members behind him, asks them to decide which they would have, which they would prefer, the conduct of the Laurier Government in 1903 or his own conduct, that of this Government on this occasion. He knows in advance what answer will be for he got into caucus before introducing this Bill. He is, therefore, taking no risk at all in putting that question to his jury. He knows their verdict in advance. I have no hesitation whatever in telling the minister which course I, as an ordinary democratic citizen of this country, would choose. I would certainly take the course that was adopted by the Government in 1903, when both the Bill and the agreement were submitted to Parliament. When that agreement was made with the Grand Trunk people it contained all the terms, which was a notice to them that the agreement was not binding until it had received the approval of Parliament. That is the kind of agreement commercial men make who are sent out travelling. One comes, we will say, to my country by the sea, and takes an order for perhaps $10,000 of goods.

Mr. SHEARD: Oh, oh.

Mr. McKENZIE: If my hon. friend would go into the office of the Nova Scotia Steel or the Dominion Coal Company he would find that a $10,000 order is a very small affair. When the traveller sells that order he says to the purchaser: "This order is not binding until my principal at home approves it. That is the kind of bargain I am making with you, and if you do not get the goods you have no cause for complaint because you understand from the beginning I am only making a tentative bargain, which, if my principal does not approve, is no bargain at all." That is the kind of agreement we made in 1903 with the Grand Trunk. We simply said to them: "We will make this tentative agreement with you, and if Parliament approves, it will become a bargain, but if Parliament rejects it there will be no bargain at all." That is the position we took, and it is a most extraordinary thing for hon. gentlemen opposite to allege—it is an accusation

against themselves—that Parliament has absolutely no independence, and that a Government or a section of a Government can make any kind of an agreement, and if they make it that is the end of it, it being a useless formality to submit it to Parliament, because Parliament must adopt it. I do not go that far, and I hope hon. gentlemen opposite will not go that far. Are they going to strip themselves entirely of their independence and of every particle of judgment and say that if the Government which they support brings in an agreement, that is the end of it, because they must vote for it? That would be stripping Parliament of all its power; the will of the people as represented by Parliament will be a thing of the past if that is what they are going to do. I hope that none of the Unionist party, which is only a little step from old hard-and-fast Toryism, will say that that is the doctrine they espouse, and that it is carrying out the will of the people. If so, they might as well stay at home and send a rubber stamp here instead of themselves. The Minister of the Interior could then put the rubber stamp on the agreement and save them the trouble of coming here at all. But that was the doctrine put forward to-night by hon. gentlemen on the other side.

What was the practice followed in 1903? I am not going into all the details of the agreement, and I am speaking from memory, but the agreement was submitted to Parliament and approved after a very lengthy discussion; I forget how long, but it was months before Parliament had fully discussed and thrashed out the matter. Furthermore, not a dollar or a cent was expended under that agreement until Parliament was dissolved and the Government of the day had appealed to the country on that question. If hon. gentlemen opposite will follow that same course there will not be five minutes further discussion on this side of the House.

Mr. MEIGHEN: Was not the Bill passed in 1903 before there was any appeal to the country, and was there not even a new contract made with the Grand Trunk which passed the House before there was an appeal to the country?

Mr. McKENZIE: Oh, no.

Mr. MEIGHEN: Oh, yes, I have the statutes here.

Mr. McKENZIE: I say there was no money expended, nor a sod turned on the road until after the election. I did not come to this Parliament for the first time in my life until after the election of 1904, when I met in Ottawa for the first time one of the Commissioners who was then organizing his staff and getting ready to begin work. Not a dollar was spent on the work before the election. While it is true that the Government could possibly bind the hands of representatives of the people sitting behind them in Parliament, no Government except this Government would make any attempt to bind the hands and feet of the electorate of this country. In 1903, as the Government was entering into a great undertaking, they submitted the agreement to the people of the country and the people of the country approved it. We cannot hope to be wiser than the great masses of the people of this country. The masses of the people, the people of the country generally, are not all wise, but they are the best we have, and when we submit a question to their cool deliberation and judgment and they reach a verdict, we have to stand by it, and there is no use crying over spilt milk if we find the verdict was not exactly what we thought it might be. The ex-Minister of Finance (Sir Thomas White) speaking in this House a few evenings ago said it was a waste of time to indulge in recriminations as to who was to blame for the railway situation. If there was any blame, we must share it equally, he said, and do the best we can.

Without taking up much time, let me say that I prefer the course that was adopted in 1903. I say to the Government, bring the Bill and the agreement before Parliament and get the approval of Parliament. But do not be satisfied with that. Submit not only the Bill and the agreement to the people of this country, but submit the Government itself to the people. If hon. gentlemen opposite are so courageous and believe they represent the will of the people in going on with this transaction, let them say to the Grand Trunk people: We are a government which was elected on a specific cry and for a specific purpose. We have never discussed this question with the country and the Canadian people have not had an opportunity of passing judgment upon it. Wait until the proper times comes, or until we make a proper time for appeal to the country. We will then make this an issue, and if the Canadian people approve of the agreement and give us a mandate to go on with the transaction, and add this further weight of public ownership to the present burdens of the country, we shall be prepared to give

the matter serious consideration, but until that time comes it is better to leave such an imporant question in abeyance. I submit that that would be a business proposition and the proper way of dealing with a matter of this kind. We are not following the course that was adopted in 1903. Instead of that, a Bill is introduced in Parliament which does not profess to go into details of the various things that are to be done under the agreement, but simply gives a general power to the Government to do certain things. We say that that is not sufficiently specific. We say that the agreement itself, which will practically be an Act of Parliament, or a supplement to this Act, should be brought before Parliament. And when we do see it we shall possibly be ready to submit it to the proper authorities for the further carrying out of it.

Now, as to what the practice is, let hon. gentlemen look at Chapter 20 of the Acts of 1914 respecting the Canadian Northern railway. That Bill was drafted by my hon. friend, the Minister of the Interior, (Mr. Meighen) with some assistance no doubt; and he will admit, I think, that he had something to do also with the drafting of the present Bill before the House. In 1914 there was an agreement as well as a Bill. The agreement is part of Chapter 20 of the Acts of 1914, and every particle of it, every term and provision of the agreement, is set forth in the Bill itself. Now, if that represented good practice on that occasion by the same Government carrying into effect what they termed the government ownership of railways, what is the matter with it to-day? We are simply asking the Government to be uniform in their procedure. If I were informed by my good friend, the distinguished surgeon from Toronto, (Mr. Sheard) that he performed a certain major operation some two or three years ago in a particular way that proved highly successful, and that he intended performing the same operation again, would he for one moment, merely for the sake of experiment, adopt any practice other than that which he had already tried and found eminently satisfactory? Not by any means; he would do precisely as he had done before. In this matter, we are asking parliamentary practitioners, who are now practising upon the carcass of the country, to follow the practice which they themselves have already laid down. For about the hundredth time, Mr. Speaker, the Minister of the Interior tells us that this bargain was submitted to us on May 5, 1918, by the Prime Minister, and he asserts that we should have stood up in our places on that occasion and protested even against the Prime Minister's talking about the matter. But, Sir, it was nothing more nor less than general talk in regard to the railway situation. No Bill was submitted. I want hon. gentlemen opposite to be fair to this side of the House and to themselves. Why should we begin to criticise a Bill that was not introduced, and an agreement that was not formulated in any way? The Prime Minister at that time was dealing largely, as I venture to say, with the question of general policy in regard to the unification of railways in this country, blotting out here and there useless pieces of railroads, and devising some working arrangement to secure a co-operative basis of railway operation in Canada with a view to saving overhead expenses and carrying on the systems as satisfactorily as possible. I forget what the Prime Minister said in relation to the Grand Trunk, but, whatever it was, it was all in connection with the general discussion. The leader of the Opposition at that time, Sir Wilfrid Laurier, took part in the discussion and made statements in the same general way. But, I repeat, there was nothing definite before the Government; there was nothing definite before the House. Yet we are told to-day that we must say nothing about this Bill because, forsooth, we raised no objection when the mere mention of the matter was made in this House in 1918. In answer to my hon. friend the Minister of the Interior, the other evening, I drew his attention to a cablegram appearing in this blue-book, sent by the Prime Minister of Canada on the 10th day of September, 1918, to the Canadian High Commissioner in London, asking him to convey to Sir Alfred Smithers a message that unless a better proposition was submitted before the end of September, 1918, than had hitherto been made, all negotiations would have to be regarded as closed. When the Minister of the Interior says that we knew that some negotiations were in progress on the 15th of May, 1918, I think that the telegram of the Prime Minister on the 10th day of September should be accepted as a fair answer to the statement that we should have criticised this transaction all along. There was no offer subsequently to the 10th of September, and, so far as we are concerned, that was the end of the negotiations until the 9th day of last month when the Minister of the Interior introduced this legislation. We are now told that, in the language of the law, we are

estopped from criticising the bargain because we were not barking at the heels of the Government all the time. That is not a fair or reasonable position for hon. members opposite to take, and we have a right to ask that we shall be put on the same basis exactly as those who are selling the road. The vendors are told in this Bill that they shall have the right to look at the agreement and pass judgment upon it before signing it, and we who are buying the road should also have the opportunity of seeing the agreement and assuring ourselves before signing it that it embodies every provision necessary to safeguard the interests of the people. The Minister of the Interior, although he did not make the statement to-night, has said that this attitude of inquiry on the part of the Opposition is Bolshevism. Bolshevism! For us to suggest that the people of the country, through their representatives in Parliament, should see the agreement before committing themselves to it. That point has already been adequately dealt with, and I shall say nothing concerning it, except to remark that if our anxiety in this House in the interests of the people, and our desire to know just how public money shall be expended;—if this, and our request for ample opportunity to ascertain what we are undertaking in the way of financial obligations, constitute Bolshevism, then all I have to say is that there are a great many Bolshevists in this country; because we do not want——

Mr. MEIGHEN: Mr. Speaker, ——

An hon. MEMBER: Order.

Mr. McKENZIE: ——to have things pushed down our throats in this manner. We want to have a say in the expenditure of public moneys.

Mr. MEIGHEN: I do not propose to sit quietly through a series of misrepresentations, and I rise to a point of order. The expressions that have been attributed to me by the hon. member for Cape Breton (Mr. McKenzie) are wholly untrue. I gave utterance to no such statements nor anything that could fairly or honourably be so construed, and the hon. gentleman, if he does not know it, should know it.

Mr. McKENZIE: I heard the hon. gentleman's speech and have given my recollection of it.

Mr. MEIGHEN: Just quote it.

Mr. McKENZIE: I cannot be bothered looking it up now; I do not know what it is. But if I have said anything that is not consistent with the Hansard report of my hon. friend's speech, I am ready to withdraw it. The same statement, however, was made by the hon. member for Prince (Mr. King) half an hour ago, and my hon. friend accepted it.

Mr. MEIGHEN: It is no use checking him.

Mr. McKENZIE: My hon. friend is a lawyer, and he knows the principles that govern evidence in courts of law. If the statement is made in the presence of a witness in court that he said certain things and he stands mute and does not deny it, the court takes for granted that the statement is true, and I can go to the jury and tell them that that is the evidence. The statement was made by the hon. member for Prince exactly as I make it, the minister stood by and did not protest; therefore, it is binding upon him, and I have a perfect right to take it for granted that it is true.

Mr. DEPUTY SPEAKER: I must ask the hon. member (Mr. McKenzie) to withdraw the statement that he has a right to repeat words which have been denied as having been uttered by the Minister of the Interior.

Mr. McKENZIE: I accept the statement of the minister and I accept the ruling of the Chair, broad as it may be. We believe, Mr. Speaker, that we are exercising the right of democracy in dealing with this Bill. What are we expected to do? Are we expected to adopt what are known in the world to-day as direct methods; are we supposed to use pistol or brute force against this Bill? What could we do but what we have done? We voted against the resolution introducing the Bill. The House was divided. We put ourselves on record against it. On a motion for the second reading, we voted against it. It is found on record that we did. At every stage we voted against it. My hon. friend from Shelburne and Queen's (Mr. Fielding) moved an amendment. We supported that amendment. Hon. gentlemen opposite voted it down. There is another amendment now before you, Sir, which I suppose will receive the same fate. We are battling this Bill at every stage in a constitutional way. What else could we do? Yet the minister says that we are not in a democratic way representing the views of the people. I know of no other method than to follow the procedure of Parliament in opposing this measure constitutionally and properly as we are doing. It so hap-

pens that we are in a minority and that we are voted down, but we have the right to submit to the people what our views are and when the day comes it will be a matter for them to decide whether we or the Government and their supporters are right. That will be a matter for the people, but it is our duty while here to give hon. gentlemen opposite an opportunity of putting themselves on record in support of their views on this question.

As a result of our democratic purpose and effort we have succeeded in getting some improvements made to this Bill. Section 8 of the Bill was a most extraordinary one. It would give to the Government and their committee full control of all the money in the treasury to pour out under this agreement, $30,000,000, or $50,000,000, or whatever may be required, without coming to Parliament for approval. We succeeded in striking that section out and in getting back to the good old idea that Parliament must vote the moneys that are required for public business and public works in this country. That idea, Sir, is democratic. No doubt that section would have gone through as it had been drafted, and as it went through its first and second reading, without any fault being found with it on the Government side.

Mr. MEIGHEN: That could not have been done if we had got the agreement signed first.

Mr. McKENZIE: Now we have also an improvement in section 5 which was going to saddle this country for thirty years with these old bonds and compel us to pay four per cent interest whether we could get money cheaper or not or whether the people wanted to get clear of that burden sooner. We have succeeded in a constitutional and proper way in inducing Parliament to cut that down to five years so as to give the people an opportunity in five years from now of getting clear of paying taxes under this Bill if they choose to do so.

With regard to section 6, we have by discussion and so forth induced the Government to make a change which gives us the benefit of the judge of the Exchequer Court as the third man to be appointed, I presume, by the Government without any pledge to get the consent of any of the parties to the agreement or arbitration. We wanted to secure the further advantage, as long as the judge was to be called in at all, of having the whole business left to him and securing the provision that he should act as a court and not as a third man.

We were suggesting the other night that there should be a review in this House of the decision of the board of arbitrators. That is of course along the same line as asking for a review of this agreement, only perhaps this is going farther. In the discussion, to be found at page 1583 of unrevised Hansard, the Minister of the Interior says:

> The hon. gentleman says, let a judicial tribunal, after hearing sworn witnesses, decide what a certain property of a very complicated nature is worth, then let public opinion do its work throughout the country and be reflected in this House, and then we will see whether the judicial tribunal was right or wrong. Could a more definite and concrete example of what we might call parlour Bolshevism be given? Is not that Bolshevism itself?

That is exactly what the minister says. If the award of the arbitration is to be submitted to this House the minister says that it will be Bolshevism. We say that it is not Bolshevism but that it is the exercise of the power of democracy by the people and in Parliament through their representatives. I do not think it was worth while for the minister to try and make out that I was misquoting him, or that my leader was misquoting him, when he just gave the substance of his words to be found on page 1583 of Hansard and contained in the statement made by the minister on the 29th October last. We were saying that no matter what the tribunal was or what might be the decision of a properly constituted court, before it receives final assent and becomes binding we should be able to have a look at it and say whether or not it is a proper decision. That is all we said and the minister says that it is highly improper and that it is Bolshevism itself.

We say, go back to the practice of 1903 and to that which was followed by hon. gentlemen themselves in 1914 when they passed chapter 20 of the Acts of that year dealing with the Canadian Northern and the agreement as set forth in the schedule to that Act. That is all we are asking to have done, and I submit that it is impossible to give this House or the country a proper conception of what the agreement is going to be unless we see the agreement itself.

My hon. friend in his usual methods of trying to satisfy his friends made a very strong effort to get out of this position by saying: Why certainly we are going to bring the agreement down; when did the hon. gentleman ever see a bargain or agreement made by this Government or any

Government that was not brought down and laid upon the Table? I presume he wanted his followers to believe that that is exactly the thing desired. But what the hon gentleman means is that the agreement will be brought down after it is fully drafted and signed, and we will have nothing to do but look at it and can do nothing at all with it. That is not what we want: We want the agreement brought down when it is drafted, when both sides have agreed to the draft, then let us look at it and see if it is all right and if there is anything that we could suggest that should be in it. Let us have the agreement in the present case submitted here for ratification as the agreement of 1905 was. I am not asking the hon. gentleman to go so far as to submit the question to the people and have a general election upon it before the agreement goes into force. If he wants to follow the conditions that existed in 1903 that is what took place, but perhaps that is asking too much. Very well, when we are foregoing these things we are not asking too much or going too far when we ask the hon. gentlemen who have charge of this agreement to bring it down. We are asking the right hon. gentleman who is more responsible for the actions of the Government of which he is, for the present, the head to take into consideration whether or not he is properly representing the views of the people of this country when he is going to make a bargain involving five or six or seven hundred millions of the peoples' money and refusing the representatives of the people the right to look at this agreement. I submit that the right hon. gentleman who leads the Government is not doing justice to himself nor justice to the principles of democracy in this country if he shoves this agreement and this legislation through in that manner and refuses us the simple right of looking at the document which is going to bind us to a liability of such a character before we put our signatures to it. I have much pleasure, Sir, in supporting the motion which is now in your hands.

Hon. W. S. FIELDING (Shelburne and Queen's): I shall detain the House but a very few minutes and shall endeavour almost exclusively to confine myself to the amendment, Sir, which is in your hands. I say almost but not exclusively, because I am afraid I shall have to make a very brief reference to the legislation of 1903. Again and again the Minister of Railways and the Minister of the Interior have denounced the railway legislation of that year, and they have not always confined themselves to facts. Again and again from that side of the House have come statements which were monstrously unfounded. I have thought it wise not to burden this debate by going into that question generally, but may I be permitted to give the House and the country one or two striking, salient facts in connection with that legislation which are worth remembering? The legislation of 1903 was designed to provide for the construction of a second transcontinental railway in Canada. One would judge from the way hon. gentlemen opposite have denounced it, that that proposition was a matter of public division, a monstrous thing undertaken by the Laurier Government. Now, as a matter of fact, there was practically no difference of opinion at that time as respects the desirability of a second transcontinental railway; it was only when the question of the details came to be considered that the Opposition were willing to take strong ground against it. I remember that on more than one occasion when the Opposition were charged from our side of the House with opposing the idea of a second transcontinental railway they denied it indignantly; they said they were not opposing the construction of the railway but this particular transaction—it was the bargain that they were opposing. And what, Sir, was their claim about the bargain? What was the great crime the Laurier Government were accused of committing then? It was that they were giving away great resources and a great prize to the Grand Trunk Railway Company. It was that they were giving the Grand Trunk Railway Company such a bargain that it was going to make them rich, and the country was asked to rise and condemn the Government because they were giving the Grand Trunk Railway Company such a valuable contract and such a rich prize. That was the ground taken by the Conservative party at that time. What is their attitude to-day in regard to the very same transaction? The Minister of the Interior and the Minister of Railways come before this House and they say that we ruined the Grand Trunk railway by giving them that contract. Every ground taken with respect to the actions of the Government in 1903 is abandoned, and to-day the Conservative party—so far as the Minister of Railways and the Minister of the Interior can be taken as exponents of that party—are simply reversing their action. Now they are saying we destroyed the Grand Trunk company by making this contract

with them. I have said before in this House that the contract in question was a hard one. Never was a contract made in which the public interest was so well protected; never was a contract made in which the company concerned were held to the mark so severely and so strongly as in that contract. I do not want to enlarge upon the contract now, I merely ask the House and the country to bear in mind these two important facts: First that the attitude with respect to the legislation of 1903 of the Conservative party, if we may take their subsequent declaration, was not in opposition to the construction of the road but in opposition to the terms of the bargain, and second that the ground of opposition was that we were giving a great prize and great privileges to the Grand Trunk Company.

Now then let me come to the more immediate purpose of the amendment. The Minister of the Interior says that there are two ways of making a bargain. I admit that at once. I admit that you can come forward and pass a general Act embodying the principles of the Government's policy, and you can provide that regulations or that an agreement may be made with respect to it. That is a very common practice, and when the hon. gentleman says that is one way of doing business I admit it at once. But it is a question of degree: When you come to the larger and greater transactions the details are everything. The details of this particular agreement are everything; and I call to witness my hon. friend from Springfield (Mr. Richardson) who said here the other day that he was much disturbed over this matter and he was only going to be satisfied after he had an opportunity of scanning the details. He is not going to have those details at all. There is all the difference between a big transaction and a little one. You can pass an Act of minor importance and you can provide that the Governor in Council may, by regulations, carry it out. You may even provide that the Government may make some agreement later on with respect to it, and if the thing be not a matter of transcendent importance you may justify that proceeding. But when you take a transaction of this kind the details are everything and we should have the agreement before us, and that is where the Act of 1903 justified itself. But my hon. friend (Mr. Meighen) says: "Oh, think of what they did in the Act of 1903. They brought the agreement down and you had to take it or leave it, there was no choice offered. The agreement, signed, sealed and delivered, was flung on the table of the House and you had to take it or reject it. What an awful thing, a shocking thing, the Laurier Government has done." Well, I hold in my hand the Canadian Pacific Railway Act of 1881, and the Government of that day pursued exactly the same policy when they made a contract. They brought down every detail of that contract and they brought in a Bill to ratify the contract exactly as we did in 1903. The Act in question, chapter 1 of the statutes of 1881, recites various things and then section 1 declares:

> The said contract, a copy of which with schedule annexed, is appended hereto, is hereby approved and ratified, and the Government is hereby authorized to perform and carry out the conditions thereof, according to their purport.

That contract was what? It was a vast transaction. It was not one of the ordinary small matters such as my hon. friend has cited, it was one of the biggest transactions in the history of the country. It was thought proper, before the House was called upon to pass upon it, that hon. members should be made familiar with every detail, and to the honour of the Conservative Government of that day, be it said, they never thought of any other policy. They brought down every line of the agreement and they gave it to the House to approve of. We followed that example in 1903. And now it is because this is a big transaction and not an ordinary one, it is because it is one of the greatest transactions in the history of the country, that we say the details should be forthcoming and we ought to have these details before this House commits itself.

The House divided on the amendment of Hon. W. L. Mackenzie King which was negatived on the following division:

YEAS.

Messrs.

Archambault,	Foster (York),
Bourassa,	Fournier,
Boyer,	Gauthier,
Brouillard,	Gauvreau,
Cahill,	Gervais,
Cannon,	Hunt,
d'Anjou,	Johnston,
Déchêne,	Kay,
Delisle,	Kennedy,
Demers,	King,
Denis,	Lafortune,
Desaulniers,	Lanctôt,
Deslauriers,	Lapointe (St. James),
Euler,	Leger,
Fafard,	McCoig,
Fielding,	McCrea,
Fontaine,	McGibbon (Argenteuil),
Fortier,	McKenzie,

Marcile (Bagot),	Pelletier,
Mayrand,	Prevost,
Michaud,	Proulx,
Molloy,	Robb,
Murphy,	Savard,
Pacaud,	Seguin,
Papineau,	Tobin,
Pardee,	Turgeon,
Parent,	Vien.—55.
Pedlow,	

NAYS.

Messrs.

Argue,	Lalor,
Armstrong (Lambton),	Lang,
Arthurs,	Long,
Best,	Mackie (Renfrew),
Blair,	Maclean (Halifax),
Bolton,	MacNutt,
Boyce,	McGibbon (Muskoka),
Brien,	McGregor,
Buchanan,	McIsaac,
Burnham,	McQuarrie,
Burrell,	Maharg,
Calder,	Manion,
Campbell,	Marshall,
Casselman,	Martin,
Chaplin,	Meighen,
Charlton,	Merner,
Clark (Bruce),	Middlebro,
Clarke (Wellington),	Morphy,
Clements,	Munson,
Cockshutt,	Myers,
Cooper,	Nesbitt,
Cowan,	Nicholson (Algoma),
Crowe,	Porter,
Cruise,	Redman,
Currie,	Reid (Grenville),
Davidson,	Reid (Mackenzie),
Davis,	Richardson,
Douglas (Strathcona),	Sexsmith,
Douglas (Cape Breton S. and Rich.),	Shaw,
	Sheard,
Edwards,	Sifton,
Finley,	Simpson,
Foster (Sir George),	Smith,
Fripp,	Steele,
Glass,	Stevens,
Griesbach,	Stewart (Hamilton),
Guthrie,	Sutherland,
Halladay,	Thompson (Weyburn),
Harold,	Thompson (Hastings),
Harrison,	Thompson (Yukon),
Hartt,	Thomson (Qu'Appelle),
Hay,	Tweedie,
Henders,	Wallace,
Hepburn,	Wilson (Saskatoon),
Keefer,	Wright.—90.
Knox,	

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messrs.

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Wilson, G.,	Béland,
Stacey,	Baldwin,
Stewart (Lanark),	Sinclair, J. E.,
Kemp, Sir Edward,	Trahan,
Mewburn,	Verville,
McCurdy,	Chisholm,
Spinney,	Sinclair (Queens),
Scott,	Power,
Drayton, Sir Henry,	Lavigueur,
Fraser,	Gladu,
Blake,	Jacobs,
Crothers,	Ethier,
Bowman,	Ross,
Allan,	Lesage,
Crerar,	Leduc,
Cronyn,	Cardin,
Ballantyne,	Casgrain,
Hughes, Sir Sam,	Duff,
Rowell,	DuTremblay,
Loggie,	Bureau,
Charters,	Truax,
Chabot,	Devlin,
Mowat.	Boivin,

Mr. J. A. CAMPBELL (Nelson): Mr. Speaker, as the hour is getting late and I have an amendment to submit, I move the adjournment of the debate.

Some hon. MEMBERS: Go on.

Some hon. MEMBERS: Carried.

Mr. CAMPBELL: Well, I shall go on. I have already voted against two amendments that have been proposed. With regard to the first, as this matter is to be submitted to arbitration I do not think it necessary to have a commission appointed as was suggested, with all the necessary trouble and expense that would be involved. As regards the second amendment, I think there is a great deal to be said in its favour, and so far as I am concerned it was a toss-up whether I should support it or not. But considering the extent of this debate, the way the whole matter has been brought out and the detail in which the Bill has been presented to the House, I decided that I was satisfied to leave the matter in the hands of the Government, to act as instructed by this House.

I wish, however, to avail myself of the suggestion made recently by the Minister of the Interior (Hon. Arthur Meighen) that members are expected to make suggestions and supplement where necessary any deficiencies that there may be in the Bill. It is with that end in view that I propose to submit an amendment—purely with the idea of bringing the Bill more in accord with what I conceive to be the situation and with what I believe to be the sentiment of the people of the country.

The amendment that I wish to propose is to submit the guaranteed stocks to arbitration along with the other stocks. A great deal has been said about the agreement of 1903 and a comparison has been made between it and the present Bill; between the method that was pursued then and the method that is being pursued now. It seems to me that both methods are proper in their way. If it is said that Parliament

was bound hand and foot at that time, the same may be said of the present occasion; there is no more reason to believe that there was any binding of Parliament in 1903 than there is to believe that there is a binding of Parliament at the present time. But in connection with the agreement of 1903, the point that interests me is this: unquestionably things have not turned out as was expected under that agreement; undoubtedly that agreement has resulted detrimentally to the country. Now, I do not blame the Government of that day, because that agreement was in accord with the sentiment of the country at that time. The people themselves, especially the people of the West, were working along the lines of that agreement in their own private businesses, and those people who worked along those lines suffered in the same way as the country has suffered as a result of that agreement. But the point is this: it should make us, not only in our own private business but in the business of the country, more careful about any subsequent agreement; and it is partly on account of the fact that the agreement to which I refer has not resulted satisfactorily to the country that I am trying to be particularly careful in connection with this one.

A great deal has been said in connection with the principle and practice of public ownership. I do not think that the principle of public ownership is involved in this matter at all. Certain railway systems have been unloaded upon this country and upon this Government, not because the Government wish it, but because the Government has had to take them over. I believe that if a ballot were taken among the members of this House on the question whether they were in favour of public ownership, we would find probably as many on one side as the other in favour of it. The point is to make the best of the situation, to do the best that we can by the railroads that are now in the hands of the country—that is, in the hands of the Government. We have a fortuitous aggregation of systems and the question is to try to make the most of them. Personally, I am thoroughly in accord with the policy of making this aggregation of systems complete by rounding it out, to use an expression adopted by other hon. members, through the inclusion in it of the Grand Trunk system.

But the point is not so much the policy as the character of the deal which we are going to make; that is, is the proposal now before the House a fair one? Is the valuation under which we are taking over this system a fair one? Is it right from a proper business standpoint? We must not consider in this connection what hand-outs or subventions or bonuses, or whatever they may be called, have been given to the Canadian Northern or the Canadian Pacific in the past. We must look at the proposition as it stands at the present time. It is true that the Canadian Northern have received large bonuses; the Canadian Pacific also have received hundreds of millions of dollars. But as a matter of fact the Grand Trunk Railway system has not been without considerable assistance from the Government. It is one thing to get a positive bonus or subsidy; it is another thing, but just as important a matter, to have a large obligation removed. If these other railroads have received subventions and subsidies, the Grand Trunk Railway Company has had removed from its shoulders a very serious obligation. I refer to the obligation in connection with running the Transcontinental railway. Had the Government insisted that the Grand Trunk fulfil that obligation, the company would have been ruined long before this. So that we must look at the situation as it stands at the present time.

As I have said, I am thoroughly in accord with the terms of this agreement in the main, but there is one point upon which I do not agree—a point which, I think, might be conceded by the Government and which I think the shareholders would also concede; and this is the subject of the proposed amendment.

The question, then, is this: Is the deal sound? I hold in my hand a symposium of opinions of various newspapers and private individuals as published in a western paper. I see there a statement from the Montreal Gazette, which is as follows:

> As a mere matter of dollars and cents the Government may acquire the property at a bargain. That is not the question involved, nor yet the disappearance of an ancient corporation linked with the fortunes of old Canada. The wrong is in the policy.

I take direct issue with the paper in that respect. A little further down there is a letter from a gentleman who has taken a prominent part in western public affairs, and he says:

> Every phase of this Grand Trunk agreement should be thoroughly investigated and criticised and only passed when satisfied that the Canadian people are getting value for their investment.

That is the attitude I take exactly, that we should only pass this agreement when

we are satisfied that the Canadian people are getting value for their investment. I have examined this proposition as carefully as I can, and I have come to the conclusion, although I have no wish to differ from the Government in this respect, that the proposition as it stands is not a safe one for the Canadian people. A few days ago the hon. member for London (Mr. Cronyn), in an excellent and businesslike speech, which he delivered in this House, said:

> What we have to decide is whether the assets of the company are greater than the liabilities which we agree to assume, and then leave the rest to arbitration.

I am thoroughly in accord with that statement. What we have to decide is whether the assets of the company are greater than the liabilities which we agree to assume, and then we must leave the rest to arbitration. My conclusion is that the liabilities of the company which we agree to assume in accordance with this Bill are likely to be much greater than the assets, and, therefore, not only will there be nothing left to arbitrate, but we have already agreed to pay too much. Why not arbitrate all the stocks, and not only the three preference and the common stocks? That would make for uniformity; and in any event if we read the Drayton-Acworth report and other reports, and if we take the information that has been given by the Government to the House, it will be found, I think, that these guaranteed stocks are really of questionable value. The point is to examine the assets of the road in property and equipment and to see whether those assets are to be much more than the liabilities which we agree to assume, so that there will really be something left to arbitrate. I do not purpose going into the details in this matter as the figures have been given by various members of the House from time to time. I could take up half an hour or three-quarters of an hour of the time of the House in giving strings of figures to prove my conclusion, but I do not think such a course would be justifiable at this stage of the night, and I will, therefore, content myself with outlining the situation as I have it in mind. A reference in this connection is necessary to the statement of assets and llabilities appearing on page 39 of the blue-book. You will note, Sir, that the property investment in road and equipment is given at approximately $435,000,000. That is on one side, and on the other side we have the liabilities which are of various classes. The first are bonds and guaranteed stocks. The Minister of Railways has told us that these amount to approximately $226,000,000. In addition to this, the Grand Trunk have guaranteed bonds of subsidiary companies to the extent of approximately $19,000,000 giving, roughly speaking, a guarantee liability of $285,000,000, if this proposition is put through. There are not included in this bonded indebtedness certain liabilities which the Government must assume if they take over the stock of the Grand Trunk system. These items consist of the following:

Government loan..	$15,000,000
Equipment loans, over..	5,000,000
Unsecured notes, approximately.	4,000,000

These make, roughly speaking, a little over $24,000,000, or let us say in round figures, $25,000,000, thus making the liabilities which we have to assume if we take over the road, about $310,000,000. Looking over the statement we find that there are some items under reserves and advances to controlled companies which are really cross items and which appear on the opposite side as assets, so that we need not bother with them. But there is an item headed "current liabilities" amounting to $22,000,000 odd. Presumably, to offset that, there is an item on the other side of "current assets" amounting to $51,000,000 odd. There are other items in connection with the assets, such as calls in arrears on capital stock, $7,000,000, traders' sidings over $1,000,000, and some others. I have examined these very carefully, and after asking the minister some questions the other day, I think I can say from the answers that the minister gave me that it will be a fair assumption that if all these realisable assets were taken together, they would not more than offset the current liabilities, if they would do that much, for among those current assets are included such items as advances to subsidiary companies which should not be included in this statement. Therefore, we will, in a general way offset the one against the other, and in this case we are not doing the Grand Trunk Railway system an injustice. Thus, we are left with an obligation which we are assuming in connection with this system of $310,000,000 or thereabouts. That, you will notice, leaves a considerable margin to work on if the value of the Grand Trunk system is as stated, $435,000,000. The Minister of Railways intimated the other day that he was satisfied that the real value of the road was fully this much, if not more. I have not been able to bring myself to believe that that is the situation,

11 p.m.

not only from an examination of the data which have been given by the Government but from interviews with engineers, railway and otherwise, who know something about the Grand Trunk Railway system. From what I am able to figure out, I am satisfied that that amount should be materially reduced in order to show what the actual value of the system is at the present time. I would not like to say just how much should be taken off, but probably 20 per cent would be the minimum. The Grand Trunk system is not a first class system, and the Grand Trunk management, as every one knows, has not been such as to make the best out of the property from the time the road was started. The cost of construction was a great deal more than it should have been, and branch lines or small railways were taken over at prices far in excess of what should have been paid. That, I think, is a matter of common information and the system at the present time is not in such shape that it would sell for anything like what is stated to be the paper valuation thereof. We know that some of the rolling stock of the Grand Trunk is very old and as a matter of fact should have been scrapped. The Drayton-Acworth report on which hon. members seem to rely a great deal states on page 84:

> In the East the position of the Grand Trunk is most unsatisfactory. Beyond question the system immediately requires at least 200 more locomotives and at least 10,000 freight cars. If coal famines are to be avoided, and the proper winter movement kept up, the line from Burlington Junction to Fort Erie urgently requires double tracking. Other improvements are imperative.

And so on, and so on. That indicates what rolling stock is necessary over and above what they already have, and I am creditably informed that if that rolling stock were obtained, a great deal of the rolling stock which they at present have would have to be scrapped.

Another question in connection with the Grand Trunk system is the matter of grades. Even as to the Grand Trunk system in Ontario, with regard to which portion I am personally not very familiar, I am told by an authority which I think is reliable that the grades on some of the main lines of the Grand Trunk in Ontario are greater than they are on competing roads doing the same class of work. For instance, the grades on the line running from Midland to, I think, Belleville and on the Canada Atlantic from Depot Harbour to Montreal.

The grades are heavier than on other lines that are carrying similar traffic, and whether this road is taken over or not expensive improvements will have to be made in order that it may compete satisfactorily with other roads. The grades will have to be lowered, and in some cases new routes taken altogether. Not only in the matters I have mentioned but for terminals and other items which I shall not enumerate at this late hour, vast sums of money will have to be spent on the Grand Trunk system in order to put it on a proper competing basis with the other roads, and in order that as part of the National system it shall be of such a character as the people desire for their government-owned railways. Taking all these things into consideration, I think that a large portion of this apparent margin will have disappeared if we figure in our estimate this reduced valuation of the system. The balance of that margin will be more than eaten up by the fact that the Government in taking over the Grand Trunk Pacific will assume far greater liabilities than the value of the road. The Minister of the Interior stated emphatically the other day that the liabilities are vastly in excess of the value of the road. I have not seen any official statement of the estimated value of the Grand Trunk Pacific at the present time, but from statements that have been made I would say that anything from $50,000,000 to $100,000,000 would be the excess of liabilities over assets, which amount the Government will have to assume in connection with the Grand Trunk Pacific, and which, as the minister very properly said, should be charged against the Grand Trunk Company by the board of arbitrators. From the summary I have given it would appear that there is not enough value, not by quite a few millions, in the property we are taking over to cover the liabilities which we agree to assume under this agreement. Therefore, not only will there be no value whatever in the three preference and the common stocks but we shall have to pay par for guaranteed stocks which are not worth anything like that amount.

I was going to refer to a statement which appears in an article by Mr. John S. Ewart in the Canadian Nation, copies of which were put in our boxes at the post office yesterday. I shall not read the extracts, however, at this late hour. The author would go even further than I propose and his argument demands careful consideration.

The question then is, why should we not submit to arbitration all doubtful matters in connection with

this transaction? I am satisfied to support the Bill if I could be sure that what we are guaranteeing to do is safe and that we are getting value for what we are guaranteeing. If there is anything doubtful in this deal at all I think it should be submitted to arbitration. We would be playing fairly safe, but even then perhaps not too safe, if all of these stocks were submitted to arbitration. There would appear to be no reason from the standpoint of the Government why all the stocks should not be thus submitted, and there should be no reason on the part of the Grand Trunk shareholders why all these stocks should not be arbitrated upon. The shareholders, if they are honest, do not wish to get more than the actual value of their property at the present time. If they will not sell at a fair price the only alternative is that they will be closed out. Now a proposition is submitted to pay for the actual value of their property, I contend that no fairer proposition could be submitted to any shareholders who are in the position the Grand Trunk shareholders are in to-day. We may not wish to be unduly generous, but we should certainly be fair, and I am satisfied that if this was a case of one individual dealing with another nothing like so reasonable and fair and even generous a proposition would have been submitted as has been placed before the shareholders under this Bill even when amended as I propose. Furthermore, it is a well-known fact that in an arbitration between the Government and a private individual the individual gets the benefit of any doubts that may arise. If there is any doubt as to the question of value the arbitrators will give the shareholders the benefit of the doubt. On the whole, the shareholders will be treated fairly and well.

I may say, without going into the matter, that I am largely in accord with the contentions of the hon. member for Shelburne and Queen's (Mr. Fielding) in regard to the stock end of this transaction. A transaction of this nature must necessarily have the effect of enhancing the value of the stock. The hon. gentleman has expressed himself so forcibly and well on this point that anything further from me would not appear to be in order.

To recapitulate: I wish to emphasize the fact that I cannot see where the principle of public ownership enters into this matter at all. If it is of any interest to any one, I might say that I am in favour of public ownership of public utilities. I think that such can be made a success. But the very worst thing we can do for public ownership is to load up a public utility which is being taken over with a price or capitalization which the situation does not warrant. The result is bound to be detrimental to the working out of the system. If the Government is going to pay more for the Grand Trunk system than it is actually worth, it will be a setback to public ownership for a considerable time, and those of us who now wish to see public ownership work out satisfactorily in this country will be greatly disappointed. In view of the facts I have presented, perhaps in a somewhat imperfect manner, and in view of the fact that I am thoroughly imbued with the opinion that there is really nothing to arbitrate in connection with the stocks which are to be submitted to arbitration by this Bill, and that in the guaranteed stock itself there is unquestionably, to say the most for it, a large element of doubt as to its present value, I therefore beg to move, seconded by the hon. member for Maple Creek (Mr. Maharg):

That all the words after the word "that" in the main motion be struck out and replaced by the following:

The said Bill be not now read a third time but be recommitted to the Committee of the Whole House with instructions to amend the same by adding another clause as follows:

12. Notwithstanding anything contained in this Bill the value of the four per cent guaranteed stock of the Grand Trunk amounting to £12,500,000, shall be submitted to arbitration.

Mr. L. A. LAPOINTE (St. James): I have listened with much interest to my hon. friend (Mr. Campbell), who has indulged in considerable oratory in order to give to the House a sugar-coated pill. The hon. member suggests that another stock amounting to £12,000,000 odd shall be submitted to arbitration, and as I am opposed altogether to the principle of the Bill and to the arbitration of any of the stocks, I will not vote for this amendment. I have no faith in the arbitration as provided for under section 6 of the Bill, which provides that one member of the board of three arbitrators shall be appointed by the Government, one by the Grand Trunk, and the third is appointed by the present Bill, the appointee being Sir Walter Cassels, judge of the Exchequer Court of Canada. In connection with this proposed composition of the Board of Arbitration, I desire to read to the House a short and exceedingly significant article which appears in the Montreal Star of to-day, and I should like the three hon. members therein alluded to—we all know precisely who they are—to

give their attention to the views expressed in this paper. The article in question appears under the caption, "A Gloomy Prospect," and it reads:

It is well known that the Grand Trunk directors and the three dominating ministers of the federal cabinet have all been working to get the Grand Trunk deal put through.

These three ministers have been mentioned in the course of the debate to-day. They are, the Minister of Railways (Mr. Reid), the Minister of the Interior (Mr. Meighen) and the President of the Privy Council (Mr. Rowell), who is absent. The article continues:

Now, this implies that they are friendly and in accord. The Grand Trunk will appoint an arbitrator with large views as to values. The Government will appoint an arbitrator who will be told to try and meet the other man's views.

Mr. J. D. REID: He will be a small value man.

Mr. LAPOINTE: Oh, no. Listen to what the article says:

The Government will appoint an arbitrator who will be told to try and meet the other man's views, and when the two agree the value of the third man's views will be nil.

And that is always the case, Mr. Speaker. Further, the article says:

Isn't this a nice way to camouflage the public with the so-called arbitration? Judge Cassels might just as well stay at home. He can't stop the farce.

I have had considerable experience in matters of expropriation in the City of Montreal. When land or anything else is expropriated and a board is appointed, one commissioner is named by the city, a second by the interested parties, and when these two cannot agree on the choice of a third, the Judge of the Superior Court names the third commissioner. Past experience tells us, Mr. Speaker, that the view expressed in the Star as I have just read it to the House is absolutely correct. Now, if I were one of the three ministers referred to in the article from which I have quoted I would not rest passively under the imputation therein contained. The Minister of the Interior, unconscious of any suspicion in regard to himself, generally accuses us on this side of the House of being influenced by the interests of the Canadian Pacific railway. But the three ministers who are mentioned in this article have never given the House any absolute and clearly defined statement of their position on this question. All they have done has been to present us with a maze of figures and make lengthy speeches,. The President of the Canadian Pacific railway has made it clear that that corporation has no interest in trying to influence the Opposition in this House in connection with this measure, and hon. members have no foundation whatever for any charge that we on this side are so influenced. Some ministers have held up the possibility of control of the Grand Trunk by the Canadian Pacific railway as a bugbear to scare members into supporting this measure. The Minister of the Interior not long ago said, as appears on page 1659 of unrevised Hansard:

But I wonder how comfortable the hon. member for Shelburne and Queen's feels to-day associated with and founding his doubts and his drifting shadow of a policy upon the resolutions of the Montreal Board of Trade and the manifest and only too evident hostility of the Canadian Pacific railway; very strange that in the city of Montreal, the home of the Canadian Pacific, a city that no doubt has benefited largely as a result of being the chief centre and fortress of that railway—very strange I say it is, that there should be found the whole head and front of the offending to the Government policy on this matter. The hon. gentlemen, it is true, tracked over the whole of this Dominion in search of encouragement and landed at Regina.

I already have challenged the Government and the Minister of the Interior to put before this House any resolution of any body approving of the action of the Government or showing that they represent public opinion on this question. No answer has been given to that challenge. We have seen a great many resolutions in opposition to the policy of the Government, and even if it were true to say that they only came from Montreal they would deserve attention.

Coming back to the position taken by the Minister of the Interior, I wish to direct the attention of the House to the position of the head of the Canadian Pacific on this question, as expressed on a very solemn occasion in the city of Montreal. It was at the opening meeting of the Victory Loan campaign in that city. That meeting was attended by the hon. the Minister of Finance (Sir Henry Drayton) who spoke of the Grand project, in the following terms:

The Grand Trunk Project.

As to the project itself he admitted that there was tremendous room for argument. Some considered that the Grand Trunk, the G.T.P. and the Trancontinental were all part of the same scheme of transcontinental traffic, and that the Grand Trunk should be taken over to round it out. Others, equally patriotic, said that with these railways, and the Canadian Northern, too, "for heaven's sake do not add the Grand Trunk to the general mess."

These were the diametrically opposite views. "I will not deal with the merits of the ac-

quisition of the Grand Trunk," said Sir Henry. "It is a nasty thing to have to do at the present juncture, but sometimes nasty things have to be done, but I am not so anxious for trouble that I wanted this thing brought on during the Victory Loan." (Laughter and applause.)

But Sir Henry argued that railway matters, Grand Trunk or otherwise, had not the slightest thing to do with meeting Canada's obligations and keeping up Canada's credit, which was the aim of the Victory Loan.

He said positively there that he would rather not have the Grand Trunk affair on his shoulders for the moment. I suppose that he was afraid of the consequences to the Victory Loan. Mr. Beatty, president of the Canadian Pacific was also present, he took up the question and I want to put before the House exactly where the Canadian Pacific stands on this question. I believe the Canadian Pacific president as fully as I believe hon. members on the other side. I quote the following:

The chairman then introduced Mr. E. W. Beatty, president of the C.P.R., who was received with cheers, and gave a vigorous expression of views regarding nationalization of railways.

"I have embraced, with a great deal of pleasure," said Mr. Beatty, "the opportunity of speaking on this loan, especially in view of the fact that elements have entered into it which render a frank discussion advisable, even though my own position in it may be regarded as somewhat delicate and even invidious.

"I have listened to the comprehensive statement made by the Minister of Finance as to the objects of the loan, and the reasons why it should receive the support of all Canadians who have the welfare of the country at heart, and regard the sustaining of its credit as of vital consequence.

"The Minister of Finance and myself are not entire strangers. I knew him first as corporation counsel for the city of Toronto, and I admired him as an adroit counsel, and a sound lawyer. I knew him again as Chairman of the Railway Board, and I marvelled at times at his utter disregard of legal principles. (laughter.) I know him now as Minister of Finance, whose first work is the successful prosecution of this loan, but who has, I think, a very sincere appreciation of the necessity for national economy and prudence in official expenditure for the next few years if Canada is to reach the high place of prosperity to which it is entitled.

"I have also known the minister in roles which did not secure my unqualified commendation—he was a fine lawyer, an able judge, and will be, I feel sure, a national asset as Finance Minister, but his literary efforts are not all that I could wish. Some time ago, when he was a little younger, and, therefore, more prone to make mistakes,—he wrote a book. (laughter). He wrote the book as Chairman of the Royal Commission appointed to inquire into the railway situation in Canada, and the book was called, and will go down into history as "The Drayton-Acworth Report." I read all of it with a great deal of interest, and some of it with a great deal of appreciation. In it he said some very nice things about the C.P.R., and then he suggested that the Government of Canada might own all the other railways and operate them under a system which he outlined. I have always wondered how a man could be so right and so wrong in the same book."

I want to come down to the presentation of the president's view on this question:

"In this connection, and as one of the grounds on which Parliament is urged to support the proposals, it is said that if they are not confirmed and the roads are not acquired by the Government they will—to use the expressive phraseology of the Minister of Railways—be 'gobbled up by the C.P.R.'"

I can imagine—

says Mr. Beatty—

—several things worse than that (laughter and applause). It is only right that I should point out to you that there exist certain objections to this course which render the possibility of it ever taking place almost ridiculously remote. In the first place, I may be pardoned for calling your attention to the fact that there exists by statute an absolute prohibition against any arrangement by way of amalgamation or joining of earnings between the Canadian Pacific and the Grand Trunk or any branch lines of the Grand Trunk or leased by it, or under its control.

In the second place the Grand Trunk duplicates, in many respects, the existing facilities of the Canadian Pacific in eastern Canada which would render its acquisition by the Canadian Pacific railway both unnecessary and unwise.

In the third place, the Grand Trunk cannot be divorced from the Grand Trunk Pacific with its enormous liabilities—liabilities which, I imagine no corporation in Canada would think of assuming, even though they were able to do so.

Lastly—

And here comes the denial.

—the acquisition of the Grand Trunk, or any portion of it, has never been suggested to the Canadian Pacific or by the Canadian Pacific, and has never been considered or contemplated in any way or by any means direct or indirect.

Those words were exactly to the point, and in view of this emphatic denial what evidence is there to sustain the allegations made by hon. gentlemen opposite with respect to the Canadian Pacific Railway Company? Does the Minister of the Interior or the Minister of Railways know that the Canadian Pacific Company ever approached the Government or that they have ever indulged in any canvassing or lobbying with respect to the Grand Trunk? Do you not imagine, Mr. Speaker, that the Minister of the Interior would not have told us if such had been the case? I think he would. The representative bodies of business men of the city of Montreal are against this project just as strongly as Mr. Beatty of the Canadian Pacific is opposed to it. The latter gentleman says his opposition is based on the fear

that the great interest of the Canadian Pacific in the city of Montreal and in the whole Dominion would be endangered by the disastrous deal which the Government is seeking to carry out. Mr. Zepherin Hebert, an important French Canadian representative of the commercial interests in the city of Montreal, has also gone on record in opposition to the Government's policy. I am going to leave to the Government the responsibility for their own deeds.

Coming to the amendment of the hon. gentleman (Mr. Campbell), it is possible to suspect that he is the representative of some of these shareholders. In view of the suspicions of graft in connection with this transaction which have been expressed by many of our newspapers, let me say that I will not vote for anything that savours in the least of acceptance of the Bill which is before the House. In the Montreal Star of to-day there is a despatch from Ottawa which contains a very curious statement as to rumours current in the corridors of Parliament, and I shall take a few minutes to read it to the House:

> Nor is the suggestion lightly treated that, from all this financial debacle, annexation may be the possible result. The view has long been expressed here privately—that with the enormous aggregate of war obligations and the staggering load now sought to be imposed, the burden will be too heavy for Canada's people to shoulder and that the not illogical even if regrettable expedient will be absorption by a larger country, financially able to bear the overpowering strain.

The proposition of the Government has given rise to all these queer aspects of the situation. The whole community are asking themselves: Whither are we drifting? There is no question but that financially and industrially the United States is conquering this country, and it will carry out that conquest more quickly than hon. gentlemen opposite believe. I know the Government are not frightened at the prospect. They will placidly pursue their way administering the affairs of this country in the way that pleases them, but there will have to be an accounting some day and it will not long be deferred. If the Government only dared to put the question to the issue at the present time there is not the least doubt but that they would meet with overwhelming defeat at the hands of the people.

Hon. Mr. MEIGHEN (Minister of the Interior): I deem it my duty, although with very great reluctance, to say a few words on this amendment. I think the House would be well advised in voting down the amendment for reasons that I have alluded to, more or less briefly, on other occasions, and which I will ask the privilege of recapitulating now and perhaps amplifying to some degree. As hon. members will see from the cablegram of the 5th March, 1918, addressed by the Prime Minister to Sir George Perley for transmission to Mr. Smithers, the Prime Minister then offered a certain fixed amount in cash as rental for the system, to be assumed subject to the debenture debt. That fixed amount, as has often been repeated, was $2,500,000 for three years, $3,000,000 for five years, and $3,600,000 thereafter by way of rental. That money was to be distributed, according to the cable, among the guaranteed shareholders, the three preference shareholders, and the common stock shareholders—that is to say, the whole five classes. That was in effect an offer to the company of a certain definite sum by way of dividend per year—as rental if you call it such—or if that were not satisfactory, of arbitration of the value of those five stocks—the guaranteed, the three preference, and the common. Consequently it is clear that it was, first of all, the desire of the Government that all these stocks should be submitted to arbitration if arbitration were the method of solving the difficulty which would be acceptable to the company. No progress was made with that proposal. It was rejected most peremptorily—as we thought most unreasonably—and the matter was pursued by negotiations overseas. It was most earnestly hoped at the time of these overseas negotiations that we could make some real progress and get to an end of them, because the end of the negotiations and the acquirement of the system was—as we viewed it and view it to-day, and as I believe every man who understands the railway situation and wished to give a judgment on the standpoint of the Canadian people views it—of the greatest possible concern to us.

The history of the operation of the Grand Trunk and the Transcontinental since, without the Grand Trunk as an adjunct to it, stretching out, as I have previously expressed it, into nothing—the history of the operation of these two roads since shows how well advised we were in endeavouring to end all the negotiations if we possibly could. Because we did not get to the end we have lost in trying to operate these two long streaks, ending in no traffic, $10,300,000 on one, $6,000,000 on the other, to say nothing of interest on capital in the Transcontinental. Now, we made no progress. In our endeavour to make some progress, believing that we

would succeed, and knowing as well that we had over $2,500,000 as a minimum to start with, to be increased to $3,000,000 in three years and $3,600,000 in eight, and knowing that that $2,500,000 would itself take care of the interest on the guaranteed stock—because it had to be there applied until that interest was fully paid, the guaranteed stock being a second charge—we felt we might succeed by saying: We will pay interest on the guaranteed stock in any event; that is to say, in effect we will make that two and a half millions a minimum and we will repay you for the balance. We were confident that we would arrive at a bargain on that basis—but to no purpose. Our offer then also was met with a peremptory refusal, and from that day the Government felt that they would not be justified in moving in any degree. Notwithstanding apprehensions on more than one occasion—apprehensions that I do not think were unfounded—that if not the whole system, some essential vital part of the system might fall into hands from which we could not take it, we adhered definitely to the proposal we made embodying the minimum of $2,500,000 as stated in the letter of 11th July, 1918. We refused to move in any degree whatever from the substance of that offer; from it we have never moved and are not moving to-day. Well then, it was not considered attractive even in that form; the Grand Trunk did not show any inclination to come to those terms until about the first of September of this year, when they recommenced the negotiations in what might be termed a hopeful form.

Some hon. gentlemen persist in arguing this whole question as if, from the standpoint of bargaining, there was nothing whatever in the possession of the Grand Trunk to bargain with—nothing there of reality or of what might be called the equity of the situation. They persist in arguing that the Grand Trunk had nothing in the world to bargain with. Now, is that true? Let us not forget that we are one party to this transaction and that the other parties are more than a hundred thousand shareholders in another country than Canada. Our viewpoint, let me assure this House, is by no means their viewpoint on this question. But they had these weapons to bargain with: They may not have been as powerful as they thought they were, but it would be fatuous on the part of hon. members to come to the conclusion that they had no power or no force at all. In the first place they believed that it was possible to dispose of the whole system; many of them so believed it as, in their way of putting it, to know it. Those who might have had doubt as to that were quite confident that it was possible to dispose of portions of the system in such form as to put the Government of Canada in a very disadvantageous position, indeed. For example, one vital portion of the system is the line to Portland. That line is owned by a company incorporated over there. If the line to Portland got into such shape that it would not be embraced in the stock ownership of a Canadian company, where then was the Government of Canada? Now, that was the position in respect to that phase of the question that the Grand Trunk were in. It would, therefore, be fatuous to say, did I go no further, that they were in a perfectly helpless position and had no cards, no weapons with which to contract a bargain.

Furthermore, they took this position, and I believe they took it with some assurance and in perfect good faith. It is impossible for us to think that the Grand Trunk did not know that liquidation had terrors for Canada just as well as for them. The disaster of liquidation, bad as it would be for Grand Trunk shareholders, was bad for Canada. There are such things as bad bargains for both sides; very often bad bargains are bad for both sides. When I condemn, for example, the whole bargain of the Grand Trunk Pacific as bad for Canada, I do not contend that it was not bad for the Grand Trunk too; the only people it was more severe on than on the Grand Trunk were the people of Canada. Therefore, the problem of liquidation was very much like the problem of the original bargain; there was much that this country had to fear if the Grand Trunk went into liquidation. I will tell you one thing it had to fear. There is, of course, loss of credit, against which we cannot shut our eyes; it is a subject that we cannot afford to treat lightly. We have heard some very weighty speeches in this House from hon. gentlemen opposite, especially from their late distinguished leader, on the real ultimate loss that it would be to this country if a great railway system went into liquidation, particularly when its bondholders were overseas. We have heard weighty speeches from hon. gentlemen opposite on that theme, speeches properly based and soundly reinforced; consequently, from that standpoint there was much that Canada would desire to avoid in the way of liquidation.

But next, liquidation meant the unscrambling of the system; it could mean nothing else. Liquidation meant, for example, that the American lines held by American companies would go to American liquidators. It would hardly be presumed that we would be enabled to carry out our will in regard to companies in American territory, the stock of which is American stock.

As a consequence, liquidation meant the unscrambling of the system and the putting up to auction or the disposal otherwise over there of American concerns, vital parts, in some instances at all events, of the system. Therefore, they were not unconscious of the fact that the Government of Canada, naturally from the standpoint of the public benefit and of the identity of the Grand Trunk system as a system, were not likely to court the day of liquidation. That was the position. There they stood and there we stood, and after negotiation, we fixed this as what we were ready to do in the hope that we would come to an agreement. But after those terms were made known to the people of Canada, and to this House; after they stood as the terms of Canada and after the policy of the Canadian Government was known for years; and after the company come to those terms and say: We bend the knee and take those terms; is it quite fair and right on the part of Canada to-day to say: We will vary the terms, and we will fix them to suit us a little better?

I have argued the matter from the standpoint of bargaining. Let me suggest another consideration. Hon. members of this House have not forgotten the speech delivered on this point by the hon. member for Red Deer (Mr. Clark) some days ago. Let us view the matter from that standpoint for a moment, not in any spirit of sympathy, but in the ordinary spirit of justice that I hope animates hon. members and that will continue to animate them even although they feel that perhaps a little political advantage may be gained by deviating from it. If the board of arbitration grant any award at all to the shareholders of the Grand Trunk, then that justifies, in the judgment of the board of arbitration, this guarantee to pay the inferest on the guaranteed stock, because there could be no award at all unless it presumes the payment of the interest; for the first money has to go there. If they award anything above the money that goes to pay the interest on the guaranteed stock, that shows that that money would have to go there even although we arbitrate all the stock. I hope I have made that clear. Supposing they find that there is no value whatever in the three preference and the common stocks; it might be possible that they would have found that there was no justification for paying the $2,500,000; but I ask hon. members of this House to view this matter somewhat from the standpoint of an arbiter between two interests. Do not forget that we are one side of the bargain and that we are very likely to be influenced by the fact that we are one side of the bargain and they the other. If the Board of Arbitration find that there is no value in those three preference and common stocks, what does that mean? It means that 100,000 people, owning $94,000,000 worth of stock, every dollar of which represents money that has gone into the Grand Trunk Railway system in this country, a railway that has served Canada for sixty-five years, have lost forever, forfeited that $94,000,000 to the people of Canada. Now, $94,000,000 is a considerable sum. I think the Grand Trunk should be made, not in any spirit of huckstering or to the last Shylock dollar, to pay a good part of the loss in relation to the Transcontinental and the Grand Trunk Pacific, but I do not think that if the Grand Trunk shareholders forfeit $94,000,000, it can be said that they have been let off lightly. If $94,000,000 is forfeited to the people of this country—and that amount will be forfeited if no award is given under this arbitration—then we have that $94,000,000 to be credited to the loss in connection with the Grand Trunk Pacific. Having regard to the whole case from the standpoint of the record down to to-day; having regard to all the circumstances fully disclosed in this paper; having regard to the common equities of the situation, and not forgetting that there is to be an arbitration in Canada where the deciding factor is a Canadian judge and where the two parties are the people of Canada on the one hand and 100,000 people of another country, so far as jurisdiction is concerned, on the other—keeping in mind all those circumstances, and as well those principles that I think are sound and true, it seems to me to be the part of reason as well as the part of common justice to vote down this amendment.

Hon. W. S. FIELDING: Mr. Speaker, the historical account that the minister has given is, I am sure, deeply interesting in its place. My misfortune is that I cannot for the life of me see what bearing it has upon the amendment that has been moved by the

hon. member for Nelson (Mr. Campbell). The minister has repeatedly alluded to a sum of $2,500,000 which we have to pay, and one might almost assume from the tone of his speech that this $2,500,000 was a sum which was to be distributed amongst the Grand Trunk people generally. It was a sort of pooling the issues and leaving them to distribute the amount. At one time in the negotiations something of the kind was suggested, but the plan was abandoned, and nothing of the kind appears in this Bill. There is no pooling of the issues; there is in this transaction no common Grand Trunk interest which is being treated alike. A distinction is made in this Bill between the various classes of the stockholders; some are being highly favoured and others are being treated in a manner which my hon. friend would, I suppose, consider as being very harsh. There is not that common interest of the 100,000 people of whom the minister speaks; there are distinct issues and distinct classes of stockholders.

12 m.

What are the facts? This provision that is made for practically buying the four per cent guaranteed stock, that is, guaranteed only by the Grand Trunk company, at par, is one of the worst features of the Bill, and the amendment of the hon. member for Nelson removes some of the difficulties and makes the agreement in that respect less objectionable. I do not wish to enlarge on this, but we have to go over these things again a little. The ground that I have repeatedly presented to the House is that this 4 per cent guaranteed stock had a market value of 45 cents on the dollar a few days ago, before the initiation of this legislation. There is no dispute about that; that is a fact; the public records show it. Of course, the moment it was announced that this legislation was to take place, the stock began to increase in value. I have before me a London financial paper of the 18th ultimo which quotes the 4 per cent stock at 60, and I have no doubt that to-day it is higher. While there is an uncertainty, as there is just now, as to the fate of this Bill, there will be a hesitancy in the stock market; but nothing is clearer to my mind at least, than that when it is settled that this measure is going through and that it will become law, that stock will have a further enhanced value. A 4 per cent stock with a guarantee of the Dominion of Canada behind it—I have to repeat myself there—would in normal times be worth par. In the present financial condition, it would not be worth par; a first-class 4 per cent stock of a colonial Government is to-day worth 84 or 85. Therefore, when this transaction is completed, it is a reasonable contention that this 4 per cent guaranteed stock, guaranteed now by the Grand Trunk company, which guarantee means nothing, but guaranteed by the Dominion of Canada, will become worth 85. What does that mean? That means as between market value of that stock a few days before this legislation began and the market value as it will be when this deal is consummated, there will be a difference of, say 40 points. Forty points advance on that stock means a clear gain to somebody of $24,000,000; that is to say, the Dominion of Canada is going to buy that stock for $24,000,000 more than its fair market value.

My hon. friend from London (Mr. Cronyn), who is not present, tried to draw a great distinction the other night between market value and intrinsic value. I am unable to agree with him in his contentions. Intrinsic value as a rule creates market value. Indeed, if there is a difference, especially in the stock market, you will find the market is rather more than the intrinsic value. Let me illustrate that. Suppose a railway has suffered a disaster, an accident of some sort; its property is actually damaged; the intrinsic value of the property has materially depreciated, but the stock market knows—and they are very keen men on the stock market—that that railway has potentialities, that this condition is only temporary, that the road will be all right in time. So they discount the future and fix a market value on that stock which is more than the intrinsic value. I think it will be found in the stock market, wherever there is a difference between intrinsic and market value, that the market value will be the higher. The only illustration the hon. member gave the other night was that of the Northern Pacific. That would not occur once in a blue moon; it is not a fair illustration at all. In that case the stock had an intrinsic value of 80 and a market value of 1,000. Why? Because two or three sets of speculators were trying to get control. There is no fair analogy in that at all. That was an utterly unusual and exceptional situation. That is not our situation. We are not trying to get control of the 4 per cent stock. The market value of that stock was its intrinsic value, and the intrinsic and market value was 45 cents on the dollar. By this Bill, unless we accept the amendment of my hon. friend, we are going to make it worth practically $24,000,-

000 more than it was. That difference may not go into the hands of the old Grand Trunk stockholders.

Again and again we have been told about the sympathy for these English shareholders, and the claims of the English widow have been presented again and again. I am very much of opinion that the English widow who invested in Grand Trunk stocks many years ago has passed to heaven by this time, and the stocks to-day are to be found in the hands of other people, perhaps not English, and certainly not widows. I am going to assume for a moment that there is a widow somewhere in England, and I am going to ask you to consider the condition of the English widow and of the Canadian widow. The Canadian widow, perhaps a soldier's widow, goes to one of our savings banks with one hundred pounds. She does not understand Victory bonds, many people do not, and she wants to put her money where she can get it easily, so she puts it in the savings bank. She is allowed 3 per cent—an excellent, sound, business transaction. At the same time the English widow goes to the Minister of Finance and says: "I have one hundred pounds that I have been investing. What can you do for me?" "Have you the cash?" she is asked. "If so, we will give you 3 per cent in the bank." "No, I have bought Grand Trunk stocks with it," she replies, "at 50 cents on the dollar. If I had been right smart I would have bought at 45. I have two shares here now, nominally of one hundred pounds each. I paid for these two shares 100 pounds. Nominally they are called 200 pounds of stock, but I paid only 100 pounds for them." The Minister of Finance says: "That is all right, we will give you 4 per cent on your 100 pounds. We will do better than that. We will give you 4 per cent on the 100 pounds you invested, and 4 per cent on another 100 pounds you did not invest. We will call your 100 pounds 200 pounds, and give you 4 per cent on it. In other words, we will pay you 8 per cent, and the Canadian soldier's widow only 3 per cent." That is what this transaction means if we are going to pay for this stock on the basis of this Bill at par, or approaching par, when its real market value is only about 45 cents on the dollar. We are going to pay a large sum of money under this Bill, which may not go into the hands of the old Grand Trunk stockholders, but into the hands of speculators who have advanced the stock from 45 to 60 and perhaps 70, and will advance it further.

What is wrong in asking that there be an arbitration on that stock? Why do hon. gentlemen draw a distinction in saying it is a cruel thing to have that stock arbitrated on, but all right in the case of the other stock? I see no reason at all for it. If it is wrong and cruel to have an arbitration on the guaranteed 4 per cent stock, is it not equally wrong and cruel to have arbitration on the other stocks? Why do we take these favoured 4 per cent people and give them a clean gift of $20,000,000 or $30,000,000, and then tell the other man he has to submit his stock to arbitration? It is an actual fact that one of the preference stocks is actually worth more money to-day than the 4 per cent guaranteed stock. The guaranteed stock is quoted here at 60 cents on the dollar and the first preference at 66. I have seen no explanation for that. Why do we say to the favoured man with the 4 per cent stock: "You do not have to submit to arbitration. We will make it dead sure for you at the expense of the Canadian people," and to the man who holds the first preference stock, "You have to take your chance under arbitration." I cannot see any reason for it at all. It seems to me that the sound policy, if there is any merit in arbitration, is that which the hon. member for Nelson (Mr. Campbell) has set forth. If there is to be an arbitration, by all means let it cover all the stocks. If the stock is worth one hundred cents on the dollar, and the stockholders think they can show it, give them a chance to do it. But to make it worth one hundred cents on the dollar without arbitration and at the expense of the Canadian people, while at the same time making the preference stocks submit to arbitration, is not justice. It is a clear advantage at the expense of the Canadian people which is being given to one favoured class of stockholders, while the others are left to the wolves, or the arbitrators.

Mr. BURNHAM: Is it true, as my hon. friend has said, that the fact of the Government entering into this bargain means the penalizing of the people of Canada to the extent of many millions of dollars with regard to the guaranteed stock? Is it true that the stock which appears on the market at a certain sum, and for which, if nothing intervenes, its owners would get that sum, will, on account of the Dominion of Canada entering into this agreement receive from that adventitious circumstance a very large

additional value representing the difference between the market price a few days ago and par?

Mr. SPEAKER: The Minister of the Interior has spoken, and he has no right under the rules to speak again. If he chooses to ask the consent of the House, under the peculiar circumstances it may be granted. Otherwise, it will not be competent for him to speak again.

Mr. MEIGHEN: The answer is, no.

Mr. BURNHAM: I move the adjournment of the debate.

Mr. McKENZIE: There is no objection to the minister answering.

Mr. MEIGHEN: The hon. member asks if it is true that the people of Canada are paying large sums of money to the guaranteed stockholders. It absolutely is not so. The company has always paid that dividend except in the last two years, when it was earned, but was kept in reserve. Naturally the effect of the Government's proposals has been a slight appreciation. Hon, gentlemen make quotations from the market, and then add a whole lot as to what is likely to take place in the future when money gets cheap. The fact is the appreciation has been slight. We are getting in return a surrender of all voting power, a surrender which we have to have, and which we cannot get unless we give something. The fact that the preference stock increases too in value because this transaction with the Government takes place indicates that no matter what you do there will be that appreciation. The same took place in 1903, altogether unwarranted as results afterwards showed. It is taking place not to any great degree but to a slight degree, but that is merely a return of a little in nominal value of the stocks where they have gone down five times or three or four times the amount in recent years. We simply pay the four per cent interest on the guaranteed stock which the company have always earned but did not pay for the last two years because they felt they should keep it in reserve.

Mr. FIELDING: My hon. friend and I will differ in our inferences and arguments, but does he deny any statement of fact I made in my recent remarks?

Mr. MEIGHEN: I deny the statement of prophecy. I do not say that the stock has not gone to 60, although I have never seen that quotation myself. But that is not very much of an appreciation. It was

48 or 50 before the agreement and it went to 55, and the preference stock went up too.

Mr. MACKENZIE KING: I did not intend to participate in the discussion of this amendment, but I should like to read to the House section 5 of the Bill as amended. It says:

> The present guaranteed stock and the new guaranteed stock, or any part thereof, may be called in or redeemed by the Government, at par, at any time after five years from the date of the appointment of the said Committee of Management, on six months' notice, by advertisement, to the holders thereof.

In other words, if the Government were purchasing this system at the present time it would buy it at the market value. This Bill makes it impossible to purchase that same stock until after five years, and then it is only purchasable at par. The Act speaks for itself and answers conclusively the hon. gentleman's question.

Mr. CAHILL: I understood the minister a moment ago to say that the four per cent had been earned every year by the company but had been kept in reserve. I see he is leaving the Chamber. I wish he would remain and listen to what I have to say, but some other member of the Government may answer the point I raise. In the book furnished us by the Government it is shown that for 1918 no dividends were paid on the guaranteed stock, none on the first preference, none on the second preference, none on the third preference stock, and none on the common stock. The total surplus of that year was some $8,000, and the interest on the four per cent guaranteed stock alone would amount to $2,433,000. How does the minister suggest that he could pay $2,433,000 out of $8,700? It is the most absurd statement that has been made in this House, and there have been many absurd statements by the Government since the Bill was introduced. The minister also stated in previous remarks that the stocks to be arbitrated, exclusive of the $60,000,000 which some one is getting, cost the stockholders of the company $94,000,000. He said $97,000,000 and $94,000,000; I took down his figures as he repeated them. He has left the House and is not here to correct these figures, but I do not believe he would, because hon. members heard him make the statement. Here is the statement of the President of the Grand Trunk:

> Smithers has asked me to transmit to you following cable in reply to yours of sixth. . .
>
> The C.N.R. has been relieved of all liabilities by the Government and only a well-defined question has been left to arbitration, namely, what amount should be paid for $60,000,000 f

common stock representing no actual cash, whereas in our case your offer amounts to the immediate wiping out of the value of a great portion of first preference and whole of the second and third preference and ordinary stocks representing, even at to-day's prices, the lowest for many years, nearly £6,400,000, and representing over £11,000,000 cash actually raised in England and spent in Canada.

Since when has £11,000,000 been equal to $94,000,000? So many absurd statements, and so many absolute and direct misstatements have been made in connection with this Bill, that I cannot understand how any hon. gentlemen opposite can support the Bill with the evidence before them. It is perfectly clear that there is some ulterior motive behind the Government. Hon. members on this side are charged with acting at the behest of the Canadian Pacific railway, but it looks far more suspicious on the other side to be guaranteeing these stocks that have no such values as are given to them. The total of the stocks could have been bought on the London market on the 9th of October for $58,000,000, including the guaranteed stock of $60,000,000 which is guaranteed by this Government. All the stock guaranteed by the Government was quoted on the London stock exchange as seen in the London Times—and hon. members can read it in the library—at 46 on the 9th of October. The total value of all these stocks, namely, guaranteed stock, first, second and third preference and common stock, amounted to only $58,000,000. The Government tell us that the Grand Trunk owe them $34,000,000. Why in the name of common sense could they not have said to the Grand Trunk: "Pay us your bill"? And if the Grand Trunk refused to pay and the Government wanted to be generous with the widows and orphans, whose lot they lament so much, they might have undertaken to take the stocks at the London Stock Exchange value and obtain them for $58,000,000, or $2,000,000 less than they are guaranteeing now before starting to arbitrate anything.

Mr. PETER McGIBBON: Do you think that people holding stock which has paid four per cent are going to throw it on the market at 45?

Mr. CAHILL: My hon. friend is apparently in the same position as some other hon. gentlemen opposite. They believe what the Government tell them instead of reading for themselves the evidence that is presented.

Mr. McGIBBON: Do you deny that they paid four per-cent?

Mr. CAHILL: This book will show, if the hon. member wishes to refer to it, that they did not pay four per-cent last year or the year before, and the Drayton-Acworth report says that they did not earn it for the lest ten years. Hon. members are arguing with one book in one hand and another book in the other hand, and are being bamboozled by the Government for the benefit of their friends. Now, Mr. Speaker, when hon. members talk about widows and orphans, this is the most unfair thing that can be done so far as those people are concerned. The stock that is to be arbitrated is the minority stock and has absolutely no voice. The Government took good care to see to that on behalf of their Grand Trunk friends. They guaranteed the debenture stock or bonds, some of which were worth 66 and some 78. All of those stocks constitute the majority and can vote for the Grand Trunk as to whether they will arbitrate or not, and the widow and orphan have not a chance in the world of expressing a voice. The Government took good care of their friends first; not the widow and orphan, but the rich speculators in London, the friends of the Government who are taking advantage of this. If you will refer to the London Times, Mr. Speaker, you will see that on the 15th of October, six days after this transaction was brought into the House the guaranteed stock had advanced $9,000,000, on the London stock exchange. The total of the first, second and third preference and common stocks had advanced no less than $14,000,000 on the stock exchange in those six days. There is absolutely no justification for it. If the Government want to deal fairly with the stockholders they ought to arbitrate the value of the stock and deduct any payment that is due to the people of Canada. That should be generous enough. I therefore will support the amendment.

Mr. J. H. SINCLAIR (Antigonish and Guysborough): Mr. Speaker, I would not intervene in this debate at this late hour, but I am paired with the hon. member for Lanark (Mr. Stewart) and I will not be permitted to vote. I want to place myself on record as being in favour of this amendment. This stock which has been discussed for the last hour is nothing more nor less than common stock. It may be treated internally by the Grand Trunk as a sort of preferred stock but it has no lien on the physical assets of the road, it has no mortgage behind it and it has no rights in respect to the payment of dividends unless the dividends are earned. We know that

in the last few years dividends were not earned and they were not paid on this stock. What does the Minister of the Interior do? He is to meet the directors of the Grand Trunk to deal with the question and his very first step is to raise the price of the thing that he is proposing to buy. At the time that he was negotiating for this stock it was worth 45, or less than 45. He puts the imprint of the Dominion of Canada on it and he agrees to exchange for it a four per cent bond of the Dominion of Canada thus raising the price of the thing that he is going to buy by at least $20,000,000. That is an improper step for the hon. gentleman to take. It was his duty, representing the Government and people of Canada, to get that stock at the very best price that he could get it for. He has not given the House any fair reason why he should raise the price of the stock that he is proposing to buy for the ratepayers of this country by at least $20,000,000.

The right hon. the Prime Minister (Sir Robert Borden) in 1918 took a very reasonable view of this matter. At that time he sent a message to the High Commissioner in London in which he said:

> The Government is disposed to assist in every reasonable way the maintenance of Company's credit as is evidenced by the advance of one hundred and twenty-two thousand pounds on July first and by our offer of 12th July last to advance three hundred and eighty thousand pounds to meet fixed charges upon terms which were regarded as reasonable but which the company declined. We shall be glad to have any further suggestions from Smithers as to methods of assistance. There is strong objection in council to any increase of our offer for the following reasons: it is most unwise and undesirable for a government without the report of a commission or board of arbitration or a vote of Parliament to undertake a large annual payment which would represent the capitalization of eighty or a hundred million dollars. The offer already made is based on the Drayton-Acworth report which affords a sufficient foundation for Government's proposal. If we go beyond the bounds of that report we have no certain guide as to what we should propose, Council will not accept either of the offers which Smithers put forward and unless they receive further offer before end of month they still consider negotiations at an end.

The Prime Minister says there is strong objection in Council to increasing the offer. If we had this strong objection in 1918 to any increase in the offer has anything happened in London or anywhere else to remove that objection? The Prime Minister says that the foundation is the Drayton-Acworth report. Have the Government any other foundation upon which to offer anything in regard to this transaction? No one will contend that the Drayton-Acworth report gives them authority to guarantee this $60,000,000 of stock. On the contrary, the Drayton-Acworth report says that the stock is absolutely worthless or of very small value. That is what the Prime Minister said about the stock. But with these facts before him, in face of the opinion given by the Prime Minister in 1918, and notwithstanding the statement contained in the Drayton-Acworth report, my hon. friend puts the stamp of the Dominion of Canada on that $60,000,000, unnecessarily, impudently, and it becomes worth almost par, or, as the Finance Minister says, 85.

Mr. McKENZIE: We have to buy it at par.

Mr. J. H. SINCLAIR: We will, of course, have to redeem it at par when we redeem it later on. There is no justification for it and the minister has not been able to give any. That being the case, the House will do wisely and well to vote for this amendment.

Mr. E. W. NESBITT (North Oxford): Mr. Speaker, I do not think that the question of the enhancement of the value of the stock has very much bearing on the actual value of the stock. As a matter of fact, throughout the world during the last month there has been wild speculation in stocks. We are only guaranteeing to pay four per cent interest on this guaranteed stock. If the London market wants to speculate on that guarantee it is perfectly welcome to do so. We do not have to take that stock at par now. We can in five years, according to the arrangement, give six months' notice and take that stock at par. We have the interest on $2,000,000 to meet at five and a half per cent, and it will be a long time after five years have elapsed, in my judgment, before we will be willing to take up a four per cent stock at par. If we had submitted this stock to arbitration do you suppose that there are any arbitrators who would not allow the value to the stock equal to 60 cents on the dollar? Do you suppose, considering the past history of the Grand Trunk, that there are any arbitrators that would not allow a basis of 60 cents on the dollar for a four per cent stock? The other four stocks that are going to arbitration have advanced in value in the market to an extent equal to the advance in the case of this stock simply because they are going to arbitration. It is simply a matter of speculation. I could tell you of a stock that went up to 405 the day before yesterday, although it is only paying ten per cent. That is General Motors. There are plenty of Canadian stocks which, al-

though only paying five per cent, are selling at 85, 87 and 90. The fact that the stock has advanced in value a little bit because the Government proposes to buy this road is nothing new. It is purely a matter of speculation. We are put in a far better position, in my judgment, by not arbitrating on the value of this four per cent guaranteed stock. We can pay the four per cent as long as we wish to. We cannot borrow money to take it up at that. If the arbitrators were to set a value on the stock of 60 cents on the dollar we would have to borrow the money at five and a half per cent to take it up, whereas we can carry it for a great number of years if we wish to at four per cent. Some of the members of this House have been anxious to have that time reduced, but in my judgment it will be many years before money gets back to four per cent.

Mr. FIELDING: When my hon. friend says that we will have to borrow money at five per cent he has forgotten that we do not have to do anything of the kind. We pay the new stock at four per cent.

Mr. NESBITT: Yes, that is right.

Amendment, Mr. Campbell, negatived on the following division:

YEAS.

Messrs.

Archambault,	King,
Boivin,	Knox,
Bourassa,	Lafortune,
Boyer,	Lanctôt,
Brouillard,	Leger,
Burnham,	McCoig,
Cahill,	McCrea,
Campbell,	McGibbon (Argenteuil),
Cannon,	McKenzie,
d'Anjou,	Maharg,
Déchêne,	Marcile (Bagot),
Delisle,	Mayrand,
Demers,	Michaud,
Denis,	Molloy,
Desaulniers,	Murphy,
Deslauriers,	Pacaud,
Douglas (Strathcona),	Papineau,
Euler,	Pardee,
Fafard,	Parent,
Fielding,	Pedlow,
Fontaine,	Pelletier,
Fortier,	Prevost,
Fournier,	Proulx,
Gauthier,	Robb,
Gervais,	Savard,
Hunt,	Seguin,
Johnston,	Tobin,
Kay,	Vien.—57.
Kennedy,	

NAYS.

Messrs.

Argue,	Blair,
Armstrong (Lambton),	Bolton,
Arthurs,	Boyce,
Best,	Brien,
Buchanan,	Manion,
Burrell,	Marshall,
Calder,	Martin,
Casselman,	Meighen,
Chaplin,	Merner,
Clark (Bruce),	Middlebro,
Clarke (Wellington),	Morphy,
Clements,	Mowat,
Cockshutt,	Munson,
Cooper,	Myers,
Cowan,	Nesbitt,
Crowe,	Nicholson (Algoma),
Cruise,	Porter,
Davidson,	Redman,
Davis,	Reid (Grenville),
Douglas (Cape Breton S. and Richmond),	Reid (Mackenzie),
Edwards,	Richardson,
Finley,	Sexsmith,
Foster (York),	Shaw,
Fripp,	Sifton,
Griesbach,	Simpson,
Guthrie,	Smith,
Halladay,	Steele,
Harold,	Stevens,
Harrison,	Stewart (Hamilton),
Hartt,	Sutherland,
Hay,	Thompson (Weyburn),
Henders,	Thompson (Hastings),
Hepburn,	Thompson (Yukon),
Long,	Thomson (Qu'Appelle),
Mackie (Renfrew),	Keefer,
Maclean (Halifax),	Lalor,
MacNutt,	Lang,
McGibbon (Muskoka),	Lapointe (St. James),
McGregor,	Tweedie,
McIsaac,	Wallace,
McQuarrie,	Wilson (Saskatoon),
	Wright.—83.

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messrs.

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Wilson, G.,	Béland,
Stacey,	Baldwin,
Stewart (Lanark),	Sinclair, J. H.,
Kemp, Sir Edward,	Trahan,
Mewburn,	Verville,
McCurdy,	Chisholm,
Spinney,	Sinclair (Queen's),
Scott,	Power,
Drayton, Sir Henry,	Lavigueur,
Fraser,	Gladu,
Blake,	Jacobs,
Crothers,	Ethier,
Bowman,	Ross,
Allan,	Lesage,
Crerar,	Leduc,
Cronyn,	Cardin,
Ballantyne,	Casgrain,
Hughes, Sir Sam,	Duff,
Rowell,	DuTremblay,
Loggie,	Bureau,
Charters,	Truax,
Chabot,	Devlin,
Charlton,	Gauvreau,
Foster, Sir George,	Turgeon.

Mr. SPEAKER: The question is now on the main motion.

Mr. JEAN J. DENIS (Joliette): Mr. Speaker, three amendments to the motion

for the third reading of this Bill have already been presented and successively defeated, and in rising to move a fourth amendment—however reasonable and fair it may appear to me—I am not deluding my mind with any false hopes as to the fate reserved for it. I know the determination of the Government to pass this legislation at all costs, and I know the strength of the barriers which they have erected between the partisan and narrow attitude which they have unfortunately assumed and the broad, enlightened and national spirit which should have governed this transaction. I am therefore not seeking for a success, which I do not anticipate, although I am in quest of something of no less value than success. My object, and the only success which I hope to achieve, is to fulfil for myself what I consider to be a duty, and afford in the meantime to hon. members who think as I do an opportunity of placing themselves on record as defenders of the prerogatives of Parliament and the rights of the people. If this aim alone, and nothing else, should be accomplished through the instrumentality of this amendment I aver that in moving it I shall not have unduly occupied the time of this House. Mr. Speaker, at this late hour when the House has been sitting since eleven o'clock this morning, I cannot but make reference to the promise which was made by the Minister of the Interior when this measure was presented to us, to the effect that full opportunity would be given hon. members for the discussion of it. I am glad to see that the hon. gentleman is now in his seat and I ask him, through you, Sir, if he still maintains his assertion that full opportunity is now being given to discuss this measure, when the House has been sitting since eleven o'clock on Tuesday morning and it is now one o'clock Wednesday morning, and there is no thought of adjourning.

Mr. MEIGHEN: The longer the time we give the House, the fuller the opportunity.

Mr. DENIS: Well, I am glad that the minister gives an answer, but it is a poor one. The more answers he gives on this point the more he shows himself to be wrong, and the more he proves to the House that he has not kept his promise. Only a few days ago a motion was presented in which it was proposed that the House should sit three times a day. When we objected to that motion it was argued that the House would have full opportunity to discuss this measure; that it was better—it was the Acting Prime Minister (Sir George Foster) who said this—for the House to sit in the morning and get through at a reasonable hour, ten or eleven o'clock at night, than to sit late at night and not sit in the morning. Now we have the morning sittings, yet we have to sit here all night.

I do not intend to discuss this measure at any length; I simply intend to place before the House a resolution which I drafted a few days ago and which appealed to me as being fair and reasonable. I am fully convinced that no opportunity can be afforded to the House in discussing this motion properly at this late hour. Personally I can stand it; I will stay here as long as hon. gentlemen opposite. But in what I say I refer to members who sit behind me, who have been discussing all night the different amendments which have been submitted and who will really find it impossible to discuss this fourth amendment.

It has been repeatedly asserted that Parliament has known all about this project and that we are in a position to render an enlightened judgment upon it. I wish to join issue on that point. Parliament has not been sufficiently informed of the subject matter of this Bill, and it is because of this fact and because Parliament at this hour and under the circumstances is not in a position to render judgment upon the measure that I intend to ask that the award of the arbitrators be submitted to Parliament before it is declared to be final.

This is a transaction between the Government of Canada and the Grand Trunk Railway system. It has been brought before the House not complete, but in part only. An agreement is to be entered into between the Government and the Grand Trunk Railway Company. That agreement will be submitted to the shareholders of the company, and as was said so rightly by the leader of the Opposition (Mr. Mackenzie King), we have not actually in our hands, we are not in a position to discuss or to understand properly, the agreement which will be entered into. This proposal has been brought before the House in a cut-and-dried form for the acceptance of Parliament. The Government has said to their followers: You must support this Bill or we will go to the country. We had an instance of that not long ago when one night at half past ten the Prime Minister came into the House and said bluntly to his followers, who had been discussing a certain measure: If you do not desist; if you do not support an amendment which I introduce, I will resign as Prime Minister

and we will go to the country. Every time the Government brings an important measure before the House they place their followers in this same position, so that hon. gentlemen opposite have either to support the Government or go before the people. They want to avoid at all costs the calamity, to them, of going to the country; therefore they line themselves behind the Government and support any measure which the Government bring forward.

1 a.m.

But the fact that hon. members on the other side strongly support the Government does not imply or prove that this measure has been properly brought before the House. I say that the agreement which is contained in this Bill is not complete. I will not go into the details; they have already been given this evening. But it is not complete, and we are sanctioning an agreement of which we know only half.

After the agreement will come the award of the arbitrators, an award in respect to a transaction involving hundreds of millions of dollars. We cannot over-emphasize the magnitude or the supreme importance of this transaction. The liabilities which the country will have to assume are between five and seven hundred millions. This we know that we shall have to pay; the assets we do not know anything about. The net revenue we hardly know anything about except that it is almost nil. We know that we are going to bind the country to a liability amounting to hundreds of millions, and we know nothing of the revenue except that it will be very small. This is an additional reason why Parliament should assume all possible control over this matter, and when I say "all possible control" I have reference also to control of the award because the award is in reality the most important feature of the whole matter.

What are we doing, Sir, in this matter? We are simply delegating the powers of Parliament to three arbitrators. We are giving these men more powers than the Government themselves have. The Government could not buy this concern, could not acquire this property, without being authorized by Parliament; could not fix its value or pay for it without being authorized by Parliament. But these arbitrators will have the right to fix the amount which the country will be called upon to pay, and the people will have nothing to say about the amount.

It is all very well for the Government to look behind them and say that they have a large majority to support them. But are they going to forget that they are supposed to represent the people? Perhaps they have come to the conviction that they no longer represent the people, and perhaps that is why they are acting so recklessly. But unless they confess that they no longer represent the people they should see that the people are consulted about this transaction.

This railroad will be bought for the service of the people with the money of the people, but without the assent of the people. We are going to name three men to fix upon a value; as to what the amount will be we do not know and will not know until the award has been given.

It will be too late after this award has been given to say that the Government has been stung the same as it was stung in the Canadian Northern deal. Now is the time to take every necessary precaution.

Transactions that are undertaken by a Government may reasonably be likened to those that are undertaken by an individual. Would it appear reasonable that an individual should name three other men to represent him in a certain transaction and give those men a blank cheque to buy property worth in the hundreds of millions of dollars? That is unreasonable, and if an individual were to go into such a deal as that, everybody would say that he was crazy. It would be altogether unreasonable for any individual to undertake a transaction of that kind, but the Government hold that it is reasonable for them and for the people of this country to do so. In a transaction like this, we can never be too prudent. I do not want to cast any reflection upon the arbitrators as to what they might or might not do; but if we want to safeguard the rights of the people, we must go into the matter with supreme prudence, and indefatigable vigilance is the price that we must pay in order to safeguard all our rights. We must control this transaction at all its stages, including the award.

The Minister of the Interior (Mr. Meighen) speaking a few days ago, gave three reasons why the award should not be submittted to Parliament, and I wish to-night to deal briefly with them. First, the minister said that it was contrary to the principle of arbitration to have the award submitted to Parliament. His second reason was that it gets us nowhere to have the award submitted to Parliament, and his third reason was that we would be in no position to review intelligently the judgment of the arbitrators.

Beginning with the first reason, namely, that it is contrary to the principle of arbitration to have the award submitted to Parliament, the minister compared the Board of Arbitration with the Exchequer Court of Canada, and he said: Would anyone in this House contend that it would be reasonable to ask Parliament to pass over a decision of the Exchequer Court of Canada? His answer was in the negative. He said further: Why should the award of the arbitrators be submitted to Parliament? I say that there is no comparison whatever to be made between the Exchequer Court of Canada and the Board of Arbitration, for many reasons, and I will give a few of them. The Exchequer Court of Canada is composed of jurists, men versed in the science of law. The Board of Arbitration may be, but it will not necessarily be composed of jurists, men versed in the science of law. Second, the Exchequer Court proceeds according to the rules of law and evidence as established by our statutes, and this is a guarantee that the Exchequer Court of Canada will not give an award for any amount of money, or for any consideration, not based upon these principles. On the other hand, the Board of Arbitration is not bound by the laws of evidence; it may make mistakes; it may adopt in support of its judgment reasons or motives of equity not admissible before the Exchequer Court of Canada. Third, the Exchequer Court of Canada is composed of independent men, whereas the Board of Arbitration is not so composed, because in the first instance we shall have on the board a representative of the Grand Trunk who is in the meantime a judge and an attorney for the Grand Trunk. This no one can deny. We shall have on the other hand a representative of the Government who will be a judge and also in the meantime an attorney of the Government. Then we shall have a third arbitrator of whom we know nothing. What will be the opinion of the third arbitrator we do not know; but the chances are, as in all matters of this kind, that the decision will be rendered by the third arbitrator as between the two others. Consequently, it is right and just to say that the decision which will be rendered in this case by the Board of Arbitration will be the decision not of three men but of one man, because two of those men will already be engaged either on one side or the other. For example, the Exchequer Court proceeds upon established principles that we know and which cannot be altered, namely, law and procedure. The Board of Arbitration proceeds upon principles which they themselves may think right, but which may be erroneous, and I am going to give an example of this. Shall the potential, future earning power of the company be taken into account or not? Let me explain my thought. Shall the Board of Arbitration take into consideration in their award the possibility that the company may have a large revenue in the near future? Before the Exchequer Court of Canada, this notion would not be taken into consideration. The Exchequer Court of Canada would take the actual value of the company into consideration, but it would not go ahead to endeavour to find out what would be the potential future earning power of the company. The Board of Arbitration may or may not do that. Because they are not a regular tribunal, the Board of Arbitration may go into any hypothetical considerations or conditions which may lead them to augment or diminish the award, considerations into which the Exchequer Court would not go. For example, it has been mentioned several times during the debate on this Bill that the Grand Trunk Railway Company of Canada owes the Government the sum of $15,142,633.13. This amount of money is due by the Grand Trunk for a loan which was made many years ago and which has never been paid back by the Grand Trunk to the Government. We have asked repeatedly of the minister who is taking care of this Bill, whether this amount would or would not be taken into consideration in the award of the arbitrators, and the minister would not commit himself on that point. Surely, it was an important matter to know whether this $15,000,000 would be lost or not to the Canadian people. I do not blame the minister for not committing himself, because it is impossible for him to commit himself when this transaction is to be submitted to a Board of Arbitration. If the transaction were to be submitted to the Exchequer Court of Canada, the minister could very well commit himself without any imprudence whatever, because he would be aware that the Exchequer Court would grant the Government the sum of $15,000,000, and this is the way in which the Exchequer Court would proceed. First, they would find out if the Grand Trunk Railway Company ever received this sum of money, and the answer would be in the affirmative. Second, they would find out if this money had ever been returned, and the answer would be in the negative. Thirdly, they would search whether or not this debt is proscribed in law. The answer

would be in the negative. Fourthly, they would render judgment that the debt is due and must be reckoned in the award. That is how a regular tribunal would act. It could not act otherwise if it followed the rules of law and procedure. What will the arbitrators do? We do not know. They will not be bound in the same way as a regular tribunal of justice, and they may or may not reckon in this amount. The board of arbitrators may turn their attention altogether from the strictly legal point of view, and by so doing come to conclusions altogether different from those of the Exchequer Court of Canada.

The second objection raised by the minister is that to have the award submitted to Parliament takes us nowhere. What does the minister mean when he says it takes us nowhere? If he means that we are bound to buy this property under any circumstances and at any price, he is right in saying it would take us nowhere. If we have to buy the property in any case, why should the award come before Parliament? The Government, apparently, are ready to accept the award whatever it may be. If this Bill passes as it is now we shall be bound to accept the award, but if we are to have any control in the matter, the minister is wrong, and submitting the award to Parliament for approval takes us somewhere instead of nowhere. If we think it is altogether too high and against the interest of the country to accept it, we can reject it. For instance, if the arbitrators should not take into account this $15,000,000 I mentioned, Parliament could very well say that that amount should be paid and the award modified accordingly. The minister asked how it would be possible for Parliament to consider the mass of evidence that would be brought before the board and form a just idea of the value of this property. I quite admit that it would be almost impossible for us to go into the details, but there are certain broad lines which Parliament could very well take into consideration; for instance, that item of $15,000,000. There are several other very important matters which we could take into consideration and upon which the arbitrators will have to adjudge.

The third objection of the minister was that we would not be in a position to review intelligently the judgment of the arbitrators. With the award before us we could at all events consider whether the transaction would be in the interests of Canada. For instance, it has been said by the Government that the liabilities of the company are at least $500,000,000. Suppose the whole property is worth only $400,000,000. We would lose under the award $100,000,000 in money or by way of guarantees. We do not know what the value of the assets is. It has been impossible to get that information in spite of the many questions that have been put. The fact that we may be assuming liabilities largely in excess of the assets was the main point, I understand, of the amendment moved by the hon. member for Nelson (Mr. Campbell), and that I think is an additional reason why this amendment should be supported. I am asking for practically everything that has been asked for in other amendments. I want all possible safeguards included in the Bill and the only complete safeguard is to have the award submitted to Parliament.

Another argument has been made by hon. gentlemen opposite. They say: Do you insinuate that the arbitrators will be dishonest or incompetent? I cannot characterize that otherwise than as a puerile and absolutely childish remark. Is it necessary that arbitrators must be dishonest or incompetent in order to bring in a wrong award? When citizens of this country appeal from the Supreme Court of Canada to the Privy Council, does it follow that the judges of the Supreme Court are dishonest or incompetent? Nothing of the kind. It simply means that in the judgment of the party concerned, they have made an error. If the judges of the Supreme Court are liable to make errors, if appeals can be heard from the judgments of all the judges in the land, is it not possible for arbitrators also to make an error, perhaps of $100,000,000? If we do not review the award we shall have nothing more to say if such an error is made. A man who is not satisfied with the judgment of the Supreme Court of Canada, even in a small matter involving only a few thousand dollars, may appeal to the Privy Council, but in this case we are asked to accept without appeal the final judgment, not of three men, but of one man, because two of the arbitrators will not be in a position to give a satisfactory judgment as ordinary judges.

The question has been made one as between public and private ownership. Well, we want to know how in the world hon. gentlemen opposite can be opposed to public ownership. From their point of view is it not the finest thing in the world? But the Government as a measure of precaution say that they are not committing themselves to public ownership, but are taking the Grand Trunk railway as a matter of necessity.

They say that irrespective of the merits of public ownership, the peculiar circumstances of the railway situation make it imperative that they should acquire this road, and that those who are opposed to the principle of public ownership should vote for the Bill in any event because the country is simply bound to take over the Grand Trunk. Then hon. members, in extenuation of their own unenviable position in this matter, are introducing the bugaboo of the Canadian Pacific railway desiring to buy the Grand Trunk, as if this proposition were feasible, and as if the Government could not compete with the Canadian Pacific railway and take all necessary means to acquire this road themselves. One thing is certain, and that is that the Canadian Pacific railway would never buy a concern like the Grand Trunk at the price which the Government is paying for it. No hon. member need have any fear on that score, for the Canadian Pacific railway are excellent business men and would not sacrifice their interests in acquiring the Grand Trunk at the tremendous cost which it means to us. The management of the Canadian Pacific railway run their affairs as business men, whereas the Government are going into this transaction purely from a sentimental standpoint. They say that we should acquire this railroad in order that we may have one vast national system, whether it pays or not, and in order, further, that the widows and orphans in England who placed their capital in this enterprise shall not suffer. I wonder if hon. members opposite are aware that the greater part of the railroads of the United States have been built with British capital, half of which has been lost in the last fifty years by reason of railway bankruptcies. British capital has been lost to the extent of hundreds of millions in the railroads of the United States, and I should like to know of one instance in which the Americans considered it their duty to save the credit of their country by recouping the British people who had invested their money in those railroads.

In conclusion, Mr. Speaker, I desire to say that the amendment which I shall propose has not for its object the defeating of the Bill, nor does it seek to prevent the country from becoming the owners of the Grand Trunk. It is simply an act of wisdom, providing that before signing the check for this property we shall see the entries in the books. Before we sign the check for $500,000,000, we want to see that everything is all right and that the arbitrators whom we have appointed have come to a proper decision. If the award is unsatisfactory we may discard it, and if it is satisfactory we may endorse it. Let me say that this amendment is not a challenge to the Government or to any one who desires that this Bill should be passed. It is simply a measure of precaution. I therefore move, seconded by the hon. member for North Waterloo (Mr. Euler):

That all the words after the word "that" in the main motion be struck out and the following substituted therefor:

"Bill No. 33 be not now read a third time but that said Bill be referred back to the Committee of the Whole House with instructions that they have power to amend same by adding at the end of section 6 thereof the following words:

"No award of the arbitrators shall be final and valid until it has been approved of and ratified by the Parliament of Canada."

The House divided on the amendment of Mr. Denis, which was negatived in the following division:

YEAS.

Messrs.

Archambault,	Lafortune,
Boivin,	Lanctôt,
Bourassa,	Lapointe (St. James),
Boyer,	Leger,
Brouillard,	McCoig,
Cahill,	McCrea,
Cannon,	McGibbon (Argenteuil),
Casgrain,	McKenzie,
d'Anjou,	Marcile (Bagot),
Déchêne,	Mayrand,
Delisle,	Michaud,
Demers,	Molloy,
Denis,	Murphy,
Desaulniers,	Pacaud,
Deslauriers,	Papineau,
Euler,	Pardee,
Fafard,	Parent,
Fielding,	Pedlow,
Fontaine,	Pelletier,
Fortier,	Prevost,
Fournier,	Proulx,
Gauthier,	Robb,
Gervais,	Savard,
Hunt,	Seguin,
Kay,	Tobin,
Kennedy,	Vien.—53.
King,	

NAYS.

Messrs.

Argue,	Clarke (Wellington),
Armstrong (Lambton),	Clements,
Arthurs,	Cockshutt,
Best,	Cooper,
Blair,	Cowan,
Bolton,	Crowe,
Boyce,	Cruise,
Brien,	Davidson,
Buchanan,	Davis,
Burnham,	Douglas (Strathcona),
Burrell,	Douglas (Cape Breton S. and Rich.),
Calder,	
Casselman,	Edwards,
Chaplin,	Finley,
Clark (Bruce),	Fripp,

Griesbach,	Morphy,
Guthrie,	Mowat,
Halladay,	Munson,
Harold,	Myers,
Harrison,	Nesbitt,
Hartt,	Nicholson (Algoma),
Hay,	Porter,
Henders,	Redman,
Hepburn,	Reid (Grenvile),
Keefer,	Reid (Mackenzie),
Knox,	Richardson,
Lalor,	Sexsmith,
Lang,	Shaw,
Long,	Sifton,
Mackie (Renfrew),	Simpson,
Maclean (Halifax),	Smith,
MacNutt,	Steele,
McGibbon (Muskoka),	Stevens,
McGregor,	Stewart (Hamilton),
McIsaac,	Sutherland,
McQuarrie,	Thompson (Weyburn),
Maharg,	Thompson (Hastings),
Manion,	Thompson (Yukon),
Marshall,	Thomson (Qu'Appelle),
Martin,	Tweedie,
Meighen,	Wallace,
Merner,	Wilson (Saskatoon),
Middlebro,	Wright.—85.

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messrs

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Wilson, G.,	Béland,
Stacey,	Baldwin,
Stewart (Lanark),	Sinclair, J. H.,
Kemp, Sir Edward,	Trahan,
Mewburn,	Verville,
McCurdy,	Chisholm,
Spinney,	Sinclair (Queen's),
Scott,	Power,
Drayton, Sir Henry,	Lavigueur,
Fraser,	Gladu,
Blake,	Jacobs,
Crothers,	Ethier,
Bowman,	Ross,
Allan,	Lesage,
Crerar,	Leduc,
Cronyn,	Cardin,
Hughes, Sir Sam,	Duff,
Rowell,	DuTremblay,
Loggie,	Bureau,
Charters,	Truax,
Chabot,	Devlin,
Charlton,	Gauvreau,
Foster, Sir George,	Turgeon.

Mr. FRASER: I am paired with the hon. member for Yamaska (Mr. Gladu).

Mr. GEORGE PARENT (West Quebec): Mr. Speaker, being from Quebec city it goes without saying that I am not sectional. I am one of those who happened to be a member of this House in 1904, the year when the question of the Grand Trunk Pacific, which had been dealt with by Parliament during the previous session, was a subject of discussion all over the country. I am one of those who at that time supported the policy which we advocated before the people of this country of having a line of railway running from the West to the East, from the Pacific to the Atlantic in order to carry Canadian trade through Canadian ports. We believed that such a policy would meet the views of the people and serve the best interests of the country. Many of the hon. members who, I notice, are sitting on the other side of the House now, have been advocating that policy on the hustings and I was very much surprised when it came to the vote a little while ago to observe that they voted against that policy after they had heard the speeches of the hon. the Minister of the Interior (Mr. Meighen) the hon. the Minister of Railways and Canals (Mr. Reid) and the hon. member for Algoma (Mr. Nicholson). Can it be that they are sincere in to-day advocating a policy which is directly contrary to the policy of the Liberal party which they supported in 1904 and 1908? I am one of those who are naturally inclined to believe that when the people say that a certain thing should be done that is a reason for doing that thing, and that we cannot do wrong if we go back to the people and say that we have carried out their views. I do not understand why these men who have been advocating that very same policy for such a long time should come here to-day and vote exactly contrary to the convictions which they supported before the people of this country in 1904, 1908 and up to 1911.

I said that I was not sectional, and I am not; but there is one thing I believe I have at heart, and that is to see Canadian trade going over Canadian routes and through Canadian ports. If there is one thing that I can say for the policy of the Liberal party it is that it meant the gathering of freight from the West and its shipment through Canadian ports. That is the policy that I would like to support. I am sorry to say that as a result of the policy that the Government is adopting all that the Liberals had in view is going to be thrown to the winds. I can easily understand that private companies such as the Grand Trunk, the Canadian Pacific and the Canadian Northern, if it were still in existence, can divert traffic wherever they like. It is their own business, subject to a certain degree of Government supervision. But when I see that the Government itself proposes to undertake the control of railways, with a view to diverting trade from Canadian ports to American ports I am at a loss to understand how such a policy can be justified. What do the people want? They

want to have our own ports developed. You may leave railway operation to private companies, but you must control them and prevent them from diverting the traffic to the detriment of our own ports. But how can the country support a Government that wants to divert our own Canadian trade from Canadian ports and send it to American ports? That is what the present Government is doing. Here is the situation: The Grand Trunk for years past has been sending all its trade through Portland, an American port. It has in the United States many hundreds of miles of railway. These lines will be owned and controlled by the Government, and in view of the necessity of returning some revenues the Government will have to send the trade over there. It will be an enormous detriment to the Canadian people and to our ports to send our trade to American ports. I am against that policy. There are on the other side of the House some important men coming from the Maritime Provinces. I believe that they are no more sectional than I am. I see the minister—I do not know what department he represents (Mr. A. K. Maclean)—who comes from the Maritime Provinces. Not only would he not adopt that policy, but he would do anything he could to defeat it if he were really representing the views of the people of the Maritime Provinces. There is another point which to my mind is also important. Whether the Government seeks to conceal itself behind this shadow of the Grand Trunk Company or not, the fact remains that by controlling the stock it controls the company. That may bring about international complications.

I can see at no far distant date where labour conditions in the United States will be different from what they are in Canada and there may be in the former country certain organizations, comprising thousands of employees, holding different views from those which may be entertained by Canadian labour. Complications may in that way arise, and also from many other causes. The United States Government would then be under the necessity of protecting their own citizens on the other side of the line, bringing about international complications and with what other results? Those we do not know, but if certain of the jingo element in this country entertain a fear lest there be annexation, there cannot be any better means of bringing about that result than the policy which the Government are now advocating. For these reasons, I beg to move, seconded by the hon. member for Dorchester (Mr. Cannon):

That the said Bill be not now read a third time, but that the House do come to the following resolution:

That the Grand Trunk Railway system which the Government proposes to acquire, comprises many miles of railway lines on American soil;

That the Grand Trunk Railway Company has diverted most of its traffic from Canadian ports to its United States terminals;

That a continuance of such policy by the Canadian Government would be injurious to Canadian trade and detrimental to our national welfare;

That the ownership by the Canadian Government of the American section of the Grand Trunk railway would involve this country in international troubles respecting labour administration and public policy;

That for the above-mentioned reasons, the acquisition of these lines means a serious danger of the annexation of Canada by the United States;

That the House is of opinion that before taking action towards the acquisition of the railway referred to the Government should give an immediate assurance to this House that it does not intend to divert Canadian trade from Canadian ports by taking over that portion of the Grand Trunk railway situated and operated in the United States.

Hon. Mr. REID: Lost on the same division.

Mr. SPEAKER: Shall I declare the amendment lost on the same division?

Some hon. MEMBERS: No, yeas and nays.

Mr. MORPHY: Mr. Speaker, may I ask if that is an amendment to the motion for the third reading of the Bill?

Amendment, Mr. Parent, negatived on the following division:

YEAS.

Messieurs :

Archambault,	Lanctôt,
Boivin,	Lapointe (St. James),
Bourassa,	Leger,
Brouillard,	McCrea,
Cannon,	McGibbon (Argenteuil)
Casgrain,	McKenzie,
d'Anjou,	Marcile (Bagot),
Déchêne,	Mayrand,
Delisle,	Michaud,
Demers,	Molloy,
Denis,	Pacaud,
Desaulniers,	Papineau,
Deslauriers,	Parent,
Fafard,	Pedlow,
Fontaine,	Pelletier,
Fortier,	Prevost,
Fournier,	Proulx,
Gauthier,	Savard,
Gervais,	Seguin,
Hunt,	Tobin,
King,	Vien—43.
Lafortune,	

NAYS.

Messieurs :

Argue,	Arthurs,
Armstrong (Lambton),	Best,

Blair,
Bolton,
Boyce,
Brien,
Buchanan,
Burnham,
Burrell,
Calder,
Casselman,
Chaplin,
Clark (Bruce),
Clarke (Wellington),
Clements,
Cooper,
Cowan,
Crowe,
Cruise,
Davidson,
Davis,
Douglas (Strahcona),
Douglas (Cape Breton S. & Rich.),
Edwards,
Euler,
Finley,
Fripp,
Griesbach,
Guthrie,
Halladay,
Harold,
Harrison,
Hartt,
Hay,
Henders,
Hepburn,
Keefer,
Kennedy,
Long,
Mackie (Renfrew),
Maclean (Halifax),
MacNutt,
McCoig,
McGibbon (Muskoka),
McGregor,
McIsaac,
McQuarrie,
Maharg,
Manion,
Marshall,
Martin,
Meighen,
Merner,
Morphy,
Mowat,
Munson,
Myers,
Nesbitt,
Nicholson (Algoma),
Pardee,
Porter,
Redman,
Reid (Grenville),
Reid (Mackenzie),
Richardson,
Sexsmith,
Shaw,
Sifton,
Simpson,
Smith,
Steele,
Stevens,
Stewart (Hamilton),
Sutherland,
Thompson (Weyburn),
Thompson (Hastings),
Thompson (Yukon),
Thompson (Qu'Appelle)
Tweedie,
Knox,
Lalor,
Lang,
Wallace,
Wilson (Saskatoon),
Wright—87.

PAIRS.

(The list of Pairs is supplied by the Chief whips).

Messieurs:

Borden,
Doherty,
Green,
White, Sir T.
Wilson, G.,
Stacey,
Stewart (Lan.),
Kemp,
Mewburn,
McCurdy,
Spinney,
Scott,
Drayton,
Fraser,
Blake,
Crothers,
Bowman,
Allan,
Crerar,
Cronyn,
Hughes,
Rowell
Loggie,
Charters,
Chabot,
Charlton,
Foster, Sir G.
Lemieux,
Marcil,
White (Victoria),
McMaster,
Beland,
Baldwin,
Sinclair, J. H.,
Trahan,
Verville,
Chisholm,
Sinclair,
Powers,
Lavigueur,
Gladu,
Jacobs,
Ethier,
Ross,
Lesage,
Leduc,
Cardin,
Duff,
DuTremblay,
Bureau,
Truax,
Devlin,
Gauvreau,
Turgeon.

Mr. JAMES A. ROBB (Chateauguay-Huntingdon) moved:

That this Bill be not now read a third time but that it be read a third time this day six months.

The House divided on the motion of Mr. Robb, which was negatived on the following division:

YEAS.

Messieurs :

Archambault
Boivin
Bourassa
Boyer
Brouillard
Cahill
Cannon
Casgrain
d'Anjou
Déchêne
Delisle
Demers
Denis
Desaulniers
Deslauriers
Euler
Fafard
Fielding
Fontaine
Fortier
Fournier
Gauthier
Gervais
Hunt
Kay
Kennedy
King
Lafortune
Lanctôt
Lapointe (St. James)
Leger
McCoig
McCrea
McGibbon (Argenteuil)
McKenzie
Marcile (Bagot)
Mayrand
Michaud
Molloy
Murphy
Pacaud
Papineau
Pardee
Parent
Pedlow
Pelletier
Prevost
Proulx
Robb
Savard
Seguin
Tobin
Vien.—53.

NAYS.

Messieurs :

Argue
Armstrong (Lambton)
Arthurs
Best
Blair
Bolton
Boyce
Brien
Buchanan
Burnham
Burrell
Calder
Casselman
Chaplin
Clark (Bruce)
Clarke (Wellington)
Clements
Cooper
Cowan
Crowe
Cruise
Davidson
Davis
Douglas (Strathcona)
Douglas (Cape Breton S. & Rich.)
Edwards
Finley
Fripp
Griesbach
Guthrie
Halladay
Harold
Harrison
Hartt
Hay
Henders
Hepburn
Keefer
Knox
Lalor
Lang
Long
Mackie (Renfrew)
Maclean (Halifax)
MacNutt
McGibbon (Muskoka)
McGregor
McIsaac
McQuarrie
Maharg
Manion
Marshall
Martin
Meighen
Merner
Middlebro
Morphy
Mowat
Munson
Myers
Nesbitt
Nicholson, (Algoma)
Porter
Redman
Reid (Grenville)

Reid (Mackenzie)	Sutherland
Richardson	Thompson (Weyburn)
Sexsmith	Thompson (Hastings)
Shaw	Thompson (Yukon)
Sifton	Thomson (Qu'Appelle)
Simpson	Tweedie
Smith	Wallace
Steele	Wilson (Saskatoon)
Stevens	Wright.—84.
Stewart (Hamilton)	

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messieurs :

Borden	Lemieux
Doherty	Marcil
Green,	White (Victoria)
White, Sir T.	McMaster
Wilson, G.	Beland
Stacey	Baldwin
Stewart (Lanark)	Sinclair, J. H. (Antigonish)
Kemp	Trahan
Mewburn	Verville
McCurdy	Chisholm
Spinney	Sinclair (Q.)
Scott	Powers
Drayton	Lavigueur
Fraser	Gladu
Blake	Jacobs
Crothers	Ethier
Bowman	Ross
Allan	Lesage
Crerar	Leduc
Cronyn	Cardin
Hughes	Duff
Rowell,	DuTremblay
Loggie	Bureau
Charters	Truax
Chabot	Devlin
Charlton	Gauvreau
Foster, Sir G.	Turgeon

Motion of Hon. J. D. Reid (Minister of Railways) for the third reading of the Bill agreed to on the same division reversed, and Bill read the third time and passed.

ADJOURNMENT UNTIL THREE O'CLOCK WEDNESDAY.

Hon. Mr. REID: As we have sat rather late to-night, I move:

That when the House do adjourn this day, it stand adjourned until Wednesday at three o'clock in the afternoon.

Mr. SPEAKER: This motion, of course, can only be entertained by unanimous consent.

Motion agreed to.

On motion of Hon. Mr. Reid, the House adjourned at 2.30 a.m. (Wednesday).

[Mr. Robb.]

Wednesday, November 5, 1919.

The House met at Three o'clock.

MR. ERNEST LAPOINTE.

INTRODUCED TO THE HOUSE BY HON. W. L. MACKENZIE KING AND MR. LAVIGUEUR.

Mr. SPEAKER: I have the honour to inform the House that the Clerk of the House has received from the Clerk of the Crown in Chancery, a certificate of the election and return of Ernest Lapointe, Esquire, for the electoral district of Quebec East.

Hon. W. L. MACKENZIE KING: Mr. Speaker, I have the honour to present to you Mr. Ernest Lapointe, member-elect for the electoral district of Quebec East, who has taken the oath, signed the roll and now desires to take his seat.

Mr. SPEAKER: Let the hon. member take his seat.

COMMITTEE ON SOLDIERS' CIVIL RE-ESTABLISHMENT.

MOTION FOR CONCURRENCE IN REPORT OF THE SPECIAL COMMITTEE.

Hon. JAMES CALDER (Minister of Immigration and Colonization) moved:

That the report of the Special Committee appointed on the 18th day of September last, to which was referred Bill No. 10, to amend the Department of Soldiers' Civil Re-establishment Act and the Orders in Council relative to the work of the Department of Soldiers' Civil Re-establishment which were laid on the table of the House on the 16th day of September for the consideration thereof, and of all matters pertaining thereto, which was presented to the House on the 31st day of October last, be received, and that the expenditure recommended therein, or which would be required for carrying out the recommendations therein, be commended to the consideration of the Government.

For full text of the report of the Special Committee see House of Commons Journals Addendum to Votes and Proceedings, No. 43, of date Friday, October 31, 1919.

He said: The report which was tabled last Friday is a somewhat lengthy one, probably an unusually lengthy one for a document of this kind. I am sure, however, that all the members of the House recognize that the special committee appointed to consider Bill No. 10, had a very difficult and complex problem to deal with. In any event, after the committee had completed its work, it came to the decision that, owing to the nature of the problem and the widespread interest that is taken in it, it would be advisable for the committee to set forth its views and find-

ings at length in order that the members of the House as well as those in the country who are interested in the problem, might be able to get a fairly comprehensive grasp of the subject under consideration. I think the House will agree that in that respect the committee took the proper course.

At the outset of my remarks, I desire to clear up a certain misapprehension that exists, not in this House but outside of it. The view was represented to us in the committee on several occasions that this matter would not come before Parliament; that the committee would itself decide the problem that was under consideration. The returned men who are interested in this question which the House must consider, are not acquainted with Parliamentary procedure, and they had an idea that because this problem had been referred to a committee, the finding of that committee would be final and decisive, and binding upon Parliament. For the information not of the House, but of those outside of the House who are interested in this question, I wish merely to state what every hon. member knows, namely, that the report of the committee is not binding in any sense upon Parliament. The committee was simply appointed to inquire into the question that was referred to us by Parliament for a report to Parliament. That we have done. We have come to our conclusions; the findings and recommendations of the committee are contained in the report, and it is now for Parliament itself to decide whether or not the recommendations which we make shall be approved.

Those who approached us on behalf of the men were very desirous that this question should be threshed out in Parliament, and that an opportunity should be given for every member of the House to express his views. That, of course, is being done by this motion which I have moved, which will give every hon. member the right to express his views on this question; and if such be deemed necessary by any member of Parliament, the resolution itself may be voted upon, suggestions may be made as to amending our report, the report itself may be rejected and should it be deemed advisable, the House may recommit the report to the committee in order that it may consider any other phase of this question or any decision that has been reached, in any way that Parliament thinks fit.

As regards the committee itself, there was no inclination upon the part of any member to shirk his responsibility. All the members of the committee approached the problem which we had under consideration, I think I may say, earnestly, sincerely and fearlessly. They had but one end in view, and that was to get at the facts as far as it was humanly possible to do so; to place their views before Parliament; to give to Parliament the results of all their deliberations and considerations, and to leave to Parliament itself the ultimate decision as to what should be done in connection with the various suggestions that came to us regarding the problem of the re-establishment of the returned soldier in civil life.

The Government itself is not without responsibility; it has in connection with this certain responsibilities which it must assume, and it cannot shirk those responsibilities. Before we are through with this discussion, the Government, as a government, must state to Parliament very distinctly and clearly what its position is in reference to the matters of policy which will be under consideration. The Government must do that, and it must take the responsibility for any decision which it may reach.

As regards what may be considered as the main finding of the committee, that is that there should be no further general distribution of grants or gratuities, the Government has come to a very definite conclusion, and that is: that it does not agree to any proposal that there should be a further general distribution of grants or gratuities. If the majority of the members of this House think otherwise, if it is the view of this Parliament that there should be a further general distribution of grants or gratuities to all of the ex-members of the forces, then there is but one thing for Parliament to do, and that is to say so very clearly and plainly. And if Parliament comes to that conclusion, then there is only one course, and that is that some other administration must carry on.

I am not saying that as a threat; I am not saying it to influence any member in this House or to affect his vote in the slightest degree. This is an important question of policy upon which the Government has had to come to a conclusion. If the majority of the members of the House think that that position is not right, there is but one course to follow and that is to have placed in power an Administration that will carry out the will of Parliament in that regard. I wish to make that perfectly clear in order that there shall be no misunderstanding.

In speaking to the motion I shall endeavour to speak clearly and plainly. I do

not wish to sidestep in any way or to camouflage the issue. As chairman of the committee, I consider it my duty to place the problem fairly and squarely before Parliament in order that Parliament may be in a position to reach whatever decision is in its judgment the proper one in connection with the problems we have under consideration. Although I shall endeavour to be as brief as possible, I am afraid that on account of the character and complexity of the problem and the mass of evidence we took my statement will be a somewhat lengthy one, and I must therefore ask the House to be indulgent while I explain the situation as concisely as possible.

With regard to the reference to the committee, only a word need be said. It will be found on page 3 of the report. One of the first things the committee had to decide was whether the reference was wide enough to enable us to consider any and all suggestions that came to us with regard to the problem of re-establishment. Finally, the committee came to the conclusion that the reference was sufficiently wide for that purpose, and as a result we stood ready and prepared at all times to receive any suggestions from any quarter that would enable us to deal intelligently with the problem of the re-establishment of the soldier in civil life. Regardless of the actual wording of the reference, I am certain the House will agree that the committee came to the proper conclusion in that regard. If there had been any attempt at blocking evidence or shutting out suggestions of any kind, I think it would have been most unfortunate. I am certain that Parliament will agree that we did the proper thing in widening the inquiry in order that any returned man, any association or organization throughout the country, and any member of Parliament could appear before the committee and place before it any suggestions they desired to make in connection with the problem under consideration.

Just a word with regard to the work of the committee. It was anticipated that Parliament would have prorogued some two or three weeks ago. Consequently we felt it was our duty to have the inquiry completed in good time without, however, shutting out any evidence or suggestions from any quarter, in order that Parliament would have ample time to discuss the report. For that reason, in the early stages of the inquiry the committee sat practically continuously, morning, afternoon and night. We had in all something like fifty sessions and we even were obliged to sit on the Sabbath once or twice in order to get our work completed. About seventy witnesses were called, and the printed evidence comprises something like a thousand pages. We had a stream of telegrams, petitions, resolutions and letters from all over the country, all of which had to be considered and dealt with by the committee. From what I have been told, I doubt very much if there has been any Parliamentary committee in recent years that has had such a volume of work thrown upon it in such a short time. I mention this mainly for the purpose of thanking, as chairman, the members of the committee who attended so regularly and gave their very best attention to the work. All the members of the committee were in constant attendance, and I think all who followed our proceedings will agree that our work was carried on harmoniously and without any friction.

As to the report itself, it was deemed advisable to arrange it in convenient form for Parliament. It will be found to contain eleven parts, and an appendix containing four parts. These various parts have their headings and subheadings, and the paragraphs have been numbered for easy reference. The first ten parts of the report set out in detail the problems that confront the committee. They indicate the scope and character of the inquiry, and include the facts upon which the findings of the committee were based. All of our recommendations and the findings will be found in Part XI. As to the appendix, the first part sets out just as it was presented to the committee the general plan of re-establishment submitted to us by a committee representing the Great War Veterans' Association. The second part contains the financial statements submitted to the committee by the Deputy Minister of Finance and Mr. Breadner, Chief Commissioner of Taxation of the Finance Department. The third part contains two very interesting documents. We finally found it necessary to write officially to the Minister of Finance asking him to place before us definitely and clearly the financial commitments of the Government for the present year and the probable commitments for the next financial year. That will be found in Part III of the appendix. It was also deemed advisable by the committee to include in the appendix the evidence in toto given by Sir Thomas White, who acted as Minister of Finance during the entire war period.

I must ask the indulgence of the House while I run briefly through the first ten parts of the report. I do this because I take it for granted that all the members of

the House have not probably read the report as closely as they may later, because it has only been available for a day or so and we have been very busy in this House during the last twenty-four hours. Part I which contains the reference to the committee, I need not dwell upon. Part II, which gives a list of the witnesses called, and the various soldiers and organizations that appeared before us, and so forth, tells its own story.

The members of the House will find Part III exceedingly interesting because it endeavours to set forth briefly and concisely the work of re-establishment carried on in the past by the various departments of the Government.

I venture to say that members of Parliament have very little conception of the work that has been done in the line of civil re-establishment during the past two or three years and of the cost of that work. At any rate, it was a revelation to many of the members of the committee. As I say, this part describes somewhat in detail the character and volume of that work, and I would commend to every member of the House this section of the report in order that he may make himself familiar with what has already been done and what is to be done.

Part IV describes at length the proposed post-war work of the Patriotic Fund, which was an organization created during the earlier stages of the war. It collected in various ways from the people of Canada sums of money aggregating in the neighbourhood of $48,000,000, and when the armistice came it had on hand somewhere about seven and a half million dollars. It will be remembered that at the last session of Parliament a Bill was introduced to amend the Patriotic Fund Act, in order that it might carry on certain classes of post-war work, and in this section of the report will be found a description of the work proposed to be carried on by that body. That work is confined to assisting the families of the returned men; not the soldiers themselves but their dependents. I shall not take up the time of the House now in any attempt to describe it, because it is fully set out in this part of the report. The nature of the work to be carried on is indicated, as are also the various classes to be assisted, the conditions under which such assistance is to be given, and the amount of assistance in each case.

Part V of the report is also very interesting, as it sums up all the suggestions that reached the committee in reference to improvements in or extensions of work now being carried on by various departments of the Government. These suggestions have reference to the vocational work carried on by the Department of Soldiers' Civil Re-establishment, such as the treatment of men who have been discharged and who are in hospitals or other institutions under the care of that department. There were certain suggestions as to modifications or extensions in the provisions made in the past in regard to certain gratuities. Suggestions were made as to pay allowances by the Department of Soldiers' Civil Re-establishment, the question of giving free clothing to certain patients, and other details of that character.

Part VI will be found to contain another series of suggestions that reached the committee with reference to new benefits which the ex-soldiers do not now receive—new classes of work to be undertaken, such as making provision whereby returned men may receive loans or grants for housing, apart from the general provision that was made for housing last session by which loans were made to the provinces. There were also suggestions as regards life insurance, loans for one-man businesses, grants to university students, and in regard to new schemes that are not being undertaken by any of the departments at the present time.

Now we come to part VII, which is a very important section of the report. It will be found to contain three general schemes for re-establishment that reached the committee. Throughout our whole inquiry those who represented the soldiers' organizations before us maintained that any policy adopted for re-establishment should be of such a character as to reach every member of the forces. I think I am stating the situation squarely and fairly. I am speaking now of the three general plans for re-establishment that reached our committee, and I repeat that throughout our whole inquiry it was held that any plan that would not practically reach every one of the men would not be satisfactory.

Major ANDREWS: May I ask my hon. friend if the plans submitted by the Great War Veterans did not, in addition to that, state very clearly, "in case of need, or actual need?"

Mr. CALDER: What the hon. gentleman says is perfectly true.

Mr. McMASTER: We could not hear the hon. member's question. Will the minister be kind enough to repeat it?

Mr. CALDER: The hon. gentleman's point is that the Great War Veterans' representatives pointed out to the committee that their plan applied only to those who actually needed assistance. That is quite true. But during our examination we had the greatest difficulty in ascertaining what was meant by actual need, and when the matter was traced down to its finality, as it had to be traced, I think I am right in saying that practically every member of the committee agreed that actual need would not be very difficult to establish. Consequently the propositions as they came to us and as they were viewed by the committee were of such a character as to imply that any general proposals adopted by Parliament that would not reach practically every returned man would not be satisfactory to the men themselves. This was the view that was expressed. It was intimated that not a few but all of the men had suffered loss or hardship, either mental, physical, or financial, and that all should be reached if any attempt was to be made to re-establish the men in civil life. It was not a question of aiding the few. We received suggestions, for example, regarding university students, and it was also suggested that the mortgages which some men had on their places were a considerable burden which they should be assisted in lifting. We received suggestions to the effect that certain of the men had contracted debts which were also in the nature of a burden, and that assistance should be lent in this respect. Suggestions were made that pensions should be increased, and so on all along the line—various suggestions as to the form that re-establishment might take. But, I repeat, it was not represented to our committee that this, that, or the other suggestion should be carried out, but that they should all be adopted in order that the men might be properly re-established in civil life. It was held that the distribution of gratuities already provided for, which we ascertain now will total some $153,000,000, does not meet the requirements and that further grants or gratuities for all these various purposes are necessary and should be voted. It comes to this, Mr. Speaker, that those who represent the Soldiers' organizations in Canada, Mr. Waistell, who represented the G.W.V.A., Mr. Flynn who claimed to represent the large body of soldiers throughout Canada, both worked along practically the same lines although differing materially in detail. They endeavoured to devise plans whereby the State would approve of an arrangement for general cash grants or gratuities to all returned men. Their schemes varied, and they varied very radically in detail, but nevertheless they reached the same goal.

In so far as the G.W.V.A. proposal is concerned, the cost represents something in the neighbourhood of $400,000,000 while that of Mr. Flynn represents $1,000,000,000 (one billion dollars). Both are based upon the plan of a general distribution to all with the proviso that in the case of the G.W.V.A plan, actual need had to be established.

What was Mr. Flynn's proposal? He suggested that the state should raise the money and set aside sufficient to pay every man who had seen service in France $2,000; every man who had gone no farther than England $1,500 and every man whose service was in Canada, regardless of the length of that service, $1,000. Under this suggestion, if a man came into the force a day, or two days, or a month, before the armistice he was entitled to $1,000 while men who had seen service in Canada for two, three, or four years, would be entitled to the same amount, $1,000. Under Mr. Flynn's plan no regard was to be paid to the length of the service but only to the place of service. A man who went to France in 1914 and returned the same year, and a man who went to France in 1915 and returned the same year would be entitled to $2,000; whereas, if a man went there in 1914 and stayed until the end of the war, he would also be entitled to only $2,000 and so on. I need not go over the details; the members of the House followed the proposal made and generally understand the details of it.

Mr. Flynn, in his evidence, admitted, I think, fairly and frankly, that if his scheme were carried out it would contain many discrepancies and inequalities. About the only reply he could give was that the men had considered the whole thing, that they had discussed all these details, that they had realized that these inequalities existed but that they wanted this plan adopted and that therefore it should be adopted regardless of any inequalities or discrepancies in that connection.

According to Mr. Flynn's evidence, the cost of carrying out his proposal would be between $500,000,000 and $600,000,000. Mr. Cox, one of the officials of the Department of Militia and Defence who has had a great deal to do with the payment of existing gratuities was called on to give evidence and he estimated that if Mr. Flynn's proposal was carried out it would cost the country over $1,000,000,000 and that the

annual interest charge thereon would be somewhere in the neighbourhood of $55,000,000.

Under his proposal Mr. Flynn suggested that the men should be handed the money; that they should be permitted to do as they pleased with it and that there should be no attempt at control in any way. He further suggested that all classes of work now being carried on by the Government should be abandoned, that the Department of Soldiers' Civil Re-establishment, which has been responsible for taking care of the disabled soldiers, should cease its operations. He also suggested that the Soldiers' Settlement Board should stop its work. He took the ground that in order to deal with all the men on an equality in so far as these matters were concerned the best and the most equitable way was on a basis of a cash grant, on the understanding that that settled it and that the country should wash its hands of any further responsibility. I think I have stated his views generally, correctly to the House.

In reference to the G. W. V. A. plan, in many important details it differed from that proposed by Mr. Flynn. In the first place, they would not disturb the work that is now being carried on. They would improve it; they would extend it; they criticise certain features of it but they would not abolish it. In the second place, they suggest that after it is ascertained what amount each man is entitled to, he should not be permitted to get more than $500 in cash. They claim that he should be paid $500 now if he is entitled to it, because of actual need and on account of present necessities. They take the ground that in so far as the balance is concerned, the Government should create a board with branches in the various provinces to see that the balance would go for some form of re-establishment, by which they meant some housing scheme or some business the man wanted to go into, to care for any mortgage that is on his place, to buy tools and equipment, to look after life insurance, or any of the other forms of assistance that would be desirable, including any payment that he might want to make upon any lands secured from the Soldiers' Settlement Board. In that respect their plan differs very materially from that presented by Mr. Flynn. The basis of the plan submitted by the representatives of the G. W. V. A. is this: They take the ground that the basis for any grant or financial assistance to which any man should be entitled should be his place of service and the time of enlistment, and that there should be taken into consideration as well the fact as to whether he was a combatant or not.

Mr. BURNHAM: At page 56 of the report in regard to the G. W. V. A. proposal it is stated:

> Your Committee feels that while these proposals were conceived with the very best of intentions the practical working out of the same would result in many grave discrepancies and inequalities that would give rise sooner or later to further demands to remedy same.

If the Government were guaranted by the G. W. V. A. against further demands to remedy the same would the Government consider that the G. W. V. A. proposal to which this paragraph refers would be acceptable?

Mr. CALDER: I doubt very much if the G.W.V.A. could give any guarantee of that kind. The point is this: You and I have served; you have served under certain conditions for a certain length of time and in a certain place; under the scheme proposed you get a certain grant, certain gratuity, certain financial assistance; I do not get the same; my service, from my point of view, may have been just as valuable as yours; any decision that you, or those associated with you, may come to in so far as my case is concerned will never be satisfactory to me, and I am going to continue the demand that I be treated fairly, properly and justly in comparison with all others. I am sure the hon. gentleman gets my point. Their plan—I am speaking of the plan of the G.W.V.A.—differs from Mr . Flynn's plan in this—that it would not provide any financial assistance for any man who has served in Canada for a period less than six months. Now, as an illustration of the working out of this plan, I would like to direct the attention of the House to page 57, paragraphs (c) and (d), of the committee's report, and I think it would be just as well to read these paragraphs in full, because it illustrates the point raised by the hon. gentleman (Mr. Burnham). These are the paragraphs:

> (c) As an illustration of the working out of the proposed plan and as an indication of one of the principles upon which it is based, provision is made whereby all men who saw service in France in any particular year—

Not length of service, be it noted—

> —would be entitled to the same financial assistance or grant regardless of the length of their subsequent service or the date upon which they returned to Canada. To put the proposal concretely: three men joined the forces in 1914; one is retained in Canada during the whole period of the war on necessary military duty;—

We had to carry on at home as well as overseas. A certain establishment was required here. It has been represented to me, for example, that at Halifax some hundreds of men were retained on necessary military duty, forced to go down there, probably against their will. They simply had to stay there and do whatever duty was cast upon their shoulders. To come back now to the quotation:

—the two others proceed to England in 1914; one of these reaches France in 1914; the other in 1915; the one sent to France in 1914 returns to Canada in 1915 and is discharged; the other who went to France remains there to the end of the war.

That is, during the years 1915, 1916, 1917 and 1918:

Under the proposal made, the man who remained in Canada on service during the whole period of the war would be entitled to $375; the man who saw service in France, returned to Canada and was discharged in 1915, would be entitled to $2,500, and the man who reached France in 1915 and saw service to the end of the war would be entitled to $2,300.

The claim is put forward that because a man saw service in France in the year 1914 he should get $2,500, if he only served during that year—that he needs it, he actually needs it for re-establishment work—whereas the other man who went to France in 1915 and remained during the whole balance of the war and came back in 1919 should only be entitled to $2,300. Or, take the case of a man in Canada—a man who may have enlisted, we will say, somewhere in Western Canada—who was brought into the force under military control, and had to go away—he was ordered to go, we will say, to Halifax—away from his home, away from his family, and stayed there during the whole period of the war. That man would only be entitled to $375. Well, I say again, that while the Great War Veterans' Association, or the officers of the Great War Veterans' Association might be prepared to make a statement to the effect that if their plan were carried out they would guarantee that there would be no further demand, I am quite sure the House will see that every man who considers he is unjustly or unfairly treated in a matter of this kind is not going to let the question rest notwithstanding the guarantee that might be given by any body. Just so long as he considers he has been unfairly, inequitably and unjustly dealt with, in comparison with his companion, he is going to continue to demand from the Government fair treatment—just as good treatment as any other man has received.

Mr. H. A. MACKIE: Might I ask if the plan the minister is now criticising was turned down for the reason mentioned, or was it because of any other reason?

Mr. CALDER: The fact that these inequalities existed and that this discrimination appeared is only an incident. I will come to the question which the hon. gentleman raises just in a moment. Now the estimated cost of the plan submitted to us by the committee representing the Great War Veterans' Association will be found on page 74:

Summary of Costs—(Estimate)

I will not read it all. Hon. gentlemen will notice that the actual gross amount of cost is placed at $397,800,000, and then there are three foot-notes:

1. From the above, it is reasonable to assume that a percentage will be unclaimed, or the need of re-establishment be not proven, amounting to 25 per cent.

That is, they assume to take off $100,000,000 from their estimates of cost. They say it is reasonable to assume that a certain percentage will not be claimed, and that in other cases the need of re-establishment will not be proven. Well, our commitee was very careful to endeavour to trace that down, to endeavour to follow it out right to its ultimate end, and I am sure that the members of the committee, at any rate, will agree with me when I say that those who were on the committee representing the Great War Veterans' Association did not convince us that there would be any material saving on this account because of not being able to establish need. Then a further amount is deducted in the second note:

2. Also, that Government Departments, such as Land Settlement, Insurance, and Victory Bonds, will absorb the financial aid amounting to a further 25 per cent.

Apparently an endeavour is made to lead us to believe that the amount required would be the balance, namely, $200,000,000. Well, any money that is to be raised and given by way of financial assistance for the purpose of enabling the men to make payments under the Soldiers' Settlement Board, does not relieve the situation in the slightest degree.

On the other hand, if bonds instead of cash were handed over to the men, with the right on their part to dispose of them, even with the Government's approval, that also would not relieve the situation in the slightest degree. Consequently, after the whole ground had been gone over very fully and very carefully it was generally conceded that the amount that would be required to carry out the proposals submitted to us by the

committee representing the Great War Veterans' Association would be approximately $400,000,000, to say nothing of a discrepancy in the evidence with reference to the number of men who saw service in France, in connection with which a further expenditure of some forty or fifty millions might be entailed.

In one respect the proposal submitted to us by the G.W.V.A. goes further than Mr. Flynn's plan. For example, Mr. Flynn proposed that a man who saw service in France at any time should not receive more than $2,000, whereas under the plan submitted to us by the G.W.V.A. the proposal is that a man who saw service in France in 1914 should receive $2,500 over and above the gratuity which he has already received. In other words, if he had received $600 by way of gratuity under the plan now in force, the total amount that he would be entitled to would be $2,500 plus the $600 already received. If a man enlisted in 1914 and went to England in 1915 he would be entitled to $500 for his service in Canada and $800 for having reached England in that year, and if he saw service in France the same year he would be entitled to a further $800, a total of $2,100 as against the $2,000 proposed by Mr. Flynn.

I do not think it is necessary for me to go further into the proposals made by the committee representing the G.W.V.A. Those proposals are contained in full in the appendix, just as they were presented to us, and if all members of the House have not read them I suggest that they should do so, because it is important that we should clearly understand the proposals as they actually reached the committee from the men themselves.

Then, a third general scheme was submitted to us by Mr. Margeson, not as representing any body, but simply as his own suggestion. He is one of the Pension Commissioners, and he has given a good deal of time, thought and consideration to this subject. In brief, the suggestion which he made to the committee was that every man who saw service should be given a per diem allowance for his service. If he reached France the allowance for his total services should be seventy cents a day. If he reached only England, he should get forty cents for every day that he was in the army, and if he did not leave Canada, twenty cents a day. There was this proviso, however: no man should be entitled to more than $1,500, including the gratuities already granted. Mr. Margeson's plan would entail an expenditure of some $200,000,000.

Now, I have run over Part VII of the report, which contains these three plans, and have indicated generally to the House what the schemes were.

Mr. FRIPP: Why did the committee not recommend the Margeson plan? Was the reason for its rejection the same as that which applied to the other plans?

Mr. CALDER: We shall come to the findings very shortly and then I shall have a statement to make with regard to that.

Part VIII of the report contains simply three suggestions that reached us. I need not take up the time of the House in referring to them at length.

As regards Part IX of the report, I ask that members turn to pages 34 and 35, as I think that we should get a clear view of what has been done in the way of expenditures in connection with the work of re-establishment. Paragraph 1 says:

> The following is a summary taken from the evidence or from statements submitted by the departments concerned of the expenditures made or to be made in connection with re-establishment work now carried on to the end of the present fiscal year.

First, there is the item of pensions paid on account of the European War. The evidence showed that up to the 31st of March last there had been expended $27,499,463.79, and that from that day down to the end of July of this year there had been expended a further sum of $6,537,034.95. It is estimated that there will be expended during the remainder of this fiscal year $19,500,000. In other words, our total expenditures for pensions on account of the European War from the beginning down to the end of the present fiscal year will be $53,536,498.74, and it is estimated that hereafter the annual expenditure for pensions will approximate $30,000,000. How long we shall have to make that annual expenditure we cannot say, but likely it will be for a very long time.

4 p.m.

As regards gratuities already provided for, to the end of the last fiscal year there had been paid, in round figures, twenty and one-half millions, and up to the end of August of this year, $83,000,000. It is estimated that a further sum of $50,000,000 will be required to take care of gratuities already provided for, making a total of $153,600,000 in round figures.

Mr. CURRIE: Does that figure of $83,000,000 include the $20,500,000 above it? The

statement is not perfectly clear in that regard.

Mr. CALDER: No, it does not include the figure printed above it. The second line of the statement is not very clear; it means that from the beginning of the present fiscal year down to the end of August, $83,000,000, in round figures, was paid. That explanation applies to the other tables as well.

It was estimated when these gratuities were first provided for that it would take in the neighbourhood of $125,000,000 to cover them. That estimate has now grown to $153,000,000, and from the evidence submitted to the committee the House may take it for granted that it will not be less than $150,000,000 and that it may be two or three millions in excess of the $153,000,000 estimated here.

Mr. MURPHY: How is it that there is such a marked increase between March and August?

Mr. CALDER: I do not understand the question.

Mr. MURPHY: The payment down to the end of March is $20,500,000 and to the end of August, $83,000,000.

Mr. CALDER: The gratuity was, if I remember rightly, provided for some time in December. It took a little time to get the machinery in motion, and the applications did not come in for a while so that one or two or maybe three months would elapse before there would be a volume of business, and consequently the large expenditure comes in the period from the first of April to the end of August.

Mr. MURPHY: The expenditure increases proportionately.

Mr. NESBITT: More men would be discharged.

Mr. CALDER: Yes, demobilization was proceeding, and men were not entitled to gratuities until after they were demobilized.

We come now to the third class of work carried on, that is, the return of dependents. I need not go over the details of the expenditure, but it is estimated that the total amount required to the end of the fiscal year to return the dependents of soldiers, that is, their wives and children who are in Great Britain or on the continent of Europe, without provision being made for those who returned prior to the armistice, provision only being made for those who returned after the armistice, is approximately $1,900,000.

[Mr. Currie.]

Then we come to the Department of Soldiers' Civil Re-establishment, a department that was created mainly for the purpose of looking after disabled soldiers. We find that the expenditure of that department down to the end of the last fiscal year, including the operations of the old Military Hospitals Commission, totalled approximately $24,600,000; that the expenditures to the end of July of this fiscal year totalled $8,700,000, and that there will be expended during the balance of this fiscal year $23,000,000, or a total expenditure for that department from the beginning down to he end of the present fiscal year of approximately $57,000,000.

Mr. CURRIE: Does that figure include the military pay of the men who are in those hospitals? If they were not in the hospitals belonging to the commission and they were in military hospitals and were not discharged, they would be entitled to military pay. They are turned over to this commission, and their military pay goes on. Is that military pay included in the figure? Is that what swells it?

Mr. CALDER: I would not think so. If there are in the forces any men not discharged who are in any way taken care of by the Department of the Soldiers' Civil Re-establishment, I would think that their pay and allowances would come from the Militia Department and not from this department.

As regards the work of the Soldiers' Settlement Board, the expenditures to date will be found at the bottom of page 35. The figures for the first two years are not separated; the expenditure for this work from the beginning down to August 31 of this year amounts to $15,136,000, and it is estimated that there will be required to carry on this work for the balance of the present fiscal year a further $33,000,000, making a total expenditure from the beginning down to the end of the present fiscal year of $48,228,000.

Mr. CURRIE: Is not most of that expenditure an asset?

Mr. CALDER: Yes.

Mr. CURRIE: Then why make it a charge?

Mr. CALDER: I will deal with that a little later on; I am not going to overlook that point.

A certain amount of work is carried on by the Labour Department, and the total expenditure in carrying on these Dominion-Provincial Bureaus will be $388,311.31 to the

end of the present fiscal year. During the course of the inquiry we obtained evidence as to the number of returned men who were thus placed in employment, and it was found that they represented 40 per cent of the total. As a consequence, we have charged up here for re-establishment work only 40 per cent of the expenditure of the Labour Department in connection with securing employment.

It will be noted that a summary appears in the report of all these various classes of expenditure, the total being placed at over $314,000,000 to the end of the present fiscal year.

Your committee then endeavoured to get an estimate of what the cost would be to carry on the work as now undertaken to completion. There are certain kinds of work being carried on to which the country and Parliament are committed, and we endeavoured to ascertain what it would cost to complete that work. That will be found at the bottom of page 36. We have not carried out into the column the annual amount for pensions because that is a continuing amount that must be paid every year. As regards past gratuities, the estimate previously given is regarded as being sufficient to cover the cost in that regard, and the same is true of the transportation expenses of dependents.

Mr. CURRIE: How much is estimated for gratuities?

Mr. CALDER: The total is $153,000,000, and it is estimated that that amount will cover whatever expenditures are necessary in regard to those gratuities. In reference to soldiers' settlement, as members of the House can readily understand, we had difficulty in arriving at any accurate estimate. All we know is that the work is being carried on in a large way; that the amounts of money required are growing by leaps and bounds, and from the evidence submitted by the officers of the department, while the total expenditure that it is estimated will be necessary to the end of the present fiscal year is $48,000,000, it is estimated that after this fiscal year it will take in round figures another $101,000,000 to carry on to completion the work that is now being done for ex-members of the Canadian forces.

In addition to that, Parliament is committed to providing assistance of a somewhat similar character for ex-members of the Imperial forces. Provision for that has been made in the Bill; regulations have been passed; already an organization is being established in the Old Country, and before very long we may expect to have members of the Imperial forces, British citizens, coming to Canada for settlement purposes. We have estimated for that work some $25,000,000.

As regards the future work of the Department of Soldiers' Civil Re-establishment, I think the estimate given in the report is a moderate, conservative one, namely, $50,000,000; that is, in future years, to take care of the disabled men and men who are in institutions at the present time, many of whom will continue in institutions for years to come; to take care of another class of cases, that is, cases which are being taken care of now, such as the problem case, the neurological case, the mentally subnormal case. I regret to believe that there will be large expenditures in that connection. It is estimated that the Labour Department will have a further expenditure not exceeding $200,000.

Summing up future expenditures, that is, expenditures beyond this fiscal year, we find that the amount is placed at $176,971,896.88; or a grand total for all the work done in the past and the work that must be done in the future as far as present commitments are concerned, of $491,540,623.50.

Sir GEORGE FOSTER: Not including pensions?

Mr. CALDER: Not including future pensions. Now I come to the question raised by my hon. friend from Simcoe (Mr. Currie). That $491,000,000 includes what has already been expended on pensions, or will be expended to the end of this year—some $53,000,000. It also includes the estimated expenditure for land settlement. If these two items are deducted—the amount for land settlement is only a loan and in course of time the money will come back—it will be found that the total amount expended on re-establishment work is in the neighbourhood of $263,000,000.

Sir GEORGE FOSTER: Where do you get the $263,000,000?

Mr. CALDER: If you deduct from $491,000,000 the amount provided for land settlement, $175,000,000, and the $53,000,000 provided for pensions you get a balance of $263,000,000, roughly speaking.

Now I come to the really important part of our report, our findings or recommendations, which after all is what the House and the people of this country, and the returned men more particularly, are interested in. I need scarcely say this was not a very easy task. On the contrary, it was a

most difficult task. We had hours upon hours of almost interminable discussion. There were naturally differences of opinion as to details, as there will be in this House, but as regards the broad principles underlying our findings there was practically unanimity, and so far as the main finding is concerned: that in view of the financial condition of the country no further provision should be made by Parliament for a general distribution of cash gratuities, the committee was unanimous.

Our findings will be found beginning on page 38 under the heading "A.—General." The findings are grouped for convenience according to the nature of the problem under consideration, under headings from A to J.

The first relates to the general problem of re-establishment as it faced the country after the war had been going on for some time, and when our men were beginning to come back. As every hon. member knows, this problem was an entirely new one for this country. We had little in the way of precedent to guide us, and no trained experts. Those who took charge of this work had to gain their knowledge very largely through experience. The problem undoubtedly was a difficult one, but it had to be tackled, and I believe the best has been done under the circumstances. Let me give an illustration. Canada was absolutely unprepared to deal with the problem of vocational training, for instance. It is quite true we had some technical schools throughout the country for children and young men, but when the disabled soldiers, grown-up men, began to come back by the hundreds and the thousands they had to be re-trained, and the necessary machinery for carrying on that work had to be established. It was not an easy task, and in my opinion it is marvellous that the department has done so well as it has. I go further and say that I do not think any other belligerent country in the world has tackled the problem as effectively and got as good results as Canada has. As pointed out in the report, and as everybody knows, mistakes have been made, and there have been weaknesses and defects, but these have been remedied as far as possible from time to time. I think I can say truthfully, and I am sure every member of the committee will bear me out, that our examination of what is being done in the way of vocational training was very satisfactory. The condition of affairs we found was a revelation to some of us, and a revelation, I think, to the people of this country who followed the evidence. I think it was a revelation to many of the returned men themselves, who did not know or clearly understand the character of some of the work that is being carried on.

The second section of this part of our findings relates to the attitude of our people generally and of Parliament and the Government towards the question of re-establishment. I need not dwell upon that. I think the facts and figures I have already given to the House are an indication of what the spirit of our people and of Parliament has been. We have provided pensions that are higher than those provided by any other belligerent country in the world, so far as we are able to ascertain.

Mr. CURRIE: Is it not a fact that the British pensions are very close to ours, the only difference being that we have a different classification and camouflage the soldier so that he thinks he is getting a higher pension?

Mr. CALDER: That may be a debatable point from the hon. gentleman's standpoint. So far as the evidence that came before the committee is concerned, we are convinced that the pensions provided by Canada are higher than those provided by any other belligerent country. As to gratuities, I do not think it will be disputed by anybody, that in so far as that feature of our work of re-establishment is concerned, and it is a part of our re-establishment work, Canada has gone further than any other belligerent country in the world, and very much further in some cases. As regards the provision we have made for soldier settlement, I think I am safe in saying from all the reading I have done and all the inquiries I have made, that we are miles in advance of anything being done by any of the other countries that took part in the war.

We are actually placing the men on the land and are getting results. It may be that in other countries they have lots of paper provisions, indulge in much talk, and intimate that they are prepared to do things. But as a matter of fact, in this country we have had for months now an organization that is actually getting the men on the land, and that organization at the present time is being worked to the limit right through Canada, from ocean to ocean.

I need not refer again to the work of the Department of Soldiers' Civil Re-establishment. I believe that every member of Parliament and the people of the

country generally recognize that everything should be done that can reasonably be done on behalf of the disabled men who are unfitted for their former occupations. That work has been undertaken by this department, and as has already been intimated, the country has provided, for that class of work to the end of this year, an expenditure in the neighbourhood of $57,000,000. I am sure Parliament will be prepared to vote the further sum required, about $50,000,000, in order that that work may be carried on.

Mr. PETER McGIBBON (Muskoka): Before the minister leaves that department, may I ask him if he is aware that the recommendation contained in suggestion 2 is a violation of the contract made by the Government?

An hon. MEMBER: On what page does it appear?

Mr. McGIBBON: Page 49.

Mr. CALDER: I have a note on the point raised by the hon. member, and I will come to it shortly. In referring to the attitude of Parliament and our people generally towards this work, I should like to read the finding of the committee, which will be found on page 39 near the top of the page:

> Summing up the whole situation, your committee are convinced that as regards the problem of re-establishment generally, the Canadian people and their representatives in Parliament as well as the Government, have always shown an earnest desire to meet any real need that has arisen or may exist. Parliament heretofore has not been parsimonious in voting money whenever and wherever the expenditures were shown to be necessary. Frequently, however, the opinion was expressed in Parliament that the greatest care should be taken to avoid any action that would tend to deprive the soldier of his self-reliance and self-respect. It was thought to be against the best interests of the soldiers themselves that they should rely unduly upon the State in the period following their discharge. Your committee concur in these views. After hearing all the evidence, they agree that the best policy towards the soldier is to surround him with conditions that will tend to strengthen his self-confidence and self-reliance.

Coming now to section B of the findings: Under this heading, Mr. Speaker, the committee have endeavoured to place before Parliament a concise statement of the financial position of the country in relation to this question of re-establishment. The task was by no means an easy one, but we have endeavoured to set out in the report sufficient details to enable the House to have something substantial upon which to base its judgment.

The committee have not attempted in any way to conceal anything from the House nor to exaggerate the situation. As regards our work, we endeavoured to get at the facts, and we had considerable difficulty in doing so, because, to arrive at the facts in connection with the exact financial situation of such a business concern as Canada is, is not by any means an easy matter. However, we have obtained certain figures which have been put into shape so that they can be presented to the House in order that it may get a proper view of the situation generally. On page 40 of the report the committee, in paragraph 3, take this view:

> The question of the ability of Canada to raise huge sums of money immediately—

Because, after all, that is what these propositions amount to;

> —or during the next twelve or eighteen months, depends, in the opinion of your committtee, on two prime considerations.

The first of these considerations, under (a), is the possibility of getting the money itself; and the second you will find on page 42 near the top of the page; that is, the ability of the country to raise the necessary taxes to pay the interest on this sum should it be secured. In reference to the first consideration, I must ask the House to bear with me while I read the opinion of the committee, because it probably sets forth the situation much more clearly than I could state it myself. This is the finding of the committee:

> From its study of the general financial situation of the country your committee have inevitably been forced to the conclusion that the vast sums of money suggested for re-establishment purposes cannot possibly be raised. The reasons for this must be apparent. The expenditures to which the country is already committed and for which estimates have been voted by Parliament for the present fiscal year, together with the expenditures which must be provided by Parliament for the next fiscal year, will necessitate the borrowing of money on the credit of Canada of as large an amount as the loaning resources of the country will permit, to say nothing of the effect on our credit generally of increasing our national debt, which now stands at approximately $1,900,000,000, by some hundreds of millions beyond sums required to take care of existing obligations.

I should like the House to follow me while I go through the table which is submitted, because it is very largely the crux of the whole situation. We are told that there should be no difficulty in raising $400,000,000. It is said: "You have done it before, and can do it again, and there should be no difficulty about it." During our inquiry we had to ascertain the amounts for which the

country was already committed and that had to be provided, and those amounts are set out in this table at the bottom of page 40. The first part of this table, from No. 1 to No. 15, represents sums of money that were actually voted by Parliament last session, and a very large part of which has already been expended, with a possibility that very little of that money can be saved. That is to say, it must be expended within the course of the next few months. The first item is Public Buildings, $3,000,000. That does not include the estimates that were made for large buildings in places like Toronto, Hamilton, London, Calgary, etc. It includes only expenditures on the Parliament buildings at Ottawa, and, I think, $100,000 for another building here.

These are expenditures which are going on, they are expenditures which will be made, that every member of the House expects to be made and is anxious should be made in order that we may get into proper quarters for the discharge of the public business. The second item is:

Welland, Trent and other canals..$4,550,000

These are estimates that have been passed and the expenditures have very largely been made. I doubt very much if any material saving could be made now in that item even if we wished to make it. The appropriations made for the Welland canal have practically been exhausted. I dare say the same is true of all the other items included in this estimate.

Harbour and river improvement..$3,201,800
Improvement of St. Lawrence channel.. 623,167
Shipbuilding.. 40,000,000

There may be differences of opinion as to whether or not the expenditure of that $40,000,000 is advisable. There may be marked differences of opinion in this House as to whether or not Canada should provide money for building ships. Nevertheless the contracts have been made, the work is under way, millions have been expended and millions further will be expended.

Let me digress for a moment. My right hon. friend the Minister of Trade and Commerce (Sir George Foster) and myself heard a deputation the other night as to requirements for shipping in the St. Lawrence channel at the present time in order that certain agricultural products might go out that way. It was represented to us that the ships coming up that channel are charging, we will say, from one-third to one-half more than ships sailing from certain ports on the American seaboard and that they cannot get ships to take produce from this country and carry it by way of the St. Lawrence route. Are we to drop the idea of providing the necessary shipping to enable the products of the industries of this country to be exported? That is a question for Parliament to decide.

Intercolonial Railway—Construction and betterments.. .. ..$11,121,681

Most of that has been, or will be, expended.

Quebec, Saguenay railway—Betterment and construction.. .. .. ..$ 550,000

That is all expended or will be.

Branches — Intercolonial railway —Purchase price.. .. ..$ 292,000

A small item perhaps but the House will remember that provision was made for acquiring certain branch lines in the Maritime Provinces.

Edmonton and Dunvegan railway—Subsidy.. .. ..$ 258,797
Transcontinental—Purchase, right of way.. 125,000

That is, right of way which had been got, the tracks laid down upon it but not paid for and it must be paid for.

Hudson Bay railway—Construction$ 400,000

Perhaps the hon. member for Nelson (Mr. Campbell) thinks that is not large enough and that instead of $400,000 there should be a larger expenditure made.

Mr. CAMPBELL: That is not being used for construction.

Mr. CALDER: None of it at all?

Mr. CAMPBELL: Not for construction.

Mr. CALDER: Then we come to some large items:

Rolling stock, equipment, supplies and matrials for National and other railways.. .. ..$35,000,000

I understand that a large part of that is being expended and necessarily expended.

Mr. CURRIE: Is not that an operating charge?

Mr. CALDER: No, it is not an operating charge.

Mr. CURRIE: It should be.

Mr. CALDER: Then we have item No. 13:

Canadian Northern railway—Construction, betterments, maturities, interest and other charges.. ..$35,000,000

Every dollar of which is or will be needed this year, and possibly some more.

Soldiers' Land Settlement.. .. ..$ 45,000,000
Demobilization appropriation—War activities, demobilization, transport of troops, promotion of trade and other expenditures in consequence of war, including gratuities, etc.. 350,000,000

Every dollar of that will be required for the purpose for which it has been voted. These estimates were actually voted at the last session of Parliament. The expenditures are being made and as far as the evidence shows there is very little indication that there can be very much saving on the total estimated expenditure of $529,-122,445. Every dollar of that must be borrowed from the people of Canada through loan. There should be added to these figures which are not included in the estimates an estimate of $15,000,000 to take care of deficits on the Grand Trunk Pacific:

Grand Trunk Pacific Receivership—Interests and deficits in operations.. .. ..$15,000,000

It is estimated that for credits to Great Britain and Allied countries $125,000,000 will be required.

Mr. CURRIE: That is an asset.

Mr. CALDER: That will be an asset.

Mr. CURRIE: Except what we give to Roumania?

Mr. J. H. SINCLAIR: Why does the minister confine himself altogether to the Grand Trunk Pacific? Does he assume that there will be no deficit on any other of the Government railways?

Mr. CALDER: If the hon. gentleman (Mr. Sinclair) will look at item 13 he will find:

Canadian Northern Railway—Construction, betterments, maturities, interest and other charges..$35,000,000

Mr. VIEN: Including deficits?

Mr. CALDER: Including interest and other charges.

Mr. VIEN: There is nothing provided for the deficit on the Grand Trunk this year.

Mr. CALDER: I have been referring to the estimates that were passed by the House at the last session.

Mr. J. H. SINCLAIR: To the estimates passed at last session the minister adds certain other figures. I understand these other figures will be for future expenditure. My question was: Have we no estimate of the deficits on the other railways in connection with future expenditure?

Mr. CALDER: I am simply citing the evidence that came before the committee. We went into the matter carefully and as fully as we could. These figures were submitted by the Finance Department. Mr. Boville, the deputy minister, discussed the matter with the Minister of Finance before he left for the West, and these were the figures that were given to us by the Finance Department.

Mr. NESBITT: These are estimates for the future and they include what we call the supplementary estimates.

Mr. CALDER: Do not be mistaken. These are the estimates for this fiscal year to which must be added these further estimates for the present fiscal year—not for the future but for this fiscal year. They include an item of $15,000,000 on account of the Grand Trunk Pacific, $125,000,000 for credits to Great Britain and Allied countries, $5,000,000 for Halifax relief, and $25 000,000 for housing—loans to provinces—making a total in round numbers of $700,-000,000. That represents the commitments of the country at the present time during this fiscal year—$700,000,000. As the report says the above statement shows the class of expenditures that must be provided for during the present fiscal year, and while it is certain that the full amount shown for each item will not be expended it would be safe in the opinion of the committee to estimate a total expenditure under all these heads of not less than $600,-000,000. If that is true it would mean that the country and Parliament have before them an expenditure during this fiscal year of $600,000,000. And if this $400,000,000, which has been suggested as being urgently and immediately required for re-establishment purposes is granted it means that the money must be got for this purpose and that we must go out to the people of Canada during this fiscal year and raise in the neighbourhood of $1,000,000,000 in cash. Your committee has come to the conclusion that it is impossible.

Mr. FIELDING: In addition to the present Victory Loan.

Mr. CALDER: No, that would be including the Victory Loan.

Mr. FIELDING: The hon. gentleman says these are sums which must be borrowed. My question is, is that in addition to the Victory Loan, or is the sum total of these amounts covered by the Victory Loan?

Mr. CALDER: Some of it is covered by the Victory Loan; but I am trying to de-

scribe what the financial situation is in so far as the present fiscal year is concerned. I repeat again, that in so far as we are able to judge from the evidence that has come to us, there is every indication that the country is already committed to expenditures aggregating $700,000,000 during the present fiscal year, for which $600,000,000 must be raised from our people. Now we come to the following year, because you have got to take that into account as well, and in that connection the committee say:

> In so far as capital expenditure for the year 1920-21 is concerned no authoritative figures could be obtained by your committee as they are only ascertainable when submitted to and approved by Parliament.

That is, we cannot forecast, except in a general way, what Parliament, or what the Government, will do so far as Estimates for the next fiscal year are concerned. There are, however, certain items of expenditure that will simply have to be met, and we have endeavoured to estimate them. In the first place, we were told by the Deputy Minister of Finance, on the best information he had available, that the Militia Department in order to clean up the work of demobilization would require at least another $50,000,000. Now the vote of $350,000,000 which we took this year was not all for demobilization. That $350,000,000 demobilization appropriation takes care of gratuities. It also takes care to some extent of advances to foreign countries in the shape of credits, and that sort of thing; but the estimate that reached us was that next year it will take a least $50,000,000 to clean up the work of demobilization, and I am inclined to think that estimate is reasonable. Then, so far as Soldiers' Settlement is concerned, our total estimate to carry on that work to completion was $150,000,000, and in the statement I have here we are only providing $45,000,000 for this year. We find it will take at least $50,000,000 for next year, and that would only make a total of $95,000,000, as against a total estimate of $150,000,000.

Mr. FRIPP: How many men will this $150,000,000 place on farms?

Mr. CALDER: I cannot give that figure offhand. The amount of each loan has been averaging in the neighbourhood of $3,500 and if the hon. gentleman uses his pencil he will get at the number himself. The committee, as I say, have made an estimate and personally I am inclined to think it is a very conservative one; I think probably the hon. gentleman (Mr. J. H. Sinclair) will agree with that. That is to say we have placed an estimate in the report for capital expenditures that will probably have to be voted by Parliament at its next session, for public buildings, canals, railways, shipbuilding, harbours, and so on.

Mr. J. H. SINCLAIR: I would strike out the item for shipbuilding.

Mr. CALDER: We have indicated the possible class of expenditures that may have to be provided for and we have put a total estimate there of $60,000,000, and then credits to Great Britain, France, etc., amounting to $50,000,000.

Mr. MURPHY: Does that "etc." cover Roumania?

Mr. CALDER: It may cover everything that may be found necessary.

Mr. J. H. SINCLAIR: Since the minister referred to me personally, if he will accept my suggestion he will omit the item for shipbuilding.

Mr. CALDER: There may be some difference of opinion as to whether shipbuilding is necessary or not.

Mr. CURRIE: With respect to the money that was advanced to Great Britain and other countries, is it not money that was handed to our farmers to pay for foodstuffs that were sent to those countries, and is it not money that is going from one pocket into another?

Sir GEORGE FOSTER: They are credits.

Mr. CALDER: The money is used for that purpose. I do not know what the situation will be next year, but in so far as regards this class of expenditure at the present time, it is briefly this: On account of the financial conditions existing in certain countries of Europe, we find it absolutely necessary to provide credits if certain classes of our products in this country are to secure a market. We find that is necessary this year. What the conditions will be next year, I do not know but in the case of Great Britain it is conceivable she will not be able to supply the funds necessary for this purpose. It may be true, in the case of France, Italy, and other countries with whom we wish to do business, that if we wish to carry out that intention it may be absolutely necessary for the people of this country to raise money in Canada to provide that credit in order that we may pay our own people for the products they raise before these products can be sent overseas.

Mr. PEDLOW: Is it not an actual fact that the bulk of this $125,000,000 voted last session has been paid out for merchandise —the products of manufactories, textiles, and so forth—and that very small proportion of the money has been paid out for farm products?

Mr. CALDER: I do not wish to be drawn into a discussion on that phase of the subject. As a matter of fact, what the hon. gentleman states is not true: The great bulk of this money is being used to pay for agricultural products and foodstuffs and not for manufactured goods. In the case of Great Britain I think I can say the credit has been entirely used for the payment of products such as cereals, meats, cheese, fish, and articles of that kind, and not manufactured products at all. But the matter has been discussed in the House time and again when these credits were up for discussion, and I would prefer not to enter upon any debate of that subject at the present time.

Now, the figures that I have submitted indicate that for the present fiscal year, and for the following year, the country is committed—or will be committed so far as I can see—to expenditures totalling in the neighbourhood of $909,000,000. I say that so far as we can see at the present time, and viewing the matter conservatively, it looks as though Canada would be committed to expenditures totalling no less than $909,000,000 during these two years, to say nothing of the $50,000,000 recommended in our report as expenditures in connection with this work of re-establishment, which would swell the total to $959,000,000. The finding of the committee on this phase of the question will be found on page 41 of the report:

> Summing up this group of figures your committee are of the view that including the present Victory Loan, Canada within the next twelve or eighteen months will be compelled to raise, by borrowing, sums of money aggregating from $700,000,000 to $850,000,000 to provide for expenditures to which the country is or will be committed.

An hon. MEMBER: Read the next clause.

Hon. Mr. CALDER: The next clause reads:

> In reference to these expenditures it is only proper to point out that while they must be provided for by borrowing from the people of Canada the nation in the case of certain of these items will have corresponding assets. This is true of loans to Great Britain and Allied countries, loans for land settlement, construction of railways, shipbuilding, housing, etc.

I intend to refer to that a little later.

I have been speaking of the possibility of going out among our people and securing the large sums of money to which I have referred—the $700,000,000 to $850,000,000 which, apparently, must be borrowed, and on top of that, the $400,000,000 suggested for re-establishment purposes.

Now, let us turn to the other side of the question, that is, how shall we take care of this money if we borrow it? It will have to be paid back, and interest will have to be paid on it each year. Each year there will have to be levied upon the people of Canada the necessary taxes in order to raise the interest payable upon this borrowed sum. Let us examine for a moment this aspect of the matter.

Under Mr. Margeson's plan it is suggested that $200,000,000 be raised and distributed; under the G.W.V.A. plan, $400,000,000; under Mr. Flynn's plan, $1,000,000,000. The annual interest charge on these three items respectively would be $11,000,000, $22,000,000, $55,000,000. If any one of these proposals were adopted, one of these interest sums would have to be raised every year—$11,000,000, $22,000,000 or $55,000,000—to say nothing of the principal. As a matter of fact, a sinking fund should be provided in order that at some future date this huge war debt would be wiped out.

The conclusion of the committee in reference to this question of interest will be found on page 42, paragraph (b), the last sentence of which is as follows:

> Your committee are of the opinion that sufficient difficulty will be experienced by Parliament in devising ways and means to meet the annual interest charges payable on the public debt already created or which must be created to meet existing commitments.

In this connection I wish to direct the attention of the House to what is set forth under the head "Present Forms of Taxation" on page 43. You will find there this statement: that prior to the war the ordinary current expenditures of the country, the amount expended for carrying on the ordinary public services, was $127,000,000 in round figures. That had grown last year to $232,000,000, and our estimate for this fiscal year is $270,000,000—not capital expenditure; simply current expenditure. In other words, there has been an increase during the war period of $142,000,000 a year on this account. Well then, as I see it, the situation is simply this: for every dollar that is borrowed from now on for any purpose whatever we must increase the annual amount raised by way of taxation. It makes no difference for what purpose the money is borrowed; to the extent to which you increase your interest charge you increase also the amount that must be raised by

taxation in some form or other from our people.

The interest on the public debt prior to the war was $12,893,000; this year it is estimated at $102,767,000, and next year it will be at least $120,000,000. Now, how is the increase in our ordinary current expenditure made up? In other words, why did it jump from $127,000,000 prior to the war to $270,000,000 last year? What accounts for the additional expenditure? It is made up in this way: the interest on the debt alone was $90,000,000; then there are the items of $25,000,000 for pensions and $30,000,000 for the Department of Soldiers' Civil Re-establishment which is caring for our disabled soldiers, a total of $145,000,000; the increase on current account is $142,000,000. Let us look ahead two or three years and see what may happen financially.

We have an estimated expenditure this year on current account of $270,000,000.

Mr. McKENZIE: How much would the amount be including capital expenditure?

Mr. CALDER: I am developing an argument on this point; I will come to that phase of it.

Mr. McKENZIE: I am not asking the minister to deal with capital expenditure to which we are not committed, but anything we are committed to we might as well know.

Mr. CALDER: I see my hon. friend's point; I will come to it in a moment.

Our ordinary current expenditure for this year, $270,000,000, includes the items which I have mentioned: interest on public debt, estimated for this year at $102,000,000; pensions, $25,000,000; Department of Soldiers' Civil Re-establishment, $30,000,000. These three items total $157,000,000, and if you subtract that amount from the amount of the ordinary current expenditure, $270,000,000, you get $112,300,000, in round figures, to carry on the other ordinary public services of the country. I repeat that in 1913-14, $127,000,000 was expended on ordinary current account, and included in that amount was some $13,000,000 for interest on debt, leaving $114,000,000 for all the other ordinary services of the country.

5 p.m.

I doubt very much if, as regards that annual expenditure of $270,000,000, there can be any material saving. You cannot cut down your estimate for interest on public debt; you cannot cut down your pensions. After the next two or three years the expenditures in connection with the Department of Soldiers' Civil Re-establishment will begin to be cut down very materially, but until then there does not appear to be any reasonable hope of cutting that estimate down materially. I have said it outside of the House publicly, and I say it in the House, as the ex-Minister of Finance (Sir Thomas White) said the other day when speaking on some other question: The problem in this country during the next few years is going to be retrenchment wherever it is possible to retrench; there must be retrenchment.

Mr. ROBB: When is the Government going to start?

Mr. CALDER: It started some time ago, and retrenchment is in operation right now and it must continue. The knife must be put in, and the same is true of practically every belligerent country which is in the same position as we are because of expenditures growing out of the war.

Mr. MURPHY: The minister is, I have no doubt, quite honest in the statement he makes; but when the Estimates are before the House, I will show that his statement is not correct.

Mr. CALDER: That is a matter of opinion.

Mr. MURPHY: Not when you provide for two separate moving picture outfits in two departments of the Government.

Mr. CALDER: It may be a matter of opinion as to what is a necessary and wise expenditure. When the time comes, we shall probably be quite able to debate the matter with the hon. gentleman.

Mr. MURPHY: There cannot be any two opinions about that.

Mr. CALDER: Coming back to the statement made by the leader of the Opposition, I have indicated the probable financial commitments during these two years. If they amount to $700,000,000, what is the interest on that amount? If we borrow at the same rate as before, approximately 5½ per cent, we shall have added to our interest charges every year no less than $38,500,000, which must go on top of the $270,000,000 to which I have referred. That is, if we find it necessary during these two years to raise, by borrowing, $700,000,000 for commitments already made, then we must provide annually the interest to take charge of that, and the amount of the interest will be in the neighbourhood of $38,500,000 per annum. In addition to that, it is estimated that our pension list is going to run up to $30,000,000. At the present time it is in the neighbourhood of $25,000,000 or $26,000,000,

so that we shall have to look forward to providing annually for years to come $5,000,000 for pensions more than we are at present paying. Taking our estimated expenditure as $270,000,000, if we add to that the interest that must be raised annually if we borrow $700,000,000 for commitments to which I have referred, and another $5,000,000 annually for pensions, we shall have to raise for many years to come a sum of $313,500,000 annually by taxation from the people of this country. If we put on top of that the suggestion that has come to us that we should raise $400,000,000 now for re-establishment purposes, that would entail a further interest charge of $22,000,000 per annum, which, added to the $313,500,000, would make a total amount to be raised by taxation in this country of $335,500,000 per annum. I do not know whether the House has followed me in my statement, but I have endeavoured to make it quite clear. Probably when hon. members read it afterwards they will be able to follow it, because it is pretty hard to follow figures, especially when one is dealing with large amounts.

I come now to the point raised by the hon. member for Simcoe North (Mr. Currie). What he has said is true, namely, that some of these borrowings represent assets that will pay interest. If the total amount that we shall have to raise is $335,500,000 annually, if all that is suggested to us is carried out, there will be something on the other side of the sheet. Assuming that eventually our loans to Great Britain and the Allies total $200,000,000; assuming that our Soldier Settlement work, both for our own boys and for the Imperials, costs $175,000,000 that we have to raise and lend; assuming that the housing scheme already provided for of $25,000,000 is carried to completion, and going further and assuming that we spend $100,000,000 on railways for which amounts we get a return as the interest on our borrowings actually comes back into the treasury—assuming that for argument—

Mr. CURRIE: Just a moment; I observe an item here of rolling stock, equipment, supplies and materials for national and other railways. Under the ordinary rule that obtains in getting stock of that kind, bonds such as equipment bonds are issued against it, and the interest charges for rolling stock wipe themselves out annually. Would not that be a capital charge, which is returnable, because otherwise the people of this country are going to be staggered at the enormous expenditure in connection with those railways, and we shall be very sorry that we have public ownership?

Mr. CALDER: The hon. member is quite right, and that is why I am trying to get a view of what our financial position will be for the next three or four years. I have put in an asset of $100,000,000 for railways, for equipment and so on, and I am assuming that they will pay their interest charges, etc. If we take the four items I have mentioned, namely, our loans to Great Britain and the Allies, our soldier settlement work, the housing scheme and the amount for railway equipment and so on, and assuming that we get back the interest on those amounts, the total is $500,000,000, and if we take the interest at 5½ per cent, we shall get $27,500,000 on that account. That would still leave us with an amount of $308,000,000 to be raised annually by way of taxation. I have probably said enough under the heading of the financial situation in order at least to show this House that we have a problem on our hands without assuming further very large burdens.

Mr. McKENZIE: That financial statement should have been read yesterday.

Mr. CALDER: If the House will refer to sections 4, 5, and 6 of the report which constitute the final findings of the committee, they will find that a reference is made there to three suggestions that came to us. I am not going to take time to read them to the House; but the first was this: that if the war had continued, Canada would have raised another four or five hundred million dollars, and the question was asked: Why not do it now? That suggestion came to us from many quarters during our inquiry. People said: If the war had gone on, you would have done that any way; why not do it now? The answer to that is this: That as regards expenditures, this year is virtually a war year; that we cannot have both war expenditures and re-establishment expenditures at the same time. If we find it necessary to provide for, say $400,000,000 of war expenditures in this year, can we put on top of that, during the same year, $400,000,000 for re-establishment? Do hon. members see the point? Some people lose sight of the fact that, as regards expenses, this year is virtually a war year; that enormous sums of money must be raised to clear up the war situation.

A second suggestion was that these moneys should be charged against the German indemnity. That matter is dealt with in the second paragraph. I should like to say this:

During our deliberations, and in our endeavour to arrive at a report, many drafts were prepared, and in some way or another, as the House is aware, one of those drafts got out and appeared in the newspapers. In that draft was a statement to the effect that the German indemnity when it came would be used in paying for ships that were lost and property that had been destroyed, and that sort of thing. That was merely a suggestion thrown out by one member of the committee. It was embodied in a draft which was never accepted by the committee at all. What is going to become of the German indemnity, we do not know. Nor do we know whether we shall ever get an indemnity from Germany. The findings of the committee in that respect will be found in paragrph 5, page 42.

Mr. CURRIE: About what will Canada's claim amount to?

Mr. CALDER: I cannot say.

Mr. CURRIE: Can anybody be found in Canada or elsewhere who can give us an idea of that?

Mr. CALDER: I think if inquiries were made in the proper quarters you could get that information. Then there was a suggestion that if the money itself could not be raised, bonds should be issued to the soldiers. The finding of the committee on that question will be found in paragraph 6, page 43.

I do not intend to refer at any length to the sections dealing with taxation. As every member of the House will realize, there are great differences of opinion as to what forms of taxation should be adopted in order to raise the revenue. Certain suggestions came to us from various quarters as to the possibility of providing for the money required if certain methods of taxation were adopted. In order to place the matter before the House, the committee felt it incumbent upon them to make some reference to the various forms of taxation suggested to the committee.

As regards further gratuities that matter was considered very carefully and very fully by the committee, and its finding will be found on page 48, under the letter "C."

Mr. CURRIE: Before dealing with that, I should like the minister to discuss some of the suggested forms of taxation.

Mr. CALDER: I have already occupied the time of the House very much longer than I should have.

[Mr. Calder.]

Mr. CURRIE: The hon. gentleman is not inclined to dodge the issue?

Mr. CALDER: I am not inclined to dodge the issue. I have not been dodging anything, and I think it is exceedingly unfair for the hon. gentleman even to throw out a hint that I am trying to dodge anything.

Mr. CURRIE: I understood the minister was going to discuss the forms of taxation suggested, just as he discussed other suggestions, and I asked him if he was not going to do so.

Mr. CALDER: The hon. gentleman went farther than that. He said I was attempting to dodge the issue.

Mr. CURRIE: If the hon. gentleman is not going to discuss that matter, we will have to form our own conclusions.

Mr. MORPHY: Take that back.

Mr. CALDER: I have already occupied over two hours and I think it is about time I got through and let somebody else tackle some phases of this problem. That is the only reason I did not discuss the various forms of taxation suggested in the report. Coming back to the question of a further general distribution of gratuities, the finding of the committee will be found on page 48, as follows:

> In reference to the question of making further provision for cash grants, gratuities or other financial assistance to be distributed generally on any basis to all ex-members of the C.E.F. your committee desire there should be no misunderstanding as to their views.
>
> Your Committee having fully discussed and considered the financial position of Canada including the further large sums of money that must be borrowed to carry out the work to which the country is committed cannot see their way clear to recommend to Parliament any proposal that would provide for a further general distribution of grants or gratuities either in cash or credits.

The House may not agree with that view, but that was the finding of the committee after days and weeks of deliberation during which we gave our best thought and judgment to this question. If Parliament holds a different view, it is for Parliament to say so. If Parliament is of opinion that some further grant to the members of the forces should be made, either by way of loan or cash, it is for Parliament to say so; it is for every individual member of this House to say so, because as individual members we cannot escape our responsibility on a question of this kind.

The next section under the letter "D" refers to the particular suggestions that were made to us, some of which were

adopted. I am going to run over these very hurriedly and will not take them in the exact order in which they appear in the report. The first suggestion was that Canadians who joined the Imperial forces either by direct enlistment or by transfer from the Canadian forces should be put on the same basis as far as gratuities are concerned as members of the Canadian forces. That would apply not only to born Canadians and those who became Canadians in any other way, but to Imperial reservists as well. The matter was thrashed out fully, and we finally came to the conclusion that these men were entitled to be put on the same basis as members of the Canadian forces. The estimated cost of that expenditure is in the neighbourhood of $9,000,000.

Mr. PETER McGIBBON (Muskoka): Does that also apply to Canadian nurses who joined the Imperial forces?

Mr. CALDER: Yes.

Mr. McKENZIE: I presume the committee had in mind the provision that is being made for these men by the Imperial Government. I understand that men from Canada who joined the Imperial forces are receiving some consideration from the Imperial Government.

Mr. CALDER: That has been taken into consideration. If they have received a gratuity from the Imperial authorities it will be deducted from the Canadian gratuity, and only the balance will be paid.

Mr. McMASTER: Did the committee consider the case of naturalized Canadian citizens who were French reservists and joined the army of France on the outbreak of the war, and whose scale of pension is very much lower than our own?

Mr. CALDER: The committee had that under consideration for some time. The French reservists, the Belgian reservists, the Greek reservists, and the Italian reservists who went from Canada are all in the same position. We did not consider it advisable to recommend to the House that the reservists of these nations should be put on the same basis as the British reservist. Of course, the British reservist who was previously domiciled in Canada is practically a Canadian. We recommend that this gratuity shall be paid only to the man who was bona fide domiciled in Canada at the outbreak of the war, and that before he shall be entitled to it he must have returned to Canada and taken up his residence and must be in every respect bona fide domiciled in this country.

Now, there is a second recommendation to the effect that the transportation expenses of soldiers' dependents who returned to Canada prior to the armistice should be paid. I shall not take up the time of the House discussing that point. A third suggestion has reference to pay and allowances of patients in hospitals under the control of the Department of Soldiers' Civil Re-establishment. I may say that since coming to our findings there has come to light in connection with that problem an element which, so far as I am aware, never reached us in the committee. In our findings we recommend, in regard to patients who have been discharged from the army and have been taken over by the Department of Soldiers' Civil Re-establishment and are undergoing treatment in hospital, that all these men, be they officers or privates, should receive the same pay and allowance. But I have ascertained since that those men had the right if they wished to remain in military hospitals, and if they had done so they would have been entitled to the pay and allowance of their rank. At least, that is what I am told. There was an understanding when these men consented to take their discharge in order that they might go over to the Soldiers' Civil Re-establishment hospitals, that they would be entitled to the pay and allowances of their rank. That factor did not come before the committee, so far as I am aware, either in evidence or during the discussions, and consequently a good many representations are being received in Ottawa to the effect that if the Government carried out this suggestion it would be violating the understanding it had with the men.

Mr. NESBITT: From whom did the suggestion come?

Mr. CALDER: I think the suggestion came from some of the representatives of the soldiers' organization that came before us.

Mr. PARDEE: Then this finding will amount to nothing.

Mr. CALDER: These are only recommendations to the Government.

Mr. McKENZIE: If such an agreement took place, there must be a record of it.

Mr. CALDER: I should think so.

Mr. PETER McGIBBON (Muskoka): The substance of that agreement is to be found on page 9 of the report.

Mr. CALDER: I have stated the point and I do not think I need dwell further

on it. Another recommendation of the committee will be found on page 49. In my judgment, it is exceedingly important and should receive attention without delay. It relates to functional or neurological cases, as they are called,—men who are subnormal to a slight degree or considerably so, and who should be treated with as little delay as possible. Many of these cases are not being cared for to-day as they should be. All our committee could do was simply to recommend that the necessary experts be at once put on that problem and that everything that might be necessary in order to take care of that class of men properly and reasonably should be done with promptitude. I must take the time of the House in referring particularly to the suggestions on page 53, because in a sense the crux of the whole problem lies right there. These suggestions were that financial assistance in the form of loans, grants or pay and allowances should be provided by Parliament for the following classes of ex-members of the forces:

(a) To those who desire to take vocational, commercial or industrial training regardless of age or disability—

The suggestions came to us that in the case of any returned man who desired vocational, professional or technical education, Parliament should provide the means for him to obtain it regardless of his age or disability. Then there is an alternative:

Or in the alternative all those who desire to take such training who enlisted at the age of 21 or under.

(b) Those whose university, professional or technical education was interrupted by enlistment regardless of age, or in the alternative, all in this class who enlisted at the age of 21 or under—including students in arts, science, engineering, medicine, law, agriculture, etc.

Mr. J. H. SINCLAIR: Who will decide as to the courses different men may take?

Mr. CALDER: The necessary machinery will have to be established. These are merely suggestions. The next suggestion is that medical practitioners who graduated shortly before enlistment and who desire to take a post-graduate course to fit them for their important work should be given grants, loans or financial assistance. Assistance is asked also for:

(d) Those desirous of establishing themselves in one-man businesses such as blacksmiths, fishermen, grocerymen, druggists, architects, etc., regardles of age or disability.

(f) Those who are in need of assistance to take care of existing liabilities—such as debts contracted during the war, mortgages, etc.

[Mr. Calder.]

To these suggestions was appended the following proviso:

To all of these suggestions was added a proviso to the effect that in the case of every application for assistance, actual need should be taken into consideration as well as the fitness or qualifications of the applicant for such assistance.

In my judgment this series of suggestions constitutes, as I have said, the very crux of the whole problem of re-establishment. For example, we are told: "Here are men who are homeless; the State should step in and help them to get homes, lending them money for that purpose". Some one else says: "Here is a soldier who does not want a home; he wants to establish himself in business; the State, by means of a grant or a loan, should enable him to set himself up in business". Then there is the case of the young student whose course was interrupted, and we are asked: "For goodness' sake, can't the State come to the assistance of this man and enable him to complete his education?" From another quarter comes the complaint that a mortgage weighs heavily on some man who cannot re-establish himself because it is in the way, and the suggestion is made that the State should give him a grant or loan of $1,500 or $2,000 to remove that mortgage. These suggestions come in with regard to all these various forms of re-establishment that constitutes the crux of the whole problem, that has been placed before us. We discussed it and discussed it from every angle. Some members of the Committee would be inclined to say: "There is a man who wants to build a home; he should be helped". Another man has been married in England and he comes across with a wife and two kiddies, no home and no furniture —he should be helped to get a home. Another man down by the sea went away; he lost his boat and his fishing tackle; our sympathies were naturally all with him and we wanted to give him back his fishing boat and tackle in order that he might get started again. Take the University student; a young fellow who had just passed his matriculation and was commencing his university course went over and lost three or four of the best years of his life. That man applies to us and says: "I have not got anything, I have been away from the University for three or four years, I have come back and I want to complete my university course." Every member of the Committee asks: "Can we not help him complete his university course?"

The sum total of all these suggestions that reached us from various quarters

constitutes the whole problem of re-establishment and the question that this parliament must decide is: what are we going to do with all these claims, many of them legitimate, many of them claims that we all recognize to be of value, and can parliament provide the money necessary to carry on this work?

In order that the House may know what the views of the Committee are I am going to ask honourable members to bear with me while I read the recommendations, because they sum up the situation as your Committee saw it. The question is: "Do you see it in the same light as we saw it? If you do not say so and, when the time comes, act so. We gave the best thought, judgment and consideration to the problem and we endeavoured to view the matter fairly, honestly and equitably in reaching the conclusion we have come to. As I say, I must ask you to bear with me while I read this portion of the report:

Recommendations—Your committee submit that the problems raised by these suggestions are such as to demand the fullest consideration by Parliament before any decision is reached.

Your committee after full discussion and consideration have reached the conclusion that the very large expenditures involved in carrying out all these proposals would be such as to render their approval by Parliament prohibitive.

From the evidence submitted your committee experienced difficulty in making an accurate estimate of the cost of putting into effect these proposals. If vocational training were thrown open as suggested,

And the suggestion came to us very clearly, very distinctly, that any man who requires vocational training in order to fit him for an occupation should be given it by the State and that the State should bear the cost.

—the expenditure would probably run from $20,000,000 to $30,000,000. For university students alone estimates were submitted of a cost for loans and grants of over $7,000,000.

As regards the cost of establishing men in one-man businesses, who can say what the cost would be? We simply say so many millions. If a man wants to start a drug store, a grocery business or a fishing business, is he entitled to a loan, and if so, what is the end to it? What is your estimate for 500,000 men? I think that at the very least it will be a very large amount. There were also suggestions that provision should be made for debts, mortgages, tools and equipment, housing and furnishing. Then the report proceeds:

Your committee are further of the view that the sum total of these and other similar suggestions for re-establishment constitutes the very basis of the proposals put forward in the general schemes for re-establishment submitted by the G.W.V.A. committee, Mr. Margeson and Mr. Flynn. It may, therefore, be estimated that if approved and carried into effect sums of money ranging from $200,000,000 to over $1,000,000,000, according to their suggestions, would have to be raised in Canada for these purposes in the very near future.

Regarding their proposals generally, apart from the financial considerations involved, your committee cannot see their way clear to recommend any form of financial assistance for any particular class or group of ex-members of the forces who were not disabled.

You see the point?

Mr. McKENZIE: Clearly.

Mr. CALDER: We came to the conclusion that we could not recommend to Parliament grants or loans for any particular classes among all the returned men with one exception:

"Your committee are convinced that the great majority of the men themselves would be the first to resent any distinction."

Letters and protests began to come in. Before we had completed our work telegrams and letters reached the committee from men outside stating that they had heard that we were going to provide for university students and they said: "You cannot provide for university students unless you provide for us; it will not be fair or equitable."

The one exception made in favour of placing soldiers on the land stands by itself in that the assistance given is regarded as being primarily in the national interest as a settlement scheme. Your committee, therefore, hold the view that if further financial assistance in any form is to be provided for men who were not disabled it should be open to all regardless of age, occupation, or class, provided such assistance is to be used for any re-establishment purpose.

I need not read the rest of it. At the end of that part of the report you will find two recommendations that the Committee deemed it advisable to make in reference to certain classes of disabled men. As regards the other suggestions, such as life insurance, housing, unemployment etc., the report speaks for itself.

We also attempted to make an estimate of what the cost of these various recommendations of ours would be. I had intended to speak at some length in reference to the proposals that reached us from Mr. Flynn, G.W.V.A. and Mr. Margeson but I think that what I have already said covers the arguments which I had intended to use and therefore I doubt very much if it will be necessary for me to delay the House any further in that regard.

There is just one further reference I wish to make. I need not refer to the Bill itself. There are certain recommendations as to changes in the Bill.

But I wish to place on Hansard and before the House as nearly as I can the viewpoint of the men who came before us. I am sorry that every member of this House could not be present at the Committee during the whole of our inquiry and could not have heard the discussion that took place in order that he might have had the chance to get the viewpoint of the returned man himself. It is most difficult for civilians who have not been across to feel just as the returned men feel and to see things in the light in which they seem to see them. As the members of the House have not had the opportunity of being present at the Committee I deem it my duty to endeavour to place before the House, briefly but nevertheless as definitely as I can, the viewpoint of the man as I saw it because I think the House is entitled, and the returned soldiers' organizations which appeared before the Committee are entitled, to have that placed before the House just as definitely and as clearly as possible.

I shall endeavour to summarize that feeling as I saw it. Their views run along these lines: All ex-members of the forces who saw service anywhere have suffered loss or hardship—physical, mental, or financial; all therefore need financial assistance for re-establishment. That viewpoint was put before us time, and time, and time again—that all of these men, on account of the long warfare, on account of what they have gone through, should with few exceptions, all be assisted financially to some extent to re-establish themselves. They say that the provisions heretofore made for gratuities, although entailing an expenditure of $153,000,000, are not sufficient for this purpose. They feel that further financial assistance, in the great majority of instances, is urgently necessary and steps should be taken to provide them at once; that such assistance should be given in the way of cash grants or gratuities, and the total amount required for this purpose, as suggested by themselves, is estimated at anywhere from $400,000,000 to $1,000,000,000.

Again, they say that the provisions heretofore made for re-establishment while helpful are absolutely inadequate, because nothing is done for the man who was not disabled, or who joined under the age of eighteen, except the first small gratuities paid, or in the case of the man who takes advantage of the soldiers' settlement scheme.

Further, according to them the existing pension provisions are inadequate. That is their view, taken from statements presented time and time again to the committee—more particularly in connection with the provision made for widows and children.

Many returned men, they say, are now without employment, and the number will be greatly increased next winter, and that, consequently, cash grants should be made to tide all men through this period.

The present agitation and demand for grants and gratuities they say would not have arisen if the Government had carried out the suggestions of the Great War Veterans' Association advisory committee made to the Repatriation Committee of the Cabinet. They say that if that Repatriation Committee that sat down here in Ottawa during the last five, six, seven or eight months, and that was continually dealing with the Government in so far as some of these propositions are concerned, had only listened to this advisory committee and carried out their suggestions we would not have had this demand for gratuities at the present time. That is their viewpoint.

Now let us see what these suggestions that came to us were. In the first place that advisory committee suggested to us that we should provide a proper housing scheme for all the returned men who wanted to erect houses, that we should provide them with loans or grants for the purpose. In the event of our undertaking to carry it out the cost of such a scheme would probably run into $100,000,000, maybe more. Take 500,000 men and if 50,000 of them require loans merely for housing it would probably have involved the raising of $100,000,000, maybe more, for that purpose alone.

Then they made a further suggestion to us,—that we should make provision for loans or grants, or both, to men who desired to secure tools or equipment or establish themselves in one man business. Yes, I say candidly and frankly that suggestion came to us from the Committeee, but the Government could not see its way clear to adopt it. We could not see our way clear to adopt the suggestion that we should make loans to men who wished to establish themselves in one-man business, unless we were prepared to deal with the balance of the soldiers in some equitable way; and it was because of the accumulation of expenditures that would be necessary to carry that idea out that the suggestion was not adopted.

A further suggestion was that we should give a sufficient grant to students of all classes to enable them to complete their courses.

The advisory committee suggested also that a grant of $200 should be given to every child of a widow who desired to obtain a high school education.

There was also the suggestion to provide education free of cost—vocational or otherwise—for every returned soldier who desired and who was qualified to take the same.

Another suggestion came to the effect that we should adopt a State form of non-employment insurance for everybody in the State.

A further suggestion was that we should adopt a system of State life insurance for all returned men.

I say again their viewpoint, as presented to us officially, was that if the Government had only carried out these suggestions that have come to us during the course of the last ten months, we would not have this problem on our hands at the present time. Well, to sum the matter up, if the Government had accepted the recommendations that have come to us from this advisory committee along these various lines they would have agreed to an expenditure of approximately anywhere from $400,000,000 to $1,000,000,000 for this purpose.

Coming back again to the viewpoint of the returned men, it was also recommended to us in the Committee that while these general schemes for re-establishment were based on "actual, pressing, widespread need," the pressure for same has been greatly aggravated by conditions prevailing throughout the country. During the inquiry it was asserted time and again that extravagance is everywhere rampant, that on every hand are seen evidences of luxurious living, that profiteers have been permitted to amass huge fortunes, that those who remained at home enjoyed high wages and lived in comfort, and that no proper steps have been taken to tax those who stayed at home for the benefit of those who served overseas.

I have not the slightest doubt, Mr. Speaker, that conditions in Canada from coast to coast have a great deal to do with the situation that now confronts us. There is no doubt at all, so far as I see the situation, that our people have learned types of extravagance that they never knew before, and that it is in evidence everywhere throughout the country. You can quite understand the viewpoint of these men when they come back and see the way people are living and spending money, when they think of the fortunes that some have made, when they come back and see conditions of that nature existing in the country.

They say: "Why can Parliament not put an end to this thing?" They suggest that if these people are going to live in that way, why can Parliament not make some provision whereby returned soldiers will be assisted in some form or another in re-establishing themselves? I am endeavouring to place their viewpoint before you just as it came to us in the committee.

It was also plainly and forcibly intimated that ex-members of the forces who were in favour of further gratuities or grants would hold every member of Parliament accountable for his vote on this question. Oh yes, they were very definite there. They said that they would hold every member of this House responsible for his attitude on this question. They wanted the matter threshed out on the floor of this Parliament; they wanted means provided whereby every member would show where he stood on this question; they desired that votes should be arranged so that there should be no doubt or no uncertainty in that regard. Well, I am simply telling you what they told us; it is only right and proper that I should place before you the representations made to the committee.

I have endeavoured to place before the House—I won't say briefly, though I had hoped to do it briefly; nor shall I say concisely—as definitely as I could, at any rate, the problem as it presented itself to us. I have endeavoured also to show some of the difficulties in the way of arriving at certain conclusions and to state to the House some of the conclusion that the committee came to and the reasons therefor. I think there is nothing further that I can say. The report has been in the hands of hon. members for two days; they have had an opportunity of considering it, and it is now for Parliament itself to decide what shall be done with it.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

Mr. GEORGE WILLIAM ANDREWS (Winnipeg Centre): Mr. Speaker, while I was not a member of the committee whose report we have under consideration, it was my privilege to attend almost every session at which evidence was taken, those sessions being open to the public. I de-

sire at once to say that I was struck with the great fairness of the chairman and his executive and the great desire on the part of the chairman and his executive always to ascertain the facts and all the facts with regard to the matters under investigation. The report, if I may for a moment be historical, is the direct result of what is now known as the Calgary resolution, which resolution declared for a bonus. That resolution was taken on to the Dominion convention at Vancouver in July, at which convention the matter was debated almost for days, and a compromise was finally reached requesting that the Government should appoint a joint commission of soldiers and members of Parliament to go into the entire matter of the re-establishment of the soldier. I may say for the information of members who were not at that convention, that there was a clear difference of opinion as to the bonus and what it entailed; there were two distinct ideas amongst the soldiers themselves. Some thought that the best way of re-establishment would be to give a loan or a cash payment and to let the soldiers hustle for themselves, as that was the Canadian way; and others more conservative of whom I am one, thought that other, safer and perhaps more paternal ways might be devised. Right here, I shall be quite frank with the House—and I have a special reason for saying this because the last time I had occasion to speak on this subject the newspapers said after I had finished that they did not know quite where I stood on the matter; that was news to me because my views on this subject were very well known to all my comrades and, I thought, to everybody else, but apparently that was not the case. I do not wish to be egotistical, but I take the stand that if the men were my own sons and I had the money, I would not think of paying them $2,000 or $1,000 as the case might be. The resolution, however, as it left Calgary, was of a totally different nature from that; it carried with it re-establishment on a definite cash basis where the need could be demonstrated. There is all the difference in the world between an indiscriminate handout and a bonus where need of it can be established. The chairman and the committee seemed to be in considerable doubt as to the meaning of the word "need" and the term "established need." I have taken the trouble to go to the dictionary, and I find that the definition of the noun "need" is:

[Mr. Andrews.]

A lack of something necessary or very desirable; want; hence, destitution or deprivation, especially of the necessaries of life.

The definition of the verb "need" is:

To be in want of; have necessity for; have use for; lack; require.

Those definitions seem to me to be broad enough to cover everything that I have in mind with regard to need, and I am quite satisfied, and just as sure as I am standing here, that if any of our returned soldiers are in need, it will be the desire of the people of this country to supply that need if it be within their power to do so. The matter at once becomes a question of ways and means. This convention which met in July forwarded the resolution to the Cabinet, and later on in September took the matter up personally with the Prime Minister, who, after due consideration, replied as follows, and his letter will be found on page 254 of unrevised Hansard, September 12:

Dear Mr. MacNeil,—

I beg to acknowledge your letter of the 3rd instant.

After my interview with the Executive of the Great War Veterans' Association on Saturday last, I discussed the whole subject with my colleagues with the result that we still feel ourselves bound to adhere to the conclusions expressed in my letter of the 27th August last.

The facts which in the opinion of the Government control our action in the matter, are available and can be verified without the appointment of either a Committee of the House of Commons or of a Royal Commission. You will realize, I hope, that it would be undesirable to establish a Commission or appoint a Committee to inquire into facts which are within the knowledge of members of the Government.

And so on. I think that is a fair statement to read from the whole letter and that it will be unnecessary for me to read it all. The point I desire to make is that further evidence was produced to the Cabinet; the committee was in due time appointed, and it has finished its work. That the request of the Great War Veterans' Association was not unreasonable but entirely justified is, I think, proved by the report itself which recommends to the members of this House a further payment of $50,000 000. To the men who had been scrapping along during this war, there was nothing very unusual about those proceedings. I well remember a very distinguished general once remarking, when he had some trouble in getting supplies up for some reason or another: "Did it ever strike you, Andrews, that the fellow who gives us the least trouble is the Hun?" Soldiers know very well how hard it is to get money out of a government, and personally I know some-

thing very much harder than that, and that is to get money out of a bank manager when you need it. I think here that history was entirely repeating itself; I remember, during the early and very dark days of the war when I was on leave, seeing a cartoon in one of the London papers. This cartoon described an army of men going over the top of a hill, and some distance behind there was a man who was rather short and stout and who wore glasses, and he was pushing on and the perspiration was running down his face. Somebody stopped him and said: "What is your hurry, Asquith?" "Man", he replied, "I have to hurry to keep up with them; I am their leader." That is largely the experience of men who try to get anything out of democratic governments, but to my mind, it carries with it two morals. The first one is this, that even in the darkest days there is a sense of humour and a humourous side to men unafraid; and the second is that if a democratic leader is too short in the leg, or too fat in the tummy, or too fat in the head, to keep within reasonable distance of his crowd, he is liable to get left.

Turning to the report itself, I find on page 7, part III, this general statement as to the problem confronting Canada:

> Canada's army numbered about 595,441. Our total male population under 45 years of age at the outbreak of the war was but 3,700,000, so that it will be readily seen that our national economic life was rather seriously upset by the withdrawal of about 1 in every 6 of what might be estimated the effective male population.

Note the word "effective". It would be interesting to know the average age of that committee. One out of every 6, according to this report, of our effective male population enlisted and became Canada's Army Corps, which Army Corps needs no words of mine, nor ever will, to say where it stands in history. The other five-sixths stayed at home. It is rather a wonderful things that five-sixths kept their end up at home, carried on production, and actually made money out of the war. I hope to be able to produce figures later on to substantiate that statement. It was really a wonderful achievement, of which we as a nation have a right to feel proud. It augurs well for our future destiny and the job we have to do.

The next part of the report I wish to refer to is Part XI, page 38, where it is said:

> The problem of the re-establishment of the returned soldier to civil life was entirely new in so far as Canada is concerned.

Note particularly what follows:

> In the case of all great wars in the past, it would appear that little or nothing had been done by any of the nations involved to properly care for their soldiers outside of pensions and providing institutions for the disabled and aged.

Nothing was done in previous wars, but there was a reason for that. The army that fought in this war, estimated at something like 15,000,000, was an educated army, and of all the armies that fought we are proud to think that Canada's stood second to none for initiative and pep and everything that goes to make an intelligent army. That intelligent army has returned, or at all events, as many of them as ever will return. I find in clause 2 on the same page these words:

> No other nation in this or any other war has treated its returned soldiers so generously in this respect.

That might have been true when this report was prepared. It has been rather a long time coming down. In the meantime, I find this despatch from Australia:

> Melbourne, Oct. 31.—The Herald states that the Federal Government has made several important concessions to returned soldiers, including those Australians who joined the Imperial forces. Those who will have returned to this country before next June will be granted £50 for each year of service overseas, but only if they did not hold commissions. Allowances payable to dependents resident in Britain will be dated back to January, 1917, instead of from August, 1918.

No country has yet finished its work of the re-establishment of its armies.

On page 39 of the report I find,—ninth line from the top,—these words:

> Frequently, however, the opinion was expressed in Parliament that the greatest care should be taken to avoid any action that would tend to deprive the soldier of his self-reliance and self-respect. It was thought to be against the best interests of the soldiers themselves that they should rely unduly upon the State in the period following discharge.

I am very, very sorry that clause ever went in. It is entirely foreign to the spirit of our army. If ever there was a self-reliant army it is ours, and if ever there was a self-reliant people it is the Canadians. The most that is asked for is $2,500 for a man who has been overseas for years. This talk about a gratuity, or putting him to college, ruining the soldier's self-respect, is rot. You may as well say that the son of a rich man should not be sent to college because it will take away his self-respect. It is cheap clap-trap of the worst kind, and Bolshevism and Socialism. I trust that

if this report goes back to the committee that clause will be eliminated.

Then on page 41 I find this:

> The point your committee chiefly desire to impress upon Parliament and upon those advocating further large expenditures is that the money required for these purposes must be secured within a comparatively short time by borrowing at home.

Now, on Sunday night I attended the Russell theatre and heard Mr. J. F. Orde speak on behalf of the Victory Loan. He is reported by Monday morning's Journal to have said, and I heard him say it myself:

> The loan could have been floated within twenty-four hours in the United States had the Government so desired.

I have another quotation here to the effect that this week a British loan of $250,000,000 was fully subscribed in New York. Great Britain's credit is not as good as ours, yet they can raise $250,000,000 in a compartively short time in the United States.

Then on page 57 of the report I find this:

> Your committee had the greatest difficulty in understanding the viewpoint of the proposers of the scheme as to what constitutes "need" or "actual need."

I have already referred hon. members of the committee to the dictionary. That brings me to the point I mentioned at the outset. To my mind the whole thing hinges on ways and means. I have figures here to show that Canada has made money out of the war. The following table shows the population, the debt, and the per capita debt of the nations listed:

Name	Population	Debt	Debt per Capita
Australia	5,030,479	$ 1,618,969,716	$321
Canada	7,750,000	2,000,000,000	259
Gt. Britain	46,089,249	28,265,115,333	613
Germany	67,812,000	39,303,000,000	580
France	40,000,000	31,542,000,000	788
United States	102,000,000	15,292,000,000	150

The debt of Great Britain per capita is more than double that of Canada.

If these millions were pooled, as is sometimes suggested, Canada's share instead of being $259 per capita would be $451. So that when we talk about Canada being generous, the statement is only comparative, and its significance is apparent when we consider the country's ability to pay, the cost of living, and so forth. To tell a man that Canada has been generous when he knows perfectly well that he has been out of pocket all the way through does not tend to inspire him with any feeling of complacency, to say the least, if he is intelligent. Such statements must be made with caution. The statistics which I have given are rather illuminating, for they show that Canada has the smallest debt per capita of all belligerents, with the exception of the United States. When we hear the statement so frequently made that Canada's finances are in a sad condition, it is rather encouraging to note the condition of other countries; for, after all, we are the best-off of all countries who contested the war from the beginning. I have a statement from a newspaper report which reads:

> London, Oct. 18.—Interviewed by the Times Sir John Aird, General Manager of the Canadian Bank of Commerce, said that business created by the war had made Canada rich, but on the other hand, her assistance to the Empire had brought a tremendous debt. The net result, however, was very much in favour of Canada.

Next I have a statement in regard to the acreage under wheat, oats, barley, etc., in 1914 and 1917. In 1914 there were 10,293,900 acres under wheat, and in 1917, 14,755,850 acres. Under oats in 1914 there were 10,061,500 acres; and in 1917, 13,313,400. Under barley in 1914 there were 1,495,600 acres; and in 1917, 2,392,200. Under potatoes in 1914 there were 475,900 acres; and in 1917, 656,598. Under hay and clover in 1914 there were 7,997,000 acres; and in 1917, 8,225,034. Under alfalfa there were in 1914, 90,180 acres; and in 1917, 109,825. In 1914 we had 2,947,738 horses; and in 1917, 3,412,749. I need not enumerate more figures. The acreage under cultivation in every agricultural product except flax has increased over that of 1914, and we have more horses, pigs, sheep and cattle than we had when the war started. I have also a statement of the resources of Canada, "Fifty Compact Facts," issued by the Superintendent of Natural Resources Intelligence Branch, Department of the Interior, Ottawa. The exports of products for the years ending March 31, 1913, and 1919, are as follows:

	1913	1919
Fish	$ 16,337,721	$ 37,137,072
Forest	43,255,060	70,024,644
Mines	57,442,546	77,439,963
Animals and their produce	44,784,593	197,805,478
Agricultural produce	150,145,661	269,819,833
Manufactures	43,692,708	549,284,268
		(including war material $260,000,000).

There are also the following facts:

> Canada has the only two coal regions on the seacoasts of North America. The bituminous coal of Nova Scotia is estimated to last 700 years; that of Vancouver Island has been successfully operated since 1860.
>
> Alberta coal is estimated to form 15 per cent of the world's supply. Of the actual re-

serve, calculated by measurement, more than 3 billion tons are semi-anthracite or high-carbon bituminous. An economic process of briquetting now within sight, will open the market to the vast mass of lignite.

We have heard the gloomy story of what we are confronted with, and I am sorry to say, Mr. Speaker, that it is true. But there is another side to our situation, and if we desire to win out we must be optimistic. I have quoted you figures in contrast with those presented by the ex-Minister of Finance (Sir Thomas White) and his collector of income tax. After carefully studying the whole matter, I realized at once that we must face our financial condition as it really is. I studied every scheme of taxation and canvassed the whole situation, but the fact remains that while Canada has made money out of the war the country is in debt. Who got the money I do not know; but it is certain that the soldier and his dependents did not get it. Nor did the big class who work on salary get it, because without exception they were on the verge of strike nearly all the time. The money has been made nevertheless, and it has been made, Mr. Speaker, by the producers of the country, and I desire to say—I may be misunderstood and I do not mind if I am, because I believe it is the living truth—that next to the men who served in the trenches in France the men who performed the greatest work in the war were those who manufactured and produced at a profit in this country. They have put some of their money into loans, which was no doubt a good thing, as it helped to carry on the war. But many of them, I am sorry to say, spent it in riotous living. My hon. friend from Neepawa (Mr. Davis) illustrated that rather aptly, I think. He asked, what are you going to do about it, and said that the matter was something like a dog collaring a beefsteak and running off with it. You cannot get that money back because it has gone into automobiles and luxuries of one sort and another. Well, that is true, and in my mind I picture that dog sitting conscious of the fact that he had done wrong. He sits with his tail between his legs, and when he finds that I do not kick him he starts to lick his chops. That is my mental picture of the dog to which my hon. friend referred, and I make up my mind that he will not repeat his trick—I will put the steak out of his reach next time. My solution of the present situation is a system of taxation so biting hard that these people will be prevented from spending all this money in luxuries, and so will be forced to save. No matter where you get

bankruptcy, it is bankruptcy all the same, and no matter how much money this country makes, unless we change our habits of life, we will be bankrupt anyway.

I agree with every word the chairman of the committee has said. There is nothing for it that I can see except work and save, and I have been deep into this thing for a month, night and day. But at the same time this money has been made, it is owned by somebody. When the men come back they see coats in the shop windows priced at $150 and boots at $20 a pair, and they ask: "Who has the price to buy them?" They see automobiles by the thousands that were not here before the war. They say: "Where did you get the money?" At the football match last week I saw enough automobiles parked to settle the housing problem in Ottawa if the money had been put into houses that has been invested in automobiles. I was told by a student who had come up to see what he could do that two weeks ago last Sunday 46,000 gallons of gasoline were sold in a certain city to be used for joy riding.

Any mass of figures that the Government can bring down will only show the more plainly that there is something wrong. Something wrong has occurred in our system of loans. We are told by Mr. Breadner that we cannot have any more income taxes. I quite agree with him. You cannot have it at both ends; you cannot tax a man down to the last cent and ask him to subscribe to loans. You cannot get $20,000 subscriptions from firms if they are taxed down to the last cent. You find in the western districts, where they have had the worst crops in years, that their bank balances have never been as large. What is the reason? They have not produced anything. It is our system that is wrong—loans, loans, and more loans; artificial prices and artificial life. We have to cut that out.

Speaking for the soldier, you will find that he will live on fifty cents a day or twenty-five cents a day and go into a dugout if necessary. He has put up with these things for three or four years, but he is back now—and before he does it again he is "from Missouri." You need never be afraid of the soldier; he is determined to get down to the facts.

In conclusion I am going to move an amendment. I had the temerity to rise so early in the debate because I purpose to move this amendment. After the terrible words uttered by the mover of the report I should like a word of explanation before reading the amendment. I made a note of what he said at the time, I do not

know whether I am correct but, as I understood the hon. the Minister of Immigration and Colonization, he said: No general gratuity or the Government resigns? Did I understand that correctly?

Mr. CALDER: In reply to the hon. gentleman's question I may say that in so far as the Government is concerned it has come to the conclusion that it cannot, or should not, provide for a further general scheme for the distribution of grants to all the members of the forces. I stated that if Parliament thought otherwise, if Parliament thought it advisable to provide for gratuities or grants generally, then some other Administration would have to carry it out.

Mr. ANDREWS: I am sorry that it should have been necessary to make a statement of that kind before the representatives of the people had debated this subject.

Mr. CALDER: I stated in my remarks this afternoon that the Government must be responsible under our system for the large question of policy. The Government must either accept or reject the proposal. If it rejects it there is only one thing to do. If Parliament intimates quite clearly that this is its wish, and the Government does not uphold it, there is only one thing for the Government to do under our system and that is to make way for an Administration that is prepared to carry out that policy. I think the hon. gentleman sees the point. As I said this afternoon we are not saying that in the nature of a threat at all. Every man will be absolutely free to vote as he pleases.

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

Mr. ANDREWS: I am glad to have that explanation because it worried me considerably. My amendment is not a rejection of the report; it is an amendment of the report. It accepts everything the committee have done for the soldier but it sends it back to the committee for further consideration. I wanted hon. members to know whether, if they voted for an amendment of that kind, the Government were going to resign, or otherwise. I am glad that I was misinformed. I beg to move, seconded by the hon. member for Edmonton (Mr. Mackie):

That all the words after the word "therein" in the said motion be struck out and the following substituted therefor:
"is not sufficient for the purpose of adequately re-establishing all former members of the forces in Canada in a comprehensive and equitable manner; and that the said report be referred back to the said committee with instructions that they have power to amend same by striking therefrom the recommendations contained under section d, subsection 2 (Pensions Board), section d, subsection 7, (proposals as to new benefits), paragraph 1 (Vocational training, education, etc.), paragraph 2 (Insurance Life), and section "I," substituting therefor the principles of the plan of re-establishment as set out in Appendix 1 in the said report, and further that for this purpose it is recommended that the expenditure contained in section e thereof be suitably increased."

Mr. H. A. MACKIE (Edmonton, East): Mr. Speaker, I have read the report that is before the House. It is comprehensive, sweeping in its conclusions, and convincing. The salient points, however, in the report are these: First, the men have been treated better than in any other country. Second, there is no financial means in the Dominion to enable us to do better than we have done. Third, there is a minority report which says: "We are sorry that we cannot do better for the soldiers than the Government intends to do in this respect, because of the extravagance and the commitments which the Government has made." There is a distinct cleavage between the demands of the returned soldier and the findings of the committee in the report as submitted to us. In that report the committee finds that all the Government can do, basing its conclusions upon the premises which I have enunciated, is to supply the money for actually needy or for disabled cases; whereas the demands of the soldiers have been based upon the fact that one hundred per cent should receive consideration.

I am bound to say, Mr. Speaker, that I accept the report before the House as it stands, as being a decided improvement upon that which the Government had intended to do for the returned soldier prior to the sittings of the committee during which the latter listened to the grievances which were laid before it. In so far as the committee has dealt with the grievances which were laid before it, I am satisfied. I may be pardoned, however, if I offer some criticisms in relation to a few clauses of the report because I assume that we are at liberty to differ as to details, although we may concur in the general tenor of the report. For instance, I find that in the report the payment of gratuities is dealt with and are to be by monthly instalments and an affidavit is required before payment is made. I submit to you, Mr. Speaker, that the requirements of that affidavit in such cases does not form part of the functions

of this House. The requirements of the affidavit from a man, and in some cases from a woman, before the gratuity is given are such as to inquire into the morality and the conduct of the individual; and if the sins of the individual, both as regards the man and the woman, are to be inquired into before the gratuity is handed out, it is an improper way of dealing with the returned soldier. I suggest that if this matter goes back to the committee—and even if it does not go back—this provision should be amended in such a way that the gratuity will be given to the individual who seeks it upon his showing proper cause, and that a certain amount will be granted to him having regard to the circumstances under which he is labouring and not for him to assume the role of a pauper or put him in the position of making a public confession as to his sins when he is in need of a ten-dollar bill.

Another point on which I differ as to the details of the report is the matter of the soldier's civil re-establishment dealt with at page 52. A clause is to be found there which says that the Department of Soldiers' Civil Re-establishment shall appoint its staff without reference to the Civil Service Act and amendments thereto. I attribute a great deal of the difficulty that we have to encounter at the present time in the country to the fact that the membership of this Parliament is not in the position to create an organization for itself as it used to do under the patronage system, which I am glad has been done away with in almost its entirety.

Mr. NESBITT: To what part of the report is the hon. gentleman making reference?

Mr. H. A. MACKIE: To the suggestion to be found on page 52 that the Department of Soldiers' Civil Re-establishment shall appoint all its employees.

Mr. NESBITT: That is what somebody suggested.

Mr. H. A. MACKIE: I understand this suggestion is subject to adoption by the House.

Mr. NESBITT: Oh, no, it was an outside suggestion.

Mr. H. A. MACKIE: Not a recommendation of the committee? Very good; I accept the correction which has been made. Inasmuch as there is a difference between a suggestion to the committee and a recommendation by it, and that this House is only dealing with recommendations and not suggestions, my remarks in this respect are not apropos. If perchance anything shall happen in that direction, I wish to give warning to the House that I personally protest against the Department of Soldiers' Civil Re-establishment or any other department of this Government being administered except in conformity with the provisions of the Civil Service Act.

Mr. CALDER: The hon. gentleman is partly right. There was a suggestion made to us that the whole of the Soldiers' Civil Re-establishment staff should be appointed by the Department and not by the Civil Service Commission. We have made a recommendation to the effect that the technical and special officers required by that department should be appointed upon the recommendation of the minister and not by the Civil Service Commission.

Mr. H. A. MACKIE: I am satisfied with the explanation given me by the chairman of the committee, but you will admit, Mr. Speaker, that from the wording of the report there is the possibility of a misunderstanding in that regard.

The next criticism of the report that I desire to offer has reference to the remarks of the committee on page 55 dealing with the housing problem. The clause reads:

> Your committee are of the opinion that the provisions made at the last session of Parliament when $25,000,000 were appropriated for "Housing" to be administered by the provinces, should assist in relieving the general housing situation. For financial reasons clearly set out elsewhere in this report, your committee agrees that Parliament would not be justified in providing further huge sums for housing purposes.

Now, Sir, at the last session of Parliament, I had occasion to ask the Ministry on two or three different occasions how the province of Alberta was to be benefited by the provision that was made under the Act in question. On each individual occasion the answer came from the minister who had the Bill in charge that the province of Alberta had refused to accept the generosity of the Dominion Government in this respect. Now the general statement made on page 55 of the report may be true as regards the provinces with which the Dominion Government has entered into negotiations, it is not true as regards the province of Alberta. It is not true that the provision made by the Government last session deals correctly and adequately with the housing problem in the province from which I come. I suggest to the chairman of the committee,

therefore, that they reconsider this matter, and that if Alberta has not taken advantage of the offer made by the Dominion Government under the provisions of the $25,000,000 advance voted last session for housing purposes, the Dominion Government take steps to see that a certain proportion of the money which is advanced by the Government to the provinces shall be allocated to Alberta to meet the demands of the Great War Veterans in this regard as presented to the special committee which has now reported.

I have one more criticism to offer of the report, before I speak to the amendment offered by the member for Winnipeg Centre (Mr. Andrews). It is that the report deals entirely with cases of men who are in need or men who are disabled. A reference to pages 28 and 29 of the report will prove that the provisions of the report are intended to cover only needy cases. It is true that the part of the report which is to be found on pages 28 and 29 consists merely of suggestions, but the recommendations also state, and the chairman of the committee made that very clear this afternoon, that only necessitous cases were to be dealt with. It naturally follows that not one hundred per cent of the men will receive the benefit of recommendations made by the committee. Therefore, whether I speak of suggestions or of recommendations in the report is quite immaterial; the fact remains that the report deals only with necessitous cases. At page 54 the report deals with the very thing to which the chairman of the committee referred this afternoon, a case where it is said: "I cannot do anything for law students or medical students because I would have to deal with the mechanic and the tradesman and others who are alike affected; I must neglect the one case because I must neglect all." But why not say: Instead of neglecting one and therefore neglecting all, I will provide for all?

Under the heading of "Vocational Training, Education, etc," on page 54 of the report, I find the following:

(a) That the Department of Soldiers' Civil Re-establishment at its discretion be authorized to advance by way of loan to those disabled men who have been retrained and who are in need of same, a sum not exceeding $500 for the purchase of the tools and equipment necessary to establish them in their new occupation, such loans to be repayable within five years from date of issue without interest;

(b) That the Department of Soldiers' Civil Re-establishment at its discretion be authorized to advance by way of loan to those men who were disabled and who are in need of same, a sum not exceeding $500 to enable them to pursue any course of training or education that was substantially interrupted by war service, providing in all cases that the disability was of such a nature as to make such assistance necessary, and provided further that such men are not entitled to or have not taken training under the Department of Soldiers' Civil Re-establishment; all such loans to be repayable in five years without interest.

I read these two paragraphs, Mr. Speaker, for the direct purpose of showing, as, indeed, was admitted this afternoon in this House, that the report deals only with disabled cases or cases that are classified under the heading of necessitous cases. I have said, and I repeat, that the cleavage between the Great War Veterans and the Dominion Government lies principally in the fact that the report deals with these special cases and not with the whole general body of soldiers.

Adverting always to the report in its financial aspects, one can come to no other conclusion than that which the report embodies. But I believe it would be interesting to the House to know what Lt.-Colonel Alfred T. Hunter, a witness before the committee, has said with regard to the matter of soldiers who have suffered. As I say, the report deals with disabled men and necessitous cases. The implication, therefore, is that returned men sound in body and mind have an equal opportunity with everybody else in Canada and must make good with their limbs and their minds. If you wish me to treat this matter as an abstract proposition I am prepared to say that the man who has served his country, whether voluntarily or compulsorily, has performed a duty which he owed to himself and to his country and, in an abstract way, is not entitled to demand any remuneration whatsoever. Take the case of the Tommy who received a mere pittance for his services. Our Canadian men on the contrary were paid a great deal more than perhaps any other soldiers on the battlefields of France. The French call these remittances "pourboires"—"for drinks." These are not moneys paid for services, in the strict sense; a man is supposed to perform that duty of military service for himself and his country and his fellowmen without pay. But here is where the soldier has a right to complain under the present system: The chairman of the committee said this afternoon very properly—(although not approving of the sentiments himself, but laying them before the House for the consideration of hon. members)—that the soldiers claimed that while they were facing the enemy in the trenches and were not afraid to die in order to save their country and the Empire

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and their families and your families and mine; while they were rendering this service at $1.10 a day, the selective draft and the War-time Elections Act were preventing others from fighting or even from doing national work in this country. These latter, the soldiers claim, have a duty to perform to those who fought, so as to bring about equality of service, equality of pay or equality of suffering. They claim that they enlisted voluntarily, and while others were being enlisted by conscription, the slogan throughout the country was: "We will keep the fires burning"; "there shall be equality of sacrifice." They say: What are you doing for me now?—I enlisted voluntarily; what are you doing for me under those circumstances? Whether their claim is justifiable or not in an abstract way, they have at least brought the Government to this conclusion: That they had a concrete claim in so far as a certain percentage of men affected have received redress—the report is clear in that regard.

Lest there be any misunderstanding as to whether the man who is fit in mind and body should receive any compensation from the Government, let me read a portion of the evidence given by Lt.-Colonel Hunter before the committee. He says in one portion of the report:

We understood from Colonel Currie that you had certain representations you desired to make to the committee?—A. Yes, we drew it up in the form of a report to the Originals Club in Toronto. I may say the object is this: That we have no difficulty in explaining to the military man that the soldier is under a financial handicap, but apparently the non-military—that is those who have had no military experience—do not understand that. The average well-to-do citizen, the man with the expansive fatuous waistband,—

He was not referring to me either.

—if he is speaking of the soldier or the soldier class says, "These returned men do not get on as well as their fellows in the same walks of life. They seem to be shiftless and improvident, and sometimes dissipated, but when the same man is speaking of himself, if you ask him why his firm is not prospering as well as some other firm "Those fellows have more capital than I have, I am handicapped." But you cannot get the ordinary non-military man to inquire into the financial handicaps that the soldier has been labouring under and is still labouring under. Apparently starting with the Premier of Canada, the impression was that the public had dealt generously with the soldier. The contrary is the fact. The soldier has got back scarcely any of his own, and it is with a view to put that in the form of a calculation that we got up this report and with your permission I will read the report. It reads as follows:

I purpose skipping pages 929, 930 and 931 of the report because in those pages the witness goes into a lengthy discussion of the facts and figures from which he arrives at a conclusion, and on page 932 he gives the following deduction from the figures which he has given and which have not been challenged by the committee or any member of the committee:

We therefore report that from the best information at our disposal we have come to the conclusion that the average returned soldier has suffered a financial loss in excess of $22 a week for every week he was overseas.

The following resolution was passed by the Originals Club of Toronto this 26th day of September, 1919:

That we adopt and concur in the report of the committee not by way of asking the country for a specific amount or for any amount, but as a method of forming a rough estimate of the financial handicap under which every returned man is labouring and we authorize Brother Hunter to transmit the report to Brother Colonel Currie, M.P., with a request to place the same before the Parliamentary Committee with a view to having the honourable gentlemen composing that body investigate and make their own calculations from the materials which they can obtain from evidence submitted and from data in the possession of Government departments.

We do not want you to take our calculations; we want you to make them yourselves. It is like the boy who was working on the fourth proposition of Euclid. He said he did not believe it, and the master said, "I do not want you to believe it; I want you to prove it."

By the Chairman:—Q. Boiled down, colonel, your plan suggests the payment of a cash gratuity, or the payment of money?—A. Well, I did not put it in the form of a proposition; I was rather building a concrete base on which you could build any proposition that appealed to the committee. I know a committee starts out with the idea perhaps that they won't have to give much, or do much, but a fair-minded committee often finds itself in the position of recommending a good deal more than it was intended to recommend. Then they go back and meet people in their own part of the country who will say, "You are giving these soldiers too much." The answer is, "We are not giving them anything; we are just letting them have a little bit of their own back." That is the object.

Q. The object is rather to show a condition that must be met? A. A condition that in all fairness should be met to some extent any way, and it is not eleemosynary. You can do but something in the interests of a fair career for the man who has come back.

By Mr. McLean:—Q. As I understand it, you have reduced in this report our indebtedness to them in dollars and cents? A. Approximately.

By the Chairman:—Q. Did you ever consider this phase of it when discussing your report that within a year after war broke out, during the whole period, right down, I think we can say, to the present time, there is scarcely a branch of labour that did not put up the plea that the wage it was receiving was a less wage, so far as the value of the dollar is concerned, than they received prior to the war?—A. Yes, I am aware of that; I am also aware that the average working man or working woman is

living on a scale of extravagance for the last three years, such as the well-to-do people would have been afraid to show ten years ago.

Q. Would it be fair to put it this way from your standpoint: that when our organized labour bodies throughout Canada under these conditions are agitating for higher pay and higher wages there is no foundation for their claim?—A. Only if you want every one in the country to be a sort of an aristocrat. If these people had lived on "mulligan" and things like that, which our fellows lived on, they would not have had much complaint about the wages and they would have saved lots of money. Let us take a concrete case. Take the man living on a wage of 45 cents an hour. We had examples of that; these men actually come forward, their organizations come forward, and they say that the wage of 45 cents an hour that we have been getting and are getting now is not a living wage, that the money we get now will not go as far as the same amount of money went before the war. That is the contention, and has been during the whole war period. There is considerable truth in it, and while we are at it, while the representatives of the Government are complaining that it would be difficult to get the money for such a thing as we are suggesting in the way of relief, there is a very large body of business assets that is being neglected, and it has a great deal to do with the high cost of living. Put it in the form of a parable: "If two men take off their coats to fight and the crowd gathers around, and one of these light-fingered gentlemen goes through not only the pockets of the men who have taken off their coats, but the pockets of the crowd as well, and you catch that light-fingered man, you do not tax the wage he has made, you confiscate it, but, of course, if he should be an incorporated company and do it on a large scale, taking advantage of the necessities of the country, he is merely a profiteer, he is not a "dip." Now you have the statistics all ready. you know this, you send this roving, wandering investigation that is going through the country, and yet you have in the statistical branch of one of your departments you have the statistics of the profiteer, you have the power between the provinces and the Dominion; if the Dominion has power to confiscate, and as they have expressed their willingness to do anything to compensate the soldier, if the Government has taken advantage of that asset then we will consider anything you say about the difficulty, but until that is done we have every reason to differ with you on the question of having no funds. But if you had taken up this question of raising prices, and divorcing bacon from eggs, there would not be any difficulty and a man could live on 45 cents an hour.

Q. You have raised another question, a very important question, that has been brought to our attention before. But coming back to the original question your argument is based on the difference in pay which the soldier got and the wages that we pay to the various classes of people during the period of the war?—A. Yes.

Q. Our difficulty at home during the war, has been that all the working people generally, have considerable difficulty all the time to get a wage that would be equivalent, I mean in purchasing power, to that which they had prior to the war. I think I am stating it fairly?—A. Yes, that is so but for the purposes of comparison I have taken into account the average of 75 cents a day for the food of our men, their board, for their living expenses, they didn't pay much for rent, nor would the workmen here have paid much for rent if they had slept in the places that our men had to sleep in and they could have lived on 75 cents a day then as well as our men did, and perhaps better, because they would have had time to look around and select tasty things. But war-time was a time of sacrifice, there was no reason why men here should not live as hard as the men at the Front lived; they were not working the same hours every day, or working under such a strain. I do not say I do not want the working men to have a maximum degree of comfort in the future, but during war-time every man should have sacrificed something.

Q. There is only one way to wage war and that is for the State to use the services of every one whether in the front line or at home. During war every one should make equal sacrifice, as far as it is possible to arrange it, but they have not done it in the past. I think if we should get into another war like this we should take some steps in that direction?—A. Yes, to ration those at home as well as the soldiers.

I have read enough to show the viewpoint of one man, a colonel who is also a barrister, and the distinction he draws between the man who fought and the man who stayed at home. The report before us does not deal with the man who made the sacrifices and is still physically fit and mentally capable, but only with the disabled and necessitous cases. That brings me to my position in this matter. Notwithstanding any appearances of threats, or whatever interpretation may be given to the remarks made in this House by anybody, I am satisfied to let this Government go to an election any time they like. My position is the one I have taken before the Great War Veterans' Association in the city of Edmonton, in my own constituency. I shall not change from that position in this House, no matter what may be the consequences. I am not seeking favour, nor have I any fear. I told the committee of the Great War Veterans' Association that came to interview me with respect to this matter that I would not stand for giving any further gratuities out of the ordinary revenue of the country. The report before the House shows conclusively that no further gratuities can be granted out of the ordinary revenues of the country, and I think the soldiers accept that as a fact. What Colonel Hunter says is that there has been profiteering, and reference has been made by the chairman of the committee to profiteering. We have had Flavelles and pork barons and a number of other gentlemen who have prospered during the war, while the soldiers were sacrificing themselves to protect these gentlemen's families and their industries. The soldiers take the ground that these men should contribute something towards their re-establish-

ment, and that is not an unreasonable view when you go into the psychology of the matter. Here is a man who has been overseas for three or four years, with no care and no responsibilities, a boy once more, capable of playing, and facing death if necessary. He comes back to Canada and finds himself suddenly face to face with responsibilities and with duties to perform both for himself and his family. He asks himself, when he sees that some of those who remained at home have made fortunes while he was sacrificing himself at the front, where is the joy I had only recently? Is it not natural for the soldier to turn round and say: These men who have made money in my absence and who keep on enjoying themselves to-day should contribute out of their earnings to the re-establishment of the soldier, no matter how the Government may get the money?

The only reason I speak to the motion of the hon. member for Winnipeg (Mr. Andrews) is not that I take exception to the finding of the committee that no further gratuities can be paid to the soldiers out of the ordinary revenue of the country, but because there is a method of raising the money for these men if they are entitled to further gratuities at all. Whether or not they are entitled to them is a matter for this House to decide. If the House decides that only necessitous cases can be considered as a matter of justice and right, I am prepared to submit to the superior judgment of others and abide by the consensus of opinion of the House; but if every soldier has a right to receive some compensation for the sacrifices he made on the battlefield for you and me, this report should be referred to the committee again for further consideration as to how the money can be raised.

In 1914 we had a population of 3,700,000 males under 54 years of age, and only 595,441 were called for service. If none of the methods of raising the revenue that were suggested to the committee are acceptable to this House—and I must say that some of the suggestions were treated flippantly—there is one method that was not considered by the committee, although I suggested it to some of the members, and that is that all men who have become 21 years of age since 1914 and who did not serve their country in the war shall bear a special tax for the special raising of funds to defray the cost of the gratuities which are claimed by the soldiers. We have also a foreign population of 360,000 in this country. I do not know what the exact proportion of males is. Last year I put a question on the Order Paper asking for the information, but I received no reply from the Government. These men were prevented from fighting, and even doing national service in this country. Why should they not be called on to pay a supertax for the raising of revenue either for these gratuities or for the country at large? None of them wish to avoid their duty so far as paying is concerned. One objection that may be made to this proposal is: Some men of military age have already paid a lot of money and would you call on them to pay more? I say that every man who has paid anything has got something for it. The man who buys $20,000,000 of Victory bonds has a paying proposition. He is not performing a patriotic act but simply making a good investment. Another objection that may be made to this scheme is that some men may have contributed handsomely to war funds, but I say that these men have also received handsomely of the goods and gifts that are not distributed universally to all men in Canada, and were in a position to make handsome contributions. It may also be objected that the man should not be taxed who was declared medically unfit. That question has been put to me and I say, yes, he should be taxed, because he has been receiving the benefits that accrued to those who did not have to serve although they may have had a desire to do so. It may also be objected that to avoid these taxes some of these people will go to the United States. Well, if there is any large proportion of these men who did not serve in the army who, to avoid paying the small sum they ought to pay to help the returned soldier re-establish himself, would go to the United States we will be well rid of them and Uncle Sam will not receive them with open arms if he knows the reason why they are crossing the line.

We are making far too much of the fear that this man may cross the line or leave the country because a few dollars may be exacted from him. I am not affirming that the suggestion I make in regard to this form of taxation is one that is commendable, for I have not formulated any concrete plan. But I think that it is one that ought to be considered in all its details by a committee.

There is another method of raising revenue which, so far as I know, has not been taken into consideration, and that is a documentary tax on bills of sale, transfers, chattel mortgages, lien notes, etc. The objection may be raised to this proposal that

I am encroaching on constitutional matters, and that as the method of taxation here suggested has reference to civil rights its adoption by Dominion authority would constitute an interference with provincial jurisdiction. I do not see that there could be any objection to the provinces coming to an agreement with the Dominion as to what ought to be done in the way of taxing documents. I suggest this matter for the consideration of the House. If hon. members are of opinion that the soldier is not entitled to any more than he is getting, then I have nothing more to say. But if the House thinks that the soldiers have suffered an injury for which they should be compensated in some degree, then I desire it to take into consideration the suggestions I submit, and to consider whether it is not possible to raise the necessary moneys for the purpose of providing the gratuity which is demanded. In his agitation to-day, the mental condition of the soldier precludes any consideration of technical rules and regulations such as govern this House, and some of the soldiers before the committee were astounded at the restrictions they encountered in the way of decorum. For instance, they could not understand that this motion, for the reason that it involves a certain money expenditure, could not originate with a private member. The soldier does not care for these fine technicalities. His mind is obsessed with one thought. He feels that as there has been money for this, that and the other undertaking there ought to be money for him.

Now, if the Government had said that the soldiers had got all they were entitled to and would get no more I might have taken issue with them on that stand. At all events, the matter would have been clear cut. But that is not what the report says It says in effect: We have dealt with a certain number of cases, and are prepared to accept certain suggestions and make certain recommendations, calling for an expenditure of $40,000,000 or $50,000,000. But that is as far as we can go, because we have no money to go further. Now, the soldier says to himself that the Canadian people have paid to the railways in the form of cash bonuses, loans, mileage actually constructed, and so on a total of $274,067,049.87, of which amount the Dominion contributed $218,714,318.37, the provinces $37,437,895.16 and the municipalities $17,914,836.40. In the form of land grants the railways have received 44,096,989 acres. Of this the Dominion gave 31,864,074 and the provinces 12,232,915. In the province of Quebec the railways were allowed in many cases to convert their land grants into cash at the rate of 52½ cents per acre, which resulted in $4,557,728 being paid in cash for land thus converted. For all practical purposes, this amount might very well be added to the cash subsidies given by the provinces. It is not practicable to indicate the money value of the various grants, but in the case of the Canadian Pacific, the Canadian Northern and one or two other roads, the amount yielded has been very large. For the year 1918 the Canadian Pacific had land sales amounting to $15,375,996 representing an average of $16.22 per acre for lands not irrigated. The amount realized during preceding years by this company cannot be stated; but it has not been less than $100,000,000. Taken as a whole, it would be a conservative estimate to place the value of all land grants to railways at $275,000,000. Indirect aid in the form of bond guarantees has been given by the Dominion and provincial government to the amount of $358,488,395. We have proceeded far enough in experience to realize that practically all these guarantees might be properly regarded as representing cash aid. It is even more serious than this; for the guarantors are obliged to pay both principal and interest. Having regard to the fact that nearly all the guarantees are for a period of fifty years, the full sum which will in the end have to be paid out of the public treasury will not fall below $800,000,000. Adding together all these various forms of aid to railways we have a total in round figures of $1,359,000,000. The soldier says to himself that the Dominion has given to private corporations large sums of money to enrich their directors and shareholders, and yet when they—the soldiers—demand assistance they are told that there is no money. Yesterday the hon. member for Jacques Cartier (Mr. Lafortune), during the space of two hours, recited the litany of the wants of his constituency, and to each count he said the reply was "No money." I, too, might have recited the wants of my constituency and could have said the reply was "No money." But for private corporations, and to help the railways, there has always been plenty of money, and we have supplied in cash aid a total of $1,359,000,000.

Mr. EDWARDS: And there are plenty of demands, too.

Mr. MACKIE: Yes, but if you tax the non-combatants for a period of twenty-five years, or from 21 to 45, you will get enough money out of them to pay the soldiers, and

more than the Government gave the railways. Now, in the broad plan of nationalization, under which the Dominion Government is now proceeding, we must clearly recognize the serious fact that further very large drafts will have to be made upon the public treasury. The operating deficit of the Canadian Northern for the past year has been announced as being $5,500,000. To this must be added something like $15,000,000 on account of fixed charges, making a shortage of more than $20,000,000 for the year. This, however, is not all. Very large capital expenditures will be necessary in order to bring up this road to a proper standard of efficiency, the amount having been estimated at from $100,000,000 to $150,000,000.

The Minister of Railways has told us in the House within the last ten days how much money it is going to take to put the Canadian Northern or the Canadian National where it should be. The deficit for the past year on the Grand Trunk Pacific and the Intercolonial and the other parts of the Government system is not yet known, but it is safe to assume that it will not be less than $10,000,000. The money must be found. To a certain extent I am arguing the case of the chairman of the committee and of the committee itself, but I am also arguing the case of the soldiers. There is money for these things, but there is no money for the soldiers. In a certain sense I am refuting the report which has been made by the Opposition because these extravagances, the giving of public money for the aggrandizement of private corporations and individuals, has been the weakness of all governments, it has been carried on for a long time by the Opposition, by Liberal Governments and Conservative Governments and even by this Government. If the Grand Trunk is taken over by the Government, allowance must be made for further responsibility by the Dominion treasury. We have been told that the road is in a state of bankruptcy, and the liabilities to be assumed by the Government are "substantial in character." Without fixing the balance as between net earnings and total charges it is altogether clear that some calls will be made upon the resources of the Dominion.

The situation, taken as a whole, shows a tremendous responsibility resting on the shoulders of the Dominion. But that is not all. In considering the question of what has been done to aid general transportation interests in the Dominion account must be taken of the cost of public harbours, dredging, and the aids to navigation provided by the Department of Marine. It would seem that exact figures are not available. The account runs back beyond Confederation and is nowhere to be found in such form that a precise aggregate can be stated. From reliable sources, however, it has been ascertained that the outlay on account of harbours and dredging is not less than $110,000,000. The system of lighthouses, buoys, etc., on the coastal and inland waters of the Dominion, together with annual charges for maintenance, has at least exceeded $60,000,000. We have found the money for this.

We must next consider the canal system of the Dominion. It represents a capital cost to date of $125,000,000, to which a very large sum must be added for annual maintenance. All canals are now entirely free, and have been for fifteen years past. The cost of maintenance last year was $1,700,000.

Stepping away from the matter of transportation, it must be remembered that the Dominion Government and the various provincial governments have expended an immense sum of money for the encouragement and promotion of agriculture. The farmers who are about to take their seats in this House had better take notice of some of the things that Dominion and provincial governments have done for them. The system of experimental farms is an example of what has been done by the Dominion Government. The capital outlay on that account has reached the large total of $9,000,000. The cost of maintenance is also large. Last year it amounted to a net sum of $885,000.

The development of our mineral resources has entailed a very large public expenditure. The old Geological Survey was some years ago incorporated with the new Department of Mines, and it might be said with propriety that the entire expenditure by this department represents a public contribution towards the mineral interests of the country. The cost of this department last year was $760,000. These are aids to private individuals and corporations. The soldier tells himself that these millions of dollars have been paid by Dominion and provincial governments to aid millionaires and magnates and yet when he comes and asks that he be given assistance for the purpose of re-establishing himself, to which assistance he feels he is entitled, he is told there is no way of raising the money.

In conclusion, if the suggestion I have made in support of the motion that this matter be referred back to the committee for consideration is feasible at all, that a

tax should be levied on all men between the ages of 21 and 45, including those who may come to this country, for the purpose of raising the necessary moneys, I would ask for the favourable consideration of the House. If, on the other hand, the House is generally of the opinion that this is a case that should not be considered, that the soldier is not entitled to any further grant, except as provided for and recommended in the report, I have nothing further to do than to submit to the general opinion of the House. I submit, however, on behalf of the delegates representing the returned soldiers that they are entitled to go home feeling, whether they are or are not granted greater concessions than are fixed in the report, that every possible consideration has been given to the question of how the money can be raised for the purpose of meeting their demand.

Mr. JOHN A. CURRIE (North Simcoe): Mr. Speaker, before I proceed to discuss the report of the committee, I wish to make a few observations relative to the position of the committee itself.

Mr. McKENZIE: Before the hon. gentleman begins his speech, I think there is an understanding that we are to get off at ten o'clock and I would like the hon. member to regulate his conduct accordingly. He cannot finish but he can make a fair start.

Mr. CURRIE: It will take me at least an hour and a half, and if it is the wish of the House I will call it off until to-morrow.

Sir GEORGE FOSTER: I think if my hon. friend would put pep in his speech he might get through at ten o'clock. However, he had better give us the introduction.

Mr. CURRIE: At a meeting last Sunday in the city of Toronto I said that the members of the special committee to which this matter of gratuities had been referred had been fairly well pledged or selected before they came together to discuss this question. The Chief Whip of the Government yesterday took occasion to take me to task after which he read a long lecture as to the military records of the members of the committee. Anybody who looks over the membership of the committee will come to the conclusion that there are certain members of the committee who have war records which I do not hesitate to acknowledge. But I am sorry that in so far as I can see by the result of its action the committee set out with the intention of bringing in a report to a large extent similar to the one which has been brought in. I entirely disagree with the committee in many cases although I must say also that it has gone very deeply into many of these questions and problems and in endeavouring to prove that the money could not be found it has placed a great many useful facts before the House and the country.

What is the demand of the returned soldier? Very few people seem to realize exactly what he is asking for. I wish the House to bear in mind that the Great War Veterans, the United Veterans' League, the Comrades of the Great War and all those other organizations have asked for a gratuity. They have not asked for charity. They are asking for gratuity and gratuity means a grant in money or in kind which will compensate them for lost time during the war and enable them to carry on in civilian life in the future. One would be led to believe from the speeches and actions of some of the members of the committee that such a thing as a gratuity was unknown in this country. I am going to recall to the memory of the House previous gratuities granted to soldiers. Conditions in this House are generally governed by precedent and it is no new thing to ask for a gratuity. I can understand members who are new in the House and some who are new in the country coming to the conclusion that such a thing as a gratuity was unknown in Canada and that it is a very absurd thing for soldiers who have served in this war to ask for a gratuity.

As to the granting of gratuities, for 2,000 years the practice has been almost invariably to make such grants to victorious armies. There is no question about that; and if any army among the Allies can be considered a victorious army the Canadian army must be so considered. The Canadian soldiers have merely asked for the gratuity that is customary. Instead of giving a gratuity the committee has shown that it must grant them charity. Assuredly, our injured soldiers and those who are incapable of helping themselves should be granted money and we should look after them. But that should be in no sense a charity. The pension that an injured man gets is to my mind not a charity. It is a grant by the nation in recognition of his services and the losses that he has sustained on behalf of the state; and to give money of that kind and consider it charity seems to me futile. It is not charity, it is a gratuity and a thing he is certainly entitled to.

Mr. MORPHY: What is there in the report of the committee that indicates the soldier is being given anything that savours of charity?

Mr. CURRIE: If the hon. gentleman will read the report he will notice there is a suggestion that money should be granted to assist those that are in need during the winter, and when you speak of men as being in need you mean charity. That is all I have got to say about that feature of the report, beyond stating that that is largely the attitude of the committee in the matter.

Now, we will discuss briefly on what occasions this country has granted gratuities to soldiers. In a retrospect like this I do not need to go back to the war of 1812, although I understand grants of land were made to Canadian soldiers who served in that war. In some of our counties are still to be found the descendants of those men who fought in the war of 1812 and who are holding lands in the province of Ontario that were given as a gratuity by the Crown for service in that war. But I will come to a later day and consider what was done in the case of the Fenian Raid. The Fenian Raid was but a small war and not a very large number of men were called out. I think that in the province of Ontario possibly ten or fifteen regiments were under arms altogether; I forget the exact number, but the late Minister of Militia, if he were here, could give us the exact number, but in any case it is immaterial so far as that goes. It was not until, I think, the session of 1912 or 1913 that this House granted a cash gratuity to all the men who had served in the Fenian raid. No question at all was raised as to how the veterans had served, or where they had served, or whether they served twenty-four hours or twenty-four months. If they served, they got that gratuity. In the province of Nova Scotia —and the leader of the Government and other hon. gentlemen who come from that province will bear me out in this statement —the Governor called out the whole population en mass, and every man so called out that was still alive when the grant was sanctioned got the gratuity without any question. Now this House made no complaint with respect to the Fenian Raid gratuity. The gratuity was freely granted and without any question, and it was a cash gratuity. We now come to the next war, and that was the Northwest Rebellion. After that war had terminated the soldiers who had served in it were given a gratuity in the shape of land—a land scrip. Now so far as that land scrip is concerned—I think it is called "red-backed scrip"—it was worth five or six years ago three or four thousand dollars at the very least to those men. Some of this scrip in the Northwest that sold first for $100 or a pony was afterwards bought for $4,000 and $5,000; it has greatly appreciated in value until it is worth now, I understand in some cases, $6,000 or $7,000; I know of one case where $6,000 was paid for Northwest scrip. There was no grumbling whatever in the case of the Northwest grants either; the State gave the grant and was well satisfied to do so. The province of Ontario supplemented the grant to the Fenian Raid veterans by giving them one hundred and sixty acres of land up in the North country. In the case of one man who got such a grant, I understand it sold for something like $15,000 to $20,000, if not more. In this manner the State dealt with the veterans of the Fenian Raid with the veterans of the Northwest Rebellion. Now, we come to the South African War. When that war terminated and the question of recognition was raised, I was a member of this House. The South African War veterans were granted one hundred and sixty acres of Government land to be selected by them in the Northwest, plus another one hundred and sixty acres granted as an addition to their homestead, making a total grant of three hundred and twenty acres to each man. No objection was taken by this House to those gratuities. They were gratuities, and not charities at all—they were grants made to the soldiers for their services. So I say that when the soldiers who have fought in the recent great war are asking this Parliament for gratuities, they are not asking for anything new; it is no innovation but something they are justified in asking.

Now this committee has gone into the subject, and the answer it has given to the soldiers in most cases—and the only answer to the question at all—is: "We are quite willing to grant you a gratuity, but the finances of the country will not permit it." That is the point I am now coming to; I have no desire to enter upon any other point and to unduly prolong the debate on this matter. The Minister of Immigration and Colonization has discussed the whole subject very thoroughly to-day. He has shown what the Department of Soldiers' Civil Re-establishment, the Soldiers' Settlement Board, and all these other departments that are working for the returned soldier, have done. One of the things that

we must remember is that these bureaus were all prepared and got ready for the returned soldier; but when he came back to Canada he found the "cushy" civilian, who had remained at home, sitting in a big fat job ready to receive him, and when the soldier comes looking for something to do there is really nothing available for him as far as these positions are concerned. Take the case of the Soldiers' Civil Re-establishment in the city of Toronto; take the engineering staff of the building on College street that are dealing with the soldiers in the province of Ontario, and what do we find? There are something like six or seven men on that staff, and only one returned soldier. All of these men should be returned soldiers. I am informed that in all other parts of the country the same system obtains. The House can understand very readily that there is a good deal of grumbling on the part of the returned soldier as to what has been done as far as he is concerned. He considers he is altogether overlooked and he feels that he has a grievance against everything. He was led to believe, when he went over to the front, the promise was made to him, on the platform and elsewhere, that the State would always look after him. He comes home and instead of finding a warm welcome and a kind effort made to assist him in every possible way, what does he find? He gets the cold shoulder and every member in this House attempting to side-step the issue as to getting a gratuity for him.

I propose to show how that money shall be obtained. Before doing so, I want to refer to a statement made by the minister to the effect that if the House did not approve of this report the Government would appeal to the country. It is the first time in my experience in the House of Commons—and I have been here a few years, and have been in touch more or less with the House for thirty years—that when a report is presented by the Government and they take the stand that if it was not swallowed by the House holus bolus, they would resign and go to the country. I am sorry that that was done.

Mr. CALDER: Will the hon. gentleman permit me? I did not say any such thing. I did not say that if the report was not approved and adopted by the House the Government would resign and appeal to the country. I stated that so far as the main finding in the report was concerned—and there are a great many findings in the report—the question of the distribution of another general grant to the soldiers, the Government could not accept the responsibility of undertaking the distribution of any such grant.

Mr. CURRIE: It is better not to cross a bridge until you come to it. I do not think I have ever seen a Government which was not amenable to reason and to the reasoning of the House and prepared to meet the suggestion of the House as to legislation or on any question other than a vote of want of confidence. To refer this report back to the committee, therefore, with instructions to insert amendments would not, to my mind, be a vote of want of confidence. I think the rules of the House will bear out that view. But the hon. member has assumed that such action would be a vote of want of confidence.

Some hon. MEMBERS: No.

Mr. CURRIE: All right, I will accept that. No one in the House, then, need hesitate to vote to send this report back to the committee with suggested amendments, and the Government will not look upon the vote to send the report back for that purpose as a vote of want of confidence.

Now, it is ten o'clock—

Sir GEORGE FOSTER: The hon. gentleman may go on.

Mr. CURRIE: Is it the wish of hon. members that I go on?

Mr. McKENZIE: Hon. gentlemen opposite can always overrule us; we have nothing to say about it.

Mr. CURRIE: Assuming that there was a suggestion that the Government should go to the country on this question, I can assure the Minister of Immigration (Mr. Calder) and the leader of the House (Sir George Foster) that I for one am not afraid to go to the country on it. It would be a very sorry day for the Parliament of Canada when any minister should stand up and make the threat to the House that if hon. members did not swallow holus bolus a report which had been submitted by a special committee the Government would go to the country. I am glad, for many reasons, that that suggestion was not made. In the first place suppose we did go to the country, what would happen? The War-time Elections Act will expire in a few days. There is nothing to replace it, and the pro-Germans and the German-Austrians in the West and all through this country would be quite able

to exercise their franchise to the detriment of everybody here who has supported the carying on of the war.

Mr. DAVIDSON: They are quite as good as the Flynns.

Mr. CURRIE: I remind the hon. member, as well as several other gentlemen in the House, that without the votes of the supporters of the Flynns and other soldiers they would not have any place here to-day.

An hon. MEMBER: American citizens, too.

Mr. CURRIE: Quite a number. It is a very poor thing to knock down the ladder that enabled us to climb up to seats in this House. The returned soldiers unanimously supported many members on this side of the House, members on the Government benches. I will warrant that one-third of the members on this side of the House were returned by the soldiers' votes. That is a fact; so far as I am personally concerned I can say——

Some hon. MEMBERS: No.

Mr. EDWARDS: That is not a fact.

Mr. CURRIE: Then one-quarter.

Some hon. MEMBERS: No.

Mr. CURRIE: There is no use in denying it; the soldiers' vote in Canada and abroad was used to elect members. I got a lot of returned soldiers' votes in my riding, a large number of them, and I think I will get them again. I got also quite a number of votes of soldiers overseas. I notice in looking over the list in the hand-book that nearly every member on this side of the House was blessed with three or four hundred votes from the fellows in the trenches.

Mr. EDWARDS: The hon. member will permit me to say right here, in all good humour, that there are not half a dozen members in this House, on both sides, who were not elected entirely independent of the soldier vote.

Mr. CURRIE: I have no desire to make any comparisons or to name any particular members; it is not a nice thing to do. But there are members sitting on this side, Mr. Speaker, as you well know, whose presence here is due entirely to the soldier vote. We are all here, virtually, as their representatives, especially we on this side; and when the soldiers ask us to assist them in re-establishing themselves, it is very poor policy for us to start out with a report such as that which is now before us. I was very much surprised, Sir, when I read the report.

10 p.m.

Now, I want to take up one or two of the items that the minister referred to in connection with his argument that the expenditures during the coming year were going to be so great as to make it impossible to raise the money required for a grant or gratuity. Anybody who understands the financies of the country knows very well that the items referred to in the report as possible difficulties in the way of making any grant are not all real difficulties. One would think that the country was bankrupt and that it was going to be impossible for us ever to raise our heads above the water. The minister points out how many millions we have to give to railways and all that sort of thing in order to carry on the business of the country for another year. For my part, I think we could omit a great many of these items for our consideration of this matter.

For instance, there is the item of public buildings, $3,000,000. I do not see any public buildings going up around the country, outside of the public buildings in the larger cities which are not included in this item. But that expenditure is on capital account and it is fair to assume that it represents an asset.

The Welland canal could very well wait for a few years. I do not see any necessity for the Welland canal enlargement for the assistance of our good friends south of the line—because they would be the chief beneficiaries of that work. Their large ships would pass through to lake Ontario and the trade that now largely goes through our canals to Montreal in the smaller-sized ships would virtually be cut out. Anyway, that is my opinion of it.

Mr. CALDER: May I direct the hon. member's attention to the fact that this money was voted at the last session of Parliament, and, perhaps, with the exception of $500,000, has been spent. It is not, therefore, a question of waiting.

Mr. CURRIE: So I observe, but I hope there will not be any expenditure next year of a similar character.

Then, there is the item: "Harbour and River Improvements." Then there is the "Improvement of the St. Lawrence Ship Channel"; that is a necessity. "Shipbuilding, $40,000,000"—that is an absolute asset; the ships built in this country will be turned over to a company, and to my mind that company should be capitalized and

this amount treated as a capital expenditure. We cannot get along unless we build ships for ourselves, because every nation now is anxious to get hold of every ship it can lay its hands on. In a fortunate—or perhaps unfortunate—moment we allowed the Imperial Munitions Board to fill our yards with ships; those ships are now over in the Old Country and are being operated by Old Country companies in the Argentine and United States trade, rather than being in this country engaged in Canadian trade. If we are to handle our own products in their shipment to England we must have our own ships. But that is a capital expenditure. These ships will all return tremendous profits if they are properly managed.

I am satisfied that if the Government wished to put those ships that they already own up for sale to-morrow, they would get at least 50 per cent more for them than they cost, so that they are a good investment. It is not like the railway companies, where you invest your money in them and then you have to invest more money in them to keep them going, and then pay all over again to get them back. It is not a double investment; it is only a single investment. The Intercolonial railway should be included in the railway account. As regards the Quebec and Saguenay railway, that was a dead cat. As regards purchase price for branches of the Intercolonial, the branches are all pretty dead ones; indeed, they are only streaks of rust.

Mr. McMASTER: The funeral expenses are heavy.

Mr. CURRIE: Very heavy. These are the items of the undertaker. We come to rolling stock equipment, supplies and materials for the National and other railways, $35,000,000. The accounts of the National railways are, as I understand the matter, under their own control entirely; that is, the Canadian Northern and the other roads are now controlled by a company and their accounts are kept separate from the Dominion accounts altogether, and whilst those expenditures may be made, they are an investment that will return good interest on the money. After summing up the whole thing, the minister finally decided that the total net amount that would be expended this year and what we might call "wastage of war," would be $260,000,000.

Mr. CALDER: No.

Mr. CURRIE: I think I have the minister's note to that effect. After deducting these sums, he acknowledged after all that only $260,000,000 could not be covered.

Sir GEORGE FOSTER: The hon. member is too low in his figure.

Mr. CALDER: If the hon. gentleman will allow me just for a moment, the estimate made, not by the chairman but by the committee after the evidence had been submitted to us, was that the commitments for this year, including the amount voted by Parliament and sums that must be provided in addition to those voted by Parliament, approximated $600,000,000, on which there would be a small, but a comparatively small, saving, and not $200,000,000.

Mr. CURRIE: I think when the hon. gentleman reads Hansard to-morrow, he will find out that he made the statement. The hon. gentleman took out the items to which I already referred and said that they were capital expenses and not losses.

Mr. CALDER: There is one item of $350,000,000 under the Demobilization and Appropriation Act.

Mr. CURRIE: The minister said that, but included in that is " trade expenses," which are not demobilization items, and surely that is not a loss.

Mr. CALDER: No, but there will be included in that $350,000,000 no less a sum than $153,000,000 for gratuities, less the amount that has been paid prior to the first of April.

Mr. CURRIE: There are credits here of $125,000,000 for Great Britain and Allied countries. That surely is not a wasted asset; that will be returnable. Then there are credits for the Grand Trunk Pacific for deficits on operating expenses. Of course, that is cold loss. The housing scheme, $25,000,000 has not been carried through, so that will be a saving. The minister was checked by the leader of the House (Sir George Foster), who, I think, detected that there must have been a few stray figures there, but the minister said that $260,000,000 would be the net amount expended that would not return any interest on the investment as the others would.

Sir GEORGE FOSTER: I am afraid the hon. member has a few stray figures on the wrong side.

Mr. CURRIE: I do not think so. I do not get stray figures very often as a rule. Apart altogether from them, as those figures have nothing to do with the question of the soldier's gratuity, if the Government wishes

to spend $100,000,000, that is no reason why the soldiers should not receive consideration, nor why they should not receive a gratuity. The Government, it is true, can go to work and spend $1,500,000,000 a year; it can buy up railways; it can buy up electric light companies; it can start public ownership schemes that will involve millions every year and then hold this up and say: Oh, we cannot do anything for the returned soldier.

I want to refer to another item in the report, and that is the soldiers' land settlement scheme. The Land Settlement Board is a most excellently managed board. The members work hard; they have a very difficult task; but the problem put forward is this: They have to settle the soldier on the land. I cannot for the world see what increased production you can get out of changing the ownership of the land. The policy adopted throughout Canada is this. A soldier selects a piece of land that is occupied already by a farmer, possibly some old farmer who wants to leave and go to live in the town and talk "U. F. O." or some other kind of politics. This Government steps in and buys that land from the farmer, and the farmer goes and lives in a village or town, so that we have lost that man's production. We have not gained any more by the deal than we had before. We simply substitute one man for another. The manner in which the Government deals with these men is not as good as the Australian scheme. When a man takes up land under our Soldiers' Settlement Act, his wife can sell the eggs, but she cannot sell the chickens without the consent of the Government, and a man who owns a farm of that kind is a thousand times worse off than an Irish tenant. The manner in which that land should be given to the soldier is this. The land should be purchased, and it should be rented on a long-term lease to the soldier with the option on his part to purchase it at the end of the term. That is the system that is suggested in Australia, and it is a system that, I think, would appeal to every hon. member in this House. If the man does not succeed on the farm, and if he leaves it, the Government has the farm and can lease it to another soldier or sell it or do whatever it likes with it. As it is now, the man goes on to the land, and he is tied up under sixteen hundred different regulations, so that he cannot sell his crop, or a chicken, or a cow, or anything else off that farm unless he gets the consent of the Government. If that is not paternalism gone mad, I do not know anything. That is the consideration the Government gives to the returned soldier, and it is no wonder that he growls.

The question was brought up in the House by the hon. member for Muskoka (Mr. McGibbon) with reference to those men who are in hospital under the demobilization scheme, who have left the military hospitals and who have gone over to the hospitals under the Soldiers' Civil Re-establishment Department. Those men went under the distinct promise that the pay of their rank would be given to them. And this committee goes to work, and simply on the suggestion of somebody they want to cut the pay of the officers down to $60 a month.

The minister would not discuss with the House the various suggestions made as to how the money could be raised, although the House, I think, would have liked to hear from the minister the suggested form of taxation discussed. The leader of the House is, I know, very deeply interested as a student of economics, and I hope he will follow the discussion along these lines.

Sir GEORGE FOSTER: I will try.

Mr. CURRIE: The first suggestion that came before the committee was that of State lotteries, and the suggestion was made by Mr. Flynn. The suggestion is now under consideration in England with reference to a premium bond. A premium bond is, of course, a lottery, and every nation in Europe, I think, with the single exception of Great Britain, has premium bonds and has sold premium bonds and part of its debt is carried by premium bonds. That is to say, you purchase the bonds which pay interest at three and-a-half or four per cent, but a certain sum, like added interest, is set apart every year and there is a drawing, and if you have a bond and your number is fortunate enough in that drawing, you may have $500 or $1,000 or $2,000 or $10,000 in cash as a prize, but you have your bond still and you may be lucky again next year. And in the end you get your money in full back.

That is one method of getting money, and it is a cheap and easy way. While the people of Great Britain have always considered it gambling, other countries, like France, for instance, have not, and have raised large sums of money by that scheme. Then there are the Sunday theatres and liquor sales. I do not expect that we will ever get anything more from the sale of liquors. We have lost $12,000,000 or $14,000,000 through the exercise of

bone-dry laws. The inheritance tax belongs to the provinces. The ex-Minister of Finance in giving evidence before the committee discussed these various questions with great clearness and force. He pointed out in the first place that the backbone of all the revenue of the country was the customs duties, but nobody asked him whether the customs duties could not be increased. Why the absolute silence? Was it because everybody in the room was a free trader? I belong to a party that would not be afraid to add to the customs duties if it was going to produce more revenue, that was necessary. The ex-Minister of Finance went on to say that the income tax in Canada was greater than in any other country in the world practically, at least of the Allies.

Mr. NESBITT: No.

Mr. CURRIE: That may be a mistake. The income tax in this country is certainly greater than in the United States. I think that is what he intended to say.

Mr. NESBITT: That is what he did say.

Mr. CURRIE: But one would have inferred what I said just now. Not only have we as great an income tax as the United States, but we have also a tax on business profits, so our taxes on income are much greater than in the United States. I can quite understand a gentleman who is steeped to the eyebrows in free trade, like the hon. member for Vancouver, talking about nothing else but income tax. We never knew an income tax in this country until a few years ago and always raised our revenue by customs duties. We always found it a good method. The war enabled the Government to force a direct tax on the people, but I say you cannot keep that direct tax on the people more than five or six years longer, because they are going to get tired of it. Do you wonder why the farmers revolted in the last election? I can tell you. You are getting after their income. That is the chief cause of the trouble. If we continue to have an income tax in this country greater than in the United States, how in the name of conscience can we expect anybody in the United States to invest their money in Canada? Do you expect factories in this country to be enlarged or new ones to be built if you take away all extra profits? Perhaps this country can get along without additional factories. That is a question that is staring us straight in the face. We are also confronted with the question of the rate of exchange between Germany and this country. A member of this House told me not very long ago that he wished to purchase some machines for the company he was interested in, and found that the price in the United States was something like $2,500. A gentleman attached to the company in the United States, who was a German, said, "Let us see what we can get this machinery for from Germany." They got a price around $450 or $480 on account of the drop in the value of the mark and the difference in wages. If you are going to leave our walls down to the Germans and allow the Swiss and the Dutch and the Spanish, to ship German goods in as their own, you will deprive the factories of this country of their labour. The workingman of this country has something to say. The people who live in the cities and towns constitute 60 per cent of our population. If you are going to pursue a burdensome policy and grind a man down with income taxation, our manufacturers will be driven to the United States. The manufacturer who has a few hundred thousand dollars to invest and considers putting it in a factory—

Mr. SPEAKER: I can understand that a reference to taxation proposals is inseparable from this measure, but it does not follow that we should have a Budget debate.

Mr. CURRIE: I claim that the question of employment in this country is vital to the returned soldier. I say that if you are going to impose burdens and income taxation that will drive our manufacturers out of business you are going to drive the artisan soldiers out of this country. You cannot get away from that. So we cannot raise the money by added income taxation. I have said that our income tax is greater than that of the United States, and nobody in the United States will invest five cents in this country as long as that condition endures. The towns and cities of the Northwest should all be centres of production, but how are you going to get returned soldiers to settle there unless you get them employment? Every returned soldier does not want to be sent on the farm. You are giving the soldier vocational training but what good is that if he cannot get a factory to work in? That will be the condition in this country if this policy of income taxation is continued. This tax after all is only an English fad, really only one of many other systems of taxation. It was adopted by the people of Great Britain because their economists said: "If you adopt an income tax you are going to grind hard on the shoulders of the people and they will

not allow excessive expenditures." That argument does not apply in this country. In the report, and in the speech of the minister there were several suggestions as to what should be done for the returned soldier. Mr. Flynn has asked for $2,000. At Massey Hall last Sunday night he said before the league—there were five thousand present—that they were willing to accept a reduction for the time being. They would willingly accept $1,000, $500 and $300, or even $500, $300 and $200. They were not unreasonable. Mr. Flynn stated before a committee of this House—and some tried to make out he was like the beggar in the Arabian Nights, a king for a day—that if you could show the soldiers that the money could not possibly be raised they would accept the situation, but until you have exhausted every form of taxation for raising the amount required the soldiers will not be satisfied.

I repeat, the Minister of Finance stated that the Customs duties were the backbone of the revenue of the country. How much would it take, for instance, to give the soldiers $500 war gratuity under the Margeson scheme. It works out about $200,000,000. The interest and sinking fund would be eight per cent per annum, and would clear off the principal in twenty-five years. It would mean an expenditure of $16,000,000 a year. I do not take any stock in all those figures we got from so-called experts. I say that $16,000,000 a year would pay the gratuities under the Margeson scheme and would presently satisfy the soldiers.

How are we going to get that $16,000,000? Is it possible for us to get it? Again I have recourse to that very interesting publication issued by the Department of Trade and Commerce, and I know that every figure in it is within the knowledge of the hon. gentlemen who is leading the House (Sir George Foster). Any hon. member who wants to see the book can no doubt receive a copy at the distribution office. The facts contained in it are absolutely correct and perfectly truthful; the book never lies. At page 8 we find that the total imports entered for consumption—not all the gross imports, but those that are entered for consumption in this country—amounted in 1918 to $962,543,746. There is also a column which gives the percentage of customs duty on the total imports. In 1914, the first year of the war, the percentage of customs duty was 17.3; in 1915, 17.4; in 1916, 20.5; in 1917, 17.5; and in 1918, 16.8. As a matter of fact, there is a reduction in the customs tariff since 1916 of practically four per cent on the total imports, and that would amount to something like $38,000,000 a year. Yet you try to tell the soldier that you cannot raise money. Whom would that money come out of? If any one goes over to Hull and opens up a little store over there and starts what they call a "fire sale," he is promptly pounced down upon and made to pay a license fee. The same practice obtains in Montreal and in any town or village in the country. Any man going in and wishing to trade must contribute to the local expenditures. But the outsider can come into Canada and trade to the extent of nearly $1,000,000,000 a year and all you make him pay is that small revenue of 16 per cent. If the customs tariff is increased by at least 4 per cent it will provide ample means to meet even the Flynn proposals. But you cannot satisfy the soldiers of this country until you show beyond any possibility of dispute that the revenue cannot be increased, and there is not a man within the sound of my voice who does not know that it can be raised by the method I have suggested. Why, then, in the name of conscience, is this report of some thousand pages sent out? This report is developed to show what? Simply to show that you cannot get the money; that is what it means. There is not a word about the customs tariff. The ex-Minister of Finance (Sir Thomas White) was not asked if the customs tariff could stand another two or three per cent. Why was there such profound silence in regard to that question? Was it because they were afraid that the farmers might object because they are free traders? Well, let me tell you that if that is the opinion it is altogether an erroneous one because the majority of farmers are favourable to the soldier, and whilst they desire, and perhaps with good reason, to have the tools of their industry as cheap and free as possible, they will not allow any free trade propensities to tear down the barriers, destroy our industries, and open up the whole country to the foreigners, especially the American, who came into the war very late, and the German. For who would benefit by such action? It is not the British, because there is a preference in their case. We are very glad to buy from them everything they can produce because it will help us keep down the difference between what we sell them and what we buy. The balance of trade is running against Great Britain to the tune of $150,000,000 a year, so that no benefit will accrue to them by further reducing the

tariff. But the people who are profiteering in trade in Canada are the Americans. They are the people who are sending in millions of dollars' worth of automobiles and other luxuries such as silk and diamonds. Now, most of these luxuries are free. Why should diamonds be free? Silks have a lower duty than almost anything else, and there is no reason why the luxurious articles should be almost free whilst there is a duty on woollens; it is a most absurd proposition. The customs revenue should be increased in some way, and I want to inform this House that the soldier is quite up-to-date and knows all about these matters. He knows very well that the country can raise additional revenue to provide the money for him. But with all your groanings about the income tax, all that can be raised in this direction is $12,000,000 or $14,000,000.

Mr. COOPER: The estimate is $30,000,000.

Mr. CURRIE: Well, they did not raise that last year, and it is like all the rest of the estimates in connection with the income tax in this country. They always estimate that they are going to get twice as much as they get in reality. We have not in this country men with great incomes. The country is not old enough, and while there may be a few scattered individuals with large incomes from railway stocks, it is absurd to think that you can raise revenue in this country by a taxation of incomes. The revenue to provide the gratuity must be found by means of the tariff.

Now, hon. gentlemen may think that I am talking from the standpoint of a hard-shell protectionist Tory, but it was the Conservative party that went into the war boldly because it knew that the revenues of the country could stand the strain, and that the patriotism of the people would prove equal to the task. I am very sorry that that party is not in power to-day, because I am satisfied that it would have courage enough to apply a system of protection and a national policy that could easily raise the amount that it demanded by the soldiers. If the tariff were increased I would not be afraid to take the platform in any constituency in this country, especially if there are any factories in it—

Mr. McMASTER: Any what?

Mr. CURRIE: Factories—and hold up the banner of a national policy, and although the hon. gentleman (Mr. McMaster) is a free trader, I am satisfied that if the soldiers' necessity were presented clearly and fairly, he himself would be quite willing to endorse an addition to the tariff to see these deserving men through. Why, Sir, have we no responsibility to these men? Did we promise them nothing, and are they entitled to nothing but jeers and laughter from this House? I stood in the trenches with them and I know their feelings, and I know what were their expectations. I recruited a great number of them, and they always, in the tightest corners in France, heard a soft whisper of gratitude which they would experience on their return to the country which they were in the battle line to defend.

Mr. EDWARDS: May I ask the hon. gentleman a question?

Mr. CURRIE: I wish the hon. member would not interrupt me.

Mr. EDWARDS: I have a right to interrupt you, and I desire to ask a question.

Mr. SPEAKER: The hon. member has no right to ask a question without the consent of the member who has the floor.

Mr. EDWARDS: I rise to a question of privilege.

Mr. SPEAKER: The hon. member cannot rise to a question of privilege while another member has the floor.

Mr. CURRIE: I can stand interruptions from any one who gave hostages to the country.

Mr. SPEAKER: Order.

Mr. EDWARDS: The hon. gentleman is making a cowardly attack when he makes that statement in reference to myself.

Mr. SPEAKER: Order. I must ask hon. members to bear in mind—

Mr. EDWARDS: I sent my only son to the war and he stayed until the war was over.

Mr. CURRIE: I am quite willing to give the hon. gentleman credit for that, but the hon. gentleman belonged to a profession whose services were badly needed in the war and he could have served without trouble.

Mr. SPEAKER: Order.

Mr. EDWARDS: Permit me to say that I offered my services and they were refused.

Mr. SPEAKER: I must ask hon. members to bear in mind that there is a specific resolution before the House, and it would be well to adhere to it.

Mr. CURRIE: You will bear me out, Mr. Speaker, that I did not occasion the interruption.

Mr. EDWARDS: You made a cowardly attack.

Mr. CURRIE: You are all the time at that game.

Mr. SPEAKER: Order.

Mr. EDWARDS: I can take care of you—

Mr. CURRIE: That is all right.

Mr. EDWARDS: —before this debate is through.

Mr. CURRIE: The hon. gentleman can go ahead and discuss anything he likes, but I have never interrupted him in my life in this House, and, indeed, I very seldom interrupt any hon. member unless I desire to get a point cleared up. That is a fact, and I wish it clearly understood. Now, Mr. Speaker, I was going to say that the young men who went and served in the war did so in the sanguine expectation that their country would stand behind them when the struggle was over.

They did not expect that they were going to come back here and see the very first request they placed before the House of Commons thrown down. All the time they were in France the one thing that sustained them constantly was the idea that their country was grateful for their service and that it appreciated what they were doing. There are fathers here who know, from letters from their sons, that that was the underlying principle of it all. These young men went over and offered themselves up as a sacrifice to their country. No man who has never been under fire for the benefit of his country can fully understand what that means, and God knows Canada did not go into this war to make any money out of it. We are not going to get hardly anything out of the Germans. We did not expect any territory. We went into the war purely for the sake of humanity, and these young men, for the sake of humanity, fought for the cause of liberty and freedom. We who stand here as the representatives of that liberty and freedom which has been handed down through the generations should be the last people to say that all sources of revenue are exhausted when there are many ways in which further money can be raised whereby some gratuity can be given to these soldiers. In deciding to pay a gratuity we are not instituting anything new. We are only carrying out the old established principle in this country that a man who goes to war and returns shall receive a gratuity. Never has any man gone to war from Canada who, on his return, has not received a gratuity. The gratuity has been given in Canada in lieu of what is known in England as half pay. It is only right that that should be. When these men were taken from the war, on their way over and after they reached here, when they were receiving a gratuity, they were liable to be called upon again, every one of them. They were not released because they might be called upon at any time.

Mr. COOPER: They had all been discharged.

Mr. CURRIE: They were discharged afterwards, but they were liable to be called on at any time.

Mr. COOPER: That is not correct.

Mr. CURRIE: I know the regulations as well as the hon. gentleman does, and his statement is not correct. It was understood that they should be under control before they received their discharge.

Mr. COOPER: Not in all cases.

Mr. CURRIE: The question of discharge in so far as the country is concerned has been removed from the old idea altogether. In so far as England is concerned, when a man enlists he makes a contract with the King, just the same as if he were making a contract to dig a ditch, and that contract exists until such time as he is discharged. In this country we assume that every man must go to the front if necessary. It is not a question of contract at all. Under the Military Service Act everybody becomes in reality a conscript and he is liable now, at this moment, to be called again. There is no question about that. For these reasons I think the House will be very ill advised unless it gives further consideration to this matter. I am quite willing to support the amendment of the hon. member for Winnipeg (Mr. Andrews) if it is wide enough to include all kinds of gratuities. Do I understand it to be so from the hon. gentleman?

Mr. ANDREWS: Men who served less than six months are not entitled to the gratuity.

Mr. CURRIE: At home?

Mr. ANDREWS: At home.

Mr. CURRIE: That is quite correct. I am quite willing to support that motion and I desire to say to the House that I am willing to accept any reasonable proposition that may be put before us. I am quite willing to abide by my position in this

House. I shall therefore support the amendment of the hon. member for Centre Winnipeg.

On the motion of Mr. Edwards the debate was adjourned.

Mr. A. K. MACLEAN: In order that we may readily resume the discussion of the report which has been under consideration to-day I beg to move:

That the consideration of the fourth and final report of the special committee to which was referred Bill No. 10 an Act to amend the Department of Soldiers' Civil Re-establishment Act, and the amendment of Mr. Andrews, shall be the first order of the day at the next sitting of the House.

Motion agreed to.

CANADA SHIPPING ACT AMENDMENT.

On motion of Hon. A. K. Maclean the House went into committee on the following proposed resolution, Mr. Boivin in the Chair:

1. Notwithstanding any provision in the Merchant Shipping Act, 1894, or any amendment thereto, or in the Canada Shipping Act, or any amendment thereto, the Minister of Marine and Fisheries of Canada may grant permission to the following vessels to clear from any port in Canada on any voyage even though the master and mate of any such vessel, or either of them, do not hold valid certificates of competency or service, provided that the said Minister is satisfied that properly certificated men cannot be procured and that the acting master and mate are competent and have sufficient experience:

(*a*) Canadian registered vessels other than vessels carrying passengers;

(*b*) Canadian registered vessels carrying passengers not exceeding one hundred registered tons, which ply exclusively within what the Minister of Marine and Fisheries may deem to be sheltered waters within the inland waters or on the sea coasts of Canada;

2. These provisions shall continue in operation for one year from the date of the passing of the Act to be based upon this resolution and no longer.

Mr. A. K. MACLEAN: At the present time there is in operation an Order in Council passed under the War Measures Act which gives to the minister the powers that are set forth in this resolution and upon which it is proposed to found a Bill. It is the experience of the department that in Canada at the present time there is a great shortage of certificated masters and mates. That was always the case in recent years but the condition has been much accentuated by reason of the war. During that period it transpired that very few young men presented themselves for examination for masters' and mates' certificates. The consequence is that to-day in maritime ports it is frequently impossible for the owners of a ship to obtain certificated officers. The proposal in this resolution gives to the minister authority for one year to enable a ship to depart without a certificated pilot if satisfied that the person proposed to be put in charge of such a ship by the owner is competent.

Mr. McKENZIE: I think that when the minister looks around and sees so few members of the committee present he will agree with me that this is not the occasion for considering so important a subject as he suggests to the committee at the present time.

Mr. A. K. MACLEAN: My only purpose in asking the House to allow this resolution to pass is that the Bill may be printed. Every opportunity will be given for the discussion of the Bill when it is printed, but I desire to have it on the Order Paper when we conclude the discussion on the report which is at present before the House.

Mr. McKENZIE: I have only to say to my hon. friend that I could not at any stage agree to this resolution. It may not be so startling to a man who lives in Manitoba or Saskatchewan, or somewhere where they are not so acclimatized to this very thing as a man who lives on the coast like myself. It would be just as reasonable for the hon. gentleman to say that if in the city of Winnipeg, for instance, there was a scarcity of doctors a particular member of the Cabinet should have authority to appoint any number of doctors to start out on surgical operations and everything that pertains to the profession of a duly-qualified medical man. The sea-captain takes charge of the ship. He has under his control a certain number of men, not necessarily passengers, that put their lives in his hands, and he sets out to sea with his thousands of dollars worth of property and precious lives. The property in his charge, and the lives of those men, depend upon his skill as a navigator and as a man who knows the theory and practice of navigation. I cannot possibly be a consenting party to putting the lives of those men and that property into the hands of a man who is not qualified under the Act. Everybody knows that the qualifications required under the Act are very simple. It is a simple thing to pass the examination and even if it is necessary to lower the standard of that examination that is another matter; but I cannot by any possibility agree to opening the door and giving such favour to a minister who may

know nothing at all about the requirements of seamanship—

Mr. McMASTER: Who may be a paint manufacturer.

Mr. McKENZIE: Possibly a paint manufacturer; at any rate he is called upon to know whether a man is a qualified seaman. A man may be aloft on a ship and a person down below who is ignorant about seamanship may swing a yard or a boom in such a way as to throw the man aloft perhaps a hundred feet away from the vessel by not knowing how to pull the right rope—in fact not understanding his business. Our whole salvation in matters of this kind is that the law requires certain experience and certain training in seamanship before a man can take charge of a vessel. Now as far as I am concerned —although the legislation may be passed over my head—I wish the minister would distinctly understand this: That I would not put the lives of the men in these ships in the hands of a man who was not a competent navigator. Speaking personally I would not go to sea with a man that I knew had not the proper training and the proper qualifications for the trust that is reposed in him.

Mr. A. K. MACLEAN: There are two sides to the question involved in this resolution. The hon. gentleman has taken one side, but there is another aspect to be considered. It is not proposed that the minister should exercise the authority, if such power is granted him, of putting a ship under the control of an incompetent man. The purpose of this legislation is primarily to enable sailing ships to depart from a port with out a certificated master or mate. I would like to tell my hon. friend that in the United States sailing ships up to 700 tons can sail anywhere the world over without certificated masters or mates. In Great Britain where they have had a century of experience in such matters, they do not require masters and mates to be certificated in sailing ships in the coasting trade—

Mr. McMASTER: In all sailing ships?

Mr. A. K. MACLEAN:—and I do not think they require certificated masters and mates in ships of a certain size sailing coastwise in Great Britain. I was discussing this matter only yesterday with the officers of the Department of Marine and we were seriously contemplating bringing forward at this stage a Bill to enable Canadian sailing ships to sail anywhere without certificated masters and mates. No owner will allow his ship to depart from port in the hands of an inexperienced man. This, of course, does not relate to passenger boats. I think myself we might very well abandon the idea of requiring certificated masters and mates for sailing ships, particularly up to a certain tonnage. I really think we will have to do that, otherwise the sailing marine in this country will not be able to get the men. They have not been able to do so during the war; and frequently the department, in order that a ship could depart from a port, has been obliged to exercise the power given the minister under the War Measures Act, but which we wish to perpetuate for another year. Only to-day I was in receipt of a telegram from Halifax with respect to two sailing ships that were ready to depart but were unable to obtain certificated officers. They could not get them and they were advised that if the Customs officer at the port would certify that they had made diligent efforts to secure certificated officers, they would be permitted to depart upon furnishing an experienced man. I appreciate that there is something in the argument of my hon. friend. The only thing I ask of him is to permit the resolution to pass in order that the Bill may be printed, subject to the understanding that it will not in the slightest degree prejudice him in the matter of the right of discussion.

Mr. FIELDING: I would suggest to my hon. friend that if he is doing this with a view of hastening the passage of this legislation through the House, he is not wise. I realize the full force of what he has said as to the difficulty of obtaining certificated officers, and I can quite understand there may be circumstances in which it may be necessary to sanction these exceptional cases in order to carry on the trade and commerce of the country. But I think we ought to let the public know that this Bill is proposed, and possibly we would discover that there is not as much difficulty in some quarters in getting competent men as is alleged. It may be that there are many shipmasters who are willing to give their services, but possibly the conditions offered to them are not satisfactory. I am rather in sympathy with the objects of the Bill but I would strongly advise my hon. friend not to rush it through but to allow full opportunity for the discussion of the measure.

Mr. A. K. MACLEAN: I do not propose to rush the Bill through, I simply wanted to advance it a stage so that it can be

printed. We cannot reach it, in any event, for two days.

Mr. FIELDING: But two days is a very limited time to allow for a measure which affects so many people. I think the maritime population of our country ought to be made aware that there is such a Bill and if there are any certificated officers around who are unemployed, but who, for some reason or other, do not seem to suit the owners, they should have an opportunity of making their position known. It is true that of late years there have been very few young men coming up for examination. Nevertheless there are a good many veteran shipmasters still around our coasts and before agreeing to the Bill—I do not object to the hon. gentleman's motion—I should like to be satisfied that all these people will have the opportunity of getting employment, and it is only in case such qualified men are not available that the provisions of the Bill will be carried out.

The CHAIRMAN: Shall the resolution carry?

Mr. McKENZIE: I am sure the minister knows as well as I do that one of the proudest and most honoured professions in our province is that of shipmaster, and those who have reached a high position in that calling and take pride in their profession, are men to whom we look up. I cannot understand therefore why we are now proposing to cut that education down and say to the shipmaster, or to the man who wants to qualify himself, "Oh, your position is a picayune one. Anybody can sail a ship; what are you talking about? I am going to put this boy in charge of a vessel; he can take her to Newfoundland and across to Liverpool; it is all camouflage to say that it is necessary to have a qualified man on this job." That may be said, but it is not the fact. It requires education, practice and skill to fulfil such duties, and to pass this Bill is to belittle the importance that we have hitherto attached to the profession of seamanship. I should be very much surprised to learn that the law in England is as my hon. friend says it is. The last Shipping Act passed in England, the Act of 1894, is also in force here. Our own Shipping Act is more or less supplementary to it, and when our Act conflicts with the English Act of 1894, in many cases the English Act prevails. I shall be surprised if my hon. friend can show me a provision in the Shipping Act of 1894 to the effect that shipmasters require no certificates. It has been the boast of our men in Nova Scotia that they had to pass the British Board. A man might get a Canadian certificate, but he was not half as proud of that as he would be of a certificate received from the British Board of Trade, which is the crême de la crême of qualification as a seaman. If that is all gone, I have not been aware of it.

Resolution reported and concurred in.

On the motion of Hon. A. K. Maclean for the adjournment of the House:

Mr. McKENZIE: I suppose the report of the Special Committee on Soldiers' Re-establishment will be the first order to-morrow morning?

Mr. A. K. MACLEAN: Yes.

Motion agreed to, and the House adjourned at 11 p.m.

Thursday, November 6, 1919.

The House met at Eleven o'clock.

NEW MEMBER.

Mr. SPEAKER: I have the honour to inform the House that the Clerk of the House has received from the Clerk of the Crown in Chancery a certificate of the election and return of John Wilfred Kennedy, Esq., for the electoral district of Glengarry and Stormont.

QUESTIONS.

(Questions answered orally are indicated by an asterisk.)

ARTHUR LAPIERRE.

Mr. BUREAU:

1. What are the names of the two policemen who entered on September 30, 1918, the residence of the conscript, Arthur Lapierre, No. 3157100?
2. Who had commissioned these two policemen to look for the said Arthur Lapierre?
3. Have the said policemen made a report? If so, what is the date of the report and to whom was it made?

Hon. Mr. MACLEAN (for Major-General Mewburn): 1, 2 and 3. There is no record at militia headquarters. If information is furnished as to the district concerned and the place where action was taken, the necessary inquiries will be made.

THE SUGAR SUPPLY.

Mr. MANION:

1. Is there not a shortage of sugar for Canadian consumers?
2. How much sugar per month are Canadian refineries exporting?

3. What does the Government intend doing to insure an adequate supply of this very important foodstuff?

Sir GEORGE FOSTER:

1. No. There are sufficient raw sugars on hand and to be delivered before the end of the year to satisfy the normal requirements of Canada, provided there are no strikes which would interfere with the delivery of raw sugars and the refining thereof.

2. Outside of the refiners' commitments to the Royal Commission on sugar supply amounting to thirteen thousand tons, the raws for which had been provided by the Sugar Commission, only one shipment of three thousand tons being portion of contract entered into in June last will be exported this year.

3. The Canadian Trade Commission have been advised by the refiners that sufficient raws have been purchased to provide a full supply of sugar for domestic use in Canada during the year nineteen twenty at an increased rate of consumption.

ROGER MILLER & SONS, LIMITED, CONTRACT.

Mr. JACOBS:

1. Has an Order in Council been passed giving Roger Miller & Sons, Limited, additional work on a cost plus basis over and above that originally provided?

2. What was the amount provided originally to be done by Roger Miller & Sons, Limited, on a cost plus basis, and what were the terms under which this work was to be done?

3. What was the amount of the work under such Order in Council, and what were its terms?

4. Has an appropriation yet been made covering the additional work authorized by such Order in Council?

Hon. Mr. SIFTON:

1. Yes.

2. Approximately $848,000 on basis of cost plus 7½ per cent.

3. Approximately $2,478,250 on same basis of cost plus 7½ per cent.

4. No.

NEW BRUNSWICK WHARVES TRANSFERRED TO FEDERAL GOVERNMENT.

Mr. McLEAN (Royal):

1. What wharves in the counties of Queen's and King's, New Brunswick, have been transferred to the Federal Government by the Provincial Government of New Brunswick, and on what dates were the said transfers made?

2. Is the Minister of Public Works aware that the officers of his department have reported that many of the said wharves require repairs to be made as soon as possible?

3. If so, when will the said wharves be repaired?

Hon. Mr. SIFTON:

1. Queen's County:—

Name of wharf.	High water, low water or graded.	Parish.	Date of Provincial Order in Council transferring.
Akerleys Washademoak Lake.	Graded	Wickham	June 4, 1919
Armstrongs Washademoak Lake.	H and L W	Johnston	July 2, 1919
Belyeas Washademoak Lake.	Graded	Wickham	June 4, 1919
Carpenters St. John River.	L W	"	May 1, 1919
Chipman Salmon River.	H and L W	Chipman	June 4, 1919
Coles Island Washademoak Lake	H and L W	Johnston	July 2, 1919
Colwells Washademoak Lake.	L W	Cambridge	June 4, 1919
Cumberland Bay Grade Lake.	L W	Waterboro	July 2, 1919
Douglas Harbour	Graded	Canning	" 2, 1919
Fox's St. John River.	L W	Gagetown	May 1, 1919
Gerows St. John River.	L W	Wickham	" 1, 1919
Humphreys Washademoak Lake.	Graded	Cambridge	June 4, 1919
Hampstead St John River.	H and L W	Hampstead	May 1, 1919
Lower Jemseg	L W	Cambridge	" 1, 1919
McAlpines St. John River.	L W	Hampstead	" 1, 1919
McDonalds Point Washademoak Lake.	L W	Wickham	" 1, 1919

Name of wharf.	High water, low water or graded.	Parish.	Date of Provincial Order in Council transferring.
Newcastle	L W	Canning	June 4, 1919
Grand Lake. Narrows	Graded	Cambridge	" 4, 1919
Washademoak Lake. Perrys	H and L W	Johnston	" 4, 1919
Washademoak Lake. Queenstown	H and L W	Hampstead	May 1, 1919
St. John River. Range	L W	Waterboro	July 2, 1919
Grand Lake. Starkey	L W	Johnston	June 4, 1919
Washademoak Lake. Upper Jemseg	H W	Cambridge	Sept. 6, 1919
Grand Lake. Upper Jemseg	L W	"	May 1, 1919
Upper Gagetown	H W and L W	Gagetown	" 1, 1919
St. John River. Waterboro	L W	Waterboro	June 4, 1919
Grand Lake. White Cove	H and L W	Cambridge	July 2, 1919
Grand Lake. Wickham	L W and H W	Wickham	May 1, 1919
St. John River. Youngs Cove	L W	Waterboro	July 2, 1919
KING'S COUNTY.			
Browns Flat	Graded	Greenwich	May 1, 1919
St. John River. Burns	L W	Springfield	June 4, 1919
Belleisle Bay. Carters Point	L and H W	Westfield	July 2, 1919
St. John River. Clifton	H and L W	Kingston	June 4, 1919
Kennebecasis River. Dunhams	L W	Kingston	May 1, 1919
St. John River. Evandale	L W	Greenwich	" 1, 1919
St. John River. Glenwood	H and L W	"	" 1, 1919
St. John River. Hampton	H and L W	Hampton	July 2, 1919
Kennebecasis River. Hillhurst	L W	Rothesay	June 4, 1919
Kennebecasis River. Jenkins	Graded	Kars	May 1, 1919
Belleisle Bay. Ketchum	L W	Kingston	July 2, 1919
Kennebecasis River. Lee Flewelling	L W	Rothesay	June 4, 1919
Kennebecasis River. Moss Glen	L W	Kingston	July 2, 1919
Kennebecasis River. Nutters	Graded	"	May 1, 1919
Bellisle Bay. Oak Point	H and L W	Greenwich	" 1, 1919
St. John River. Public Landing	Graded and L W	Westfield	" 1, 1919
St. John River. Palmers	H W and L W	Kars	" 1, 1919
St. John River. Sand Point	L W	Westfield	" 1, 1919
St. John River. Shampers	Graded	Kingston	June 4, 1919
Bellisle Bay Toolton	L W	Kars	May 1, 1919
Belleisle Bay. Victoria	L W	Greenwich	" 1, 1919
St. John River. Westfield	L W	Westfield	" 1, 1919
St. John River. Whitehead	L W	Kingston	June 4, 1919
Kennebecasis River. Williams	Graded	"	May 1, 1919

2. Yes.

3. Transfer has not been accepted by the Federal Government.

QUESTION PASSED AS ORDER FOR RETURN.

Mr. McLEAN (Royal):

1. How many men enlisted in New Brunswick in the Canadian Expeditionary Forces?
2. How many went overseas?
3. How many went to France?
4. How many were killed or died of wounds?
5. How many are receiving pensions, and what is the total amount of said pensions?
6. How many have received or are now receiving vocational training?
7. How many have received medical assistance or treatment in hospitals?
8. How many have received outside medical treatment from the Department of Soldiers' Civil Re-establishment?
9. What amount of gratuity has been paid to officers, non-commissioned officers and men in the Canadian Expeditionary Forces enlisted in New Brunswick?

VICTORY LOAN ARCH ON CONNAUGHT SQUARE.

On the Orders of the Day:

Mr. THOMAS VIEN (Lotbiniere): Before the Orders of the Day are called, may I ask the Government who is paying for the structure on Connaught square in front of the post office? It is very ungainly, lacking any architectural character, and is very expensive into the bargain.

SIR GEORGE FOSTER (Acting Prime Minister): I have no positive information, but I understand that the cost of the structure is assumed by the parties who are interested in making the Victory Loan a success.

Mr. VIEN: Mr. Speaker,—

Mr. SPEAKER: Order.

Mr. VIEN: May I ask a further question?

Mr. SPEAKER: Order. I did not hear the question submitted by the hon. member because my attention was diverted at the moment. It is not such a question as should be submitted on the Orders of the Day.

Mr. VIEN: Mr. Speaker, may I suggest that it will be impossible to obtain an answer as to the expenditure of that money if—

Mr. SPEAKER: The hon. member has his remedy by putting the question on the Order Paper.

THE NEW PARLIAMENT BUILDINGS.

On the Orders of the Day:

Mr. D. D. McKENZIE (Cape Breton North and Victoria): I see in the public press this morning an announcement of an assuring character that Parliament will meet next session in the new buildings. May we have a confirmation of that report from the Minister of Public Works?

Hon. A. L. SIFTON (Minister of Public Works): I regret to say that it is absolutely impossible to confirm that, or most of the statements that appear in the public press.

COMMITTEE ON SOLDIERS' CIVIL RE-ESTABLISHMENT.

DEBATE ON CONCURRENCE IN THE REPORT OF THE SPECIAL COMMITTEE.

Consideration of the motion of Hon. James Calder (Minister of Immigration and Colonization) for concurrence in the report of the special committee to which was referred Bill No. 10, to amend the Department of Soldiers' Civil Re-establishment Act, and the amendment thereto of Mr. George William Andrews, resumed from Wednesday, November 5.

Mr. J. W. EDWARDS (Frontenac): Mr. Speaker, the re-establishment of the soldier in civil life presents to this House and to the country a problem the gravity of which, I believe, is fully appreciated by every hon. member of this Parliament. The report of the special committee has been laid on the table of the House for the consideration and the possible approval of the members. I venture to say, Sir, that every member of that special committee felt that a double obligation was placed upon his shoulders when he was asked to take part in the consideration of this matter,—a double obligation because we recognize that we owe a duty not only to the State but also to those men who served with distinction to themselves and honour to Canada in the struggle overseas. I am sure I speak only the truth when I say that every member on that committee approached his task free from any political bias and with the utmost sincerity, and devoted the weeks which were spent in considering the subject in an earnest endeavour to deal with it in the public interest and in the interest of the soldier himself. In making this statement in regard to the members of the committee, I believe, Sir, that I can go further and assert that every member of the House, whether he sits on your right or on your left, has been actuated by the same motive ever since this question first arose in Canada. I believe that the members of this House are really and sincerely anxious to fulfil that double obligation which they owe to the country and to the soldier, and to do their duty as representatives of the people

and as citizens of the State, fearlessly and honestly. And further, that, irrespective of any judgment at which we may arrive, our sympathies, notwithstanding all aspersions to the contrary, are with the soldier, as they have been from the start.

We who had the privilege as well as the responsibility of sitting on that special committee, while we gave the fullest and most careful consideration to every detail, submit a report which we think is a good report, but we do not assume that that report is perfect in every respect. It has been presented to the House, and I am sure the chairman of the committee will be glad of any suggestions that may be offered which will tend to improve the report and enable us to deal, if possible, more generously with the soldier, always bearing in mind the fact that we owe a duty to the country of which we are citizens.

Now, Sir, we are sensible of our shortcomings. We are fully cognizant of our mental limitations as members of that committee, and in that respect may I say, Sir, that as members of that special body we differ very widely from the hon. member for North Simcoe (Mr. Currie), who places no limitations whatever on his mentality. There was a man who occupied a very exalted position in Europe some years ago but who is not quite so exalted now. He was known as the Kaiser. That man was accustomed to make statements in public and to couple with himself, in a holy partnership, The Almighty. It was his wont to speak of "Gott und meinself", and as his arrogance increased he changed the expression in keeping with his inflated dignity and importance to—"Meinself und Gott". The member for North Simcoe possesses all the arrogance and assurance of the Kaiser but he lacks his modesty. His shibboleth does not include "Gott." He eliminates every personage but Currie, with the possible exception of an occasional linking up of his exalted name with that of a man known as Flynn.

Now, Mr. Speaker, I have read very carefully the amendment which has been submitted by the hon. member for Winnipeg (Mr. Andrews), seconded by the hon. member for Edmonton (Mr. Mackie), and so far as I can see, that amendment, boiled down, asks this House not to concur in the report, but virtually to concur in the request made by the Great War Veterans—the request made by Mr. Flynn and certain others. That appears to me to be the substance of the amendment. Now, the hon. member for Edmonton stated—and I think I took his words down correctly: "Adverting to the report in its financial aspect, there is no other conclusion to come to than that arrived at in the report." It strikes me as passing strange, then, that the member for Edmonton should second a resolution which calls for the raising of hundreds of millions of dollars when in his remarks he says that the view arrived at in the report, that it would be impossible and subversive of the interests of the country to attempt to raise such sums of money, is the only conclusion under the circumstances.

I am not going into the details of the finances. The report, I think, is very comprehensive, and any person who desires can acquaint himself with the conclusion arrived at by the committee. For myself, I feel that the report is one which should receive the endorsation of this House.

It was my misfortune last evening to attempt to ask a question of the hon. member for North Simcoe (Mr. Currie). My reason for trying to obtain some information from him at that time was because of a statement which he had just made and which reflected on every member of this House, a statement which I felt to be a slanderous one for any member of this House to make. The statement was to the effect, in so many words, that we had promised to stand by the soldier, but that when the soldier came to this House with a request he was met with jeers and sneers. I was about to ask the hon. member for North Simcoe for some warrant for his statement, for some warrant for his aspersion on the members of this House. He refused to allow me the opportunity of putting that question, which I was not putting on my own account alone—it was a slander on every hon. gentleman in this House.

Some hon. MEMBERS: Hear, hear.

Mr. EDWARDS: There never has been a time since we have had to consider the returned soldier problem that any hon. gentleman in this House has treated the request of a soldier with anything but the greatest respect and the greatest sympathy. The hon. member for North Simcoe did not see fit to allow me the opportunity of putting that question to him. It was his right under the rules of the House to deny me that privilege.

But, he did not stop there. The hon. gentleman knowing that I could not make a reply at that time, took it upon himself to take a nasty fling—an unwarranted fling—at me. Mr. Speaker, I have had some tilts

with hon. members in this House on former occasions. I have enjoyed them; sometimes I have got the worse of it and sometimes the other fellow has. But there is no hon. gentleman in this House who will say of me that after I have made a speech in the House, which perhaps hit some person a little hard, I have got out of the House and stayed out when he was trying to give me my medicine.

I may not have had the opportunity to distinguish myself on the fields of battle in Europe. I may not have felt disposed to cry, as did the hon. member for North Simcoe because he was not awarded a decoration for his wonderful, chivalrous conduct, but I will never run away from the scrap, anyway. I do not want to refer here to what those connected with me have done in the war. I have no right to make any boast along that line at all. I had only one son; he served in the war and stayed there until the war was over. I have one very near relative who is sleeping his last sleep in France and another very near relative who is so seriously disabled that he will carry his disability with him as long as he lives. But whatever I and those connected with me have done, let me say there was none of my name, none of my relations of military age but who went overseas and did their bit, be it big or little. I realize that what I or those connected with me have done in the war is nothing as compared with the sacrifice that many hon. gentlemen who sit in this House have made. I have never, since the war started, cast any reflection on any man who went overseas. I have never felt disposed to do so, but I may say this to the hon. member for North Simcoe, that his conduct has more than once been brought up on the floor of this House and discussed—not by myself. He who resented some reflections on his own conduct—and if he felt they were unjust he had a perfect right to resent them—should be the last man to rise in his place in this House and cast aspersions on any person else. The hon. member for North Simcoe is wanting in those principles which constitute a real man.

Mr. SPEAKER: Order; I will have to ask the hon. gentleman to withdraw that statement.

Mr. EDWARDS: I will withdraw it at your request, Mr. Speaker. The hon. member for North Simcoe is lacking in due appreciation and regard for those principles which constitute a real man. The hon. member for North Simcoe never hesitated at any time from his place to asperse the character and reputation of hon. gentlemen in this House. He has, somehow or other, felt that he had a free license to do what he liked or what he willed with any other hon. gentleman, but no person must say anything reflecting at all upon the hon. member for North Simcoe, and no person must differ from the hon. member for North Simcoe on any matter that comes up. That is about the attitude of that hon. gentleman.

The hon. member for North Simcoe stated that half the members on this side of the House owed their seats to the soldier vote. He modified that a moment later by saying that one-quarter of the members on this side of the House owed their seats to the soldier vote. I went into that fully some time ago. Any person can take the records of the last election for himself and if he does so he will find, as I found, that there are only half a dozen members all told in this House who can be said to owe their seats to the soldier vote. The election of 1917 was a very peculiar one. It was an election differing from any other that ever took place in Canada by reason of the enormous majorities rolled up for or against the Government candidates. The civil vote decided the elections for all excepting two or three members of the House. The hon. gentleman's statement in that regard is wrong, just as his statement in regard to the members of this House jeering and sneering at the soldiers was in my estimation a slander on the members of the House. The hon. member for North Simcoe is not apparently disposed to be fair.

The hon. gentleman (Mr. Currie) attempted to make capital out of a very innocent remark made by the chairman of the committee, the Minister of Immigration and Colonization, to the effect that if this House saw fit in its wisdom to vote the sums asked by the soldiers, running into the hundreds of millions, the Administration would feel that some other government would have to raise that money. That was in no sense a threat—it was merely a commonsense statement. The explanation given so very concisely and fully by the minister was accepted by the mover and seconder of the amendment but was not accepted by the hon. member (Mr. Currie) why? Because that hon. gentleman did not want to accept the truth, did not want to accept an explanation that was reasonable and fair; he was anxious to exert an influence on the mind of the returned soldier. He was anxious, if possible, to create the impression that the members of the House, particularly the Government,

were not disposed to deal fairly with the soldiers, or to do all that could be done in their interest,—that was the object, and the only object, of the hon. member. In that instance as in others, he has shown himself to be in a class by himself.

Now, for a few moments, allow me to refer to one or two of the things which the hon. member (Mr. Currie) demands. Speaking in this House in the month of September he came out very flatly and very emphatically in favour of the demand of certain of the returned soldiers for a $2,000 money grant to the men who had been to France, $1,500 for those who had been to England, and $1,000 to those who had been in service in Canada. At that time I questioned the hon. gentleman in regard to his support of that proposal, and he was further questioned by the hon. member for Quebec South (Mr. Power) who asked him if he would make no distinction between the man who had been away back of the lines at a clearing station, for instance, and the man who had been right up in the front line trenches. The hon. gentleman answered emphatically that he would make no distinction whatever, that no distinction should be made, and that any person who would make a distinction should be frowned down. Against that proposal to make grants of $2,000, $1,500 and $1,000 respectively, there is a strong body of opinion, and yesterday we had it from the hon. member for North Simcoe (Mr. Currie) himself, that the returned soldiers are now willing to modify that demand and that they are willing to accept—even Mr. Flynn for instance—$1,000 for those who went to France, $500, I think, for those who went to England, and $300 for those who stayed in Canada. The hon. gentleman would even accept a smaller sum than that according to his statement yesterday. Yet when Mr. Flynn gave evidence before the committee he characterized the members of that committee in the very strongest and most discourteous language because they could not see eye to eye with him with respect to the granting of his demands; and the language used by Mr. Flynn before the committee, and used by him on platform after platform, was endorsed in its entirety by the hon. member for North Simcoe, who was scarcely less rabid in his language and denunciation of the Government and of the committee in refusing these requests than Mr. Flynn himself. Now the hon. gentleman has come down off that perch and he would be willing to accept a very much smaller sum—in fact he would be willing to modify the original demand to the extent of not giving anything at all to those members of the forces who had seen service in Canada for a less period than six months. What has brought about this change? We were told in the committee, and on the floor of this House, that it was mere camouflage to say we were not able to raise the money to meet these demands. Why have these men modified their demands if it is not that they realize, as they did not realize before, the impossibility of acceding to the demands that were originally made and which would have entailed an enormous expenditure upon this country running up to approximately $1,000,000,000.

Might I call attention to a difference in the attitude of the hon. member for North Simcoe in regard to gratuities and pensions. He was very emphatic in saying that no distinction in regard to an extra gratuity should be made, but that all who served in France for instance, should receive the same amount regardless of rank or length of service; but when it comes to pensions, "I insist," he says, "on a distinction being made—the pensions should be granted according to rank." The member for North Simcoe holds a rank higher than that of a private. He is perfectly satisfied to accept $2,000 along with a private; but when it comes to the matter of pensions, the hon. gentleman would make a very emphatic distinction between pensions for the private and pensions for the officer. He argues that you should not make any distinction in regard to an extra gratuity because the private requires as much to live on as does the officer; but when it comes to granting pensions then, of course, a private can live on a great deal less than a brigadier-general; he says: You can, and you should, make a distinction there.

I desire now to state the position which I take in regard to one or two of the main points in this report. I wish to say most emphatically that with me the granting of the request made by certain of the soldiers is not entirely a question of our ability to raise the money. Let me put that in another way—and I may say that I speak only for myself in this matter, I am not voicing, or thinking of voicing, the sentiments of the other members of the committee—if we had not a dollar of debt in this Dominion, if we could raise unlimited millions, I would not favour acceding to the request for an extra gratuity regardless of disability to all the soldiers who have re-

turned from the front. It has been argued that we should give an extra grant in order to tide men over the present winter. Let us examine that argument for a moment. A man who returned from France got a discharge on the 1st January, 1919 He was entitled to draw and did draw six months' pay; he had from the first of January until the beginning of the winter to supplement or add to that pay and thus to provide for the coming winter. I do not see any particular reason for giving an extra gratuity to that man.

Then, take the case of the man who was discharged a month ago. On the first of October he started to draw six months' pay, covering October, November, December, January, February and March. Well, what justification can there be for adding to that gratuity in order to put that man through this winter? I am in entire accord with the granting of the six, five or four months' gratuity to men who have been discharged from the army. The reason for that has been stated: it is to enable the returned soldier to look around and to give him an opportunity to place himself in some work that will be congenial to him rather than force him to take any kind of work that offers In making that provision this Parliament has dealt more generously with the Canadian soldiers than any other country which was engaged in the war has dealt with its soldiers.

Now, I will divide the soldiers into two classes. First, there are those who are fortunate enough to return to Canada one hundred per cent fit physically and mentally. I do not think that this country should add to the gratuity which these men have already received. Secondly, we have those soldiers who are disabled, and no matter to what extent we place a mortgage on this country it is the duty of this House and the duty of the country to look after those men who have returned to Canada and who are not one hundred per cent fit to look after themselves. I believe that that is a position which will appeal to many of the returned soldiers themselves. I believe that when the returned soldiers have had an opportunity to study and to understand this report, that position will appeal to the vast majority of them, as I believe it will appeal to the people generally, because it is a fair, a just, and a reasonable position to take.

Requests have been made that we should give special consideration to university students whose courses were broken in upon through their service overseas. Some hold very strong views on that point; some are very strongly in favour of giving special assistance to these young men. I must say, Sir, that I do not hold that view; I hold just as strongly to the view that they should not receive special recognition. What is the definition of "student"? I take it that the request of the veterans is based upon a definition of student as a man who is privileged to attend college or university, and that that definition includes all who should be characterized as students. I say that any man is a student who is serving an apprenticeship or acquiring knowledge from some person who possesses knowledge which he does not possess. The word "student" should apply as well to the man who is learning to be a plumber or a blacksmith or a carpenter as to the man who is attending university. I repeat that I see no reason why special consideration should be given to these young men who were attending university and whose courses were broken into by reason of the war. On the contrary, students attending a college or university, as distinguished from those who, in my opinion, should also be classed as students, those who are learning a trade, are in a more fortunate position than the young men who were starting to learn to become plumbers, blacksmiths, or followers of some other trade and had their time broken into on account of going overseas. As a rule, the young man attending college or university who enlisted and went overseas is in a position to obtain by loan the money that he requires to put himself through his college course; he can obtain it more easily and more readily than the man who, in other walks of life, is a student just as much as he who attends university. I take, therefore, very strong exception to making any special preferential grant to young men who return physically fit and who have their courses in college or university broken into by their service overseas.

Mr. COOPER: In the suggestions made to this committee, vocational training was asked for on behalf of the returned men in all the walks of life that the hon. member speaks of, up to the age of twenty-one. The reference was not specifically to university students only.

Mr. EDWARDS: I think the suggestion was made by some of those who appeared before the committee that special consideration should be given to university students whose courses had been broken

into; that special consideration should be given to the medical practitioner whose practice had been disturbed on account of his going overseas. I take exception to any special recognition of university students; if you are going to assist them we should similarly assist any other young returned man who is learning a trade.

The report recommends that consideration be given to the student whose course was broken in upon and who has come back physically disabled or unable to carry on, not one hundred per cent fit. That is right. Let me make myself perfectly clear. What I take exception to is the application of special grants to those men who have come back to Canada one hundred per cent fit, whether they are students or not. In regard to the others, I repeat that we must make provision for them, whether they are students or not. If they are not one hundred per cent fit to take care of themselves; if they are fifteen or twenty-five per cent disabled, it is the duty of the State to assist them, at least to the extent of their disability, in getting along in life and making a place for themselves. That is the general position which I take; that is the general position taken by this report. The report does divide the returned men into two classes; it states that men who have returned one hundred per cent fit should receive no gratuity other than that which has already been granted, but that those who are more or less disabled should receive extra consideration from this Parliament and the country.

Another proposition was that in regard to housing. That is dealt with by the report, and reasons are given why we cannot agree to the suggestions made in that regard.

The report does not turn down the question of insurance; the report recognizes that that is a matter requiring expert and technical study, and the members of the committee felt that they did not possess the necessary expert and technical knowledge to place before the House any concrete scheme of insurance for the returned soldier. The report does not throw the question to one side, but recommends that this House give its consideration to that matter through the appointment of men who will probably be able to bring down some scheme which will be workable. Those, I think, are the main propositions which were brought before the committee.

What are some of the proposals for raising the money to meet these demands, for after all we have to consider that phase of the question. Whether or not we can raise the money to meet the demands is one thing we must consider as well as whether the demands should be met as being reasonable and fair. The report sets out very fully the financial position of our country, and I think it shows very clearly that we cannot meet these demands even if we were disposed to do so. Even if we conceded that the demands were just and right and should be met if we had the money, we have not the money, and no way which has been suggested of obtaining the money is at all feasible. Certain suggestions were made for raising the money. I believe Mr. Flynn suggested lotteries, a scheme which was practically endorsed by the hon. member for Simcoe North (Mr. Currie) yesterday, as a means of raising the money required. Mr. Flynn also suggested that the Government pass a law allowing theatres to run on Sundays, and that they put a special tax on those Sunday theatres and raise the money in that way. I venture to say that only a very small proportion of the people of Canada would endorse either one of those suggestions as a means of raising the necessary money, and also that a very large proportion of the returned soldiers themselves would resent such money-raising schemes. The suggestion was made by the hon. member for Edmonton East (Mr. H. A. Mackie) that we place a tax upon all non-combatants. He referred to the number of foreigners in this country and, I think, but I am not certain that I understood him correctly, that he placed the number at 360,000.

Mr. H. A. MACKIE: I stated that there was a population of 360,000 foreigners in Western Canada, but that I did not know what would be the male population amongst those, and that I put a question to the House last year in that connection and had received no information.

Mr. EDWARDS: I do not know at this moment how many foreigners there are in this country. I am not, however, saying that the matter of placing a special tax upon those who were able to go to the war, but who for some reason or another (their foreign birth or otherwise) took no part in it, has not some merit, although the question is a complex one. This is a young country, and we must look to the effect that any tax will have upon our future prospects and prosperity generally. The hon. member did not suggest the amount of that head tax, and I doubt if it would go very far in solving the problem if you did impose any tax upon those who took no part in the war. A further suggestion was made by the hon.

member for Simcoe North (Mr. Currie) as to a means of raising the money, and I was very much struck by this: That the hon. member was not at all enthusiastic about the buiness profits tax or the income tax—his means of deriving a revenue was by an increase in the customs tax. I think I might venture to say that there would be a great and distinct difference of opinion in regard to that suggestion. The proposition of an increased customs tax coming from a well known free trader like the hon. member for Simcoe North is, of course, very suggestive. I thought at the time that perhaps he was thinking of the manufacturing industry in which he was directly interested, and that when he made his suggestion of a four per cent increase in the customs tax he had the returned soldier less in mind than the particular industry with which he is connected.

12 noon.

Mr. McMASTER: He saw also the profits.

Mr. EDWARDS: I do not think I am unfair in attributing that business prudence to the hon. member for Simcoe North. Let me make just one further allusion to that hon. member. Ever since this matter has been discussed in the House he has endeavoured to place himself before the public as the champion of the returned soldier. May I say, Sir, that in my estimation the returned soldiers are worthy of a better champion? The hon. member did not hesitate from his place in the House yesterday to slander every other hon. member by saying that when the soldiers made requests to this Parliament, they were met with jeers and sneers. There is only one man who on the floor of this House has ever wholesale cast an aspersion upon the returned soldier, and that man is the hon. member for Simcoe North, and he did it when from his place in this House he said in so many words that the soldiers coming back from overseas were arrested, not by the hundreds but by the thousands, for being drunk, and that there were 4,000 of them incarcerated in Burwash because of their drunken habits. I can read to the House his remarks in that regard which are contained in Hansard. No other member of this House has gone anything like that far; in fact, no other member has cast any aspersion upon the returned soldier. It remains for their champion, the hon. member for Simcoe North, to characterize them as he did and as is reported on the pages of Hansard. No matter whether he was overseas one year or two years or for the whole period of the war, it does not lie in his mouth to get up in his place in this House and slander the members of this House as he did yesterday. Once more let me say that as the soldier has come back from overseas, there has been no disposition in this House or outside of this House, in the press or anywhere else, to treat the soldier otherwise than fairly, sympathetically and, indeed, generously. Every member of this House is, I believe, disposed to go just as far in recognizing the soldiers as the resources of this country will permit. This is not a question to cavil over; it is not a question to cheese-pare over.

The hon. member for North Simcoe may think he is the only man who took part in the war; he may think that he licked the Germans himself, that the war would have been lost but for his efforts, that he is the only person who has a right to express an opinion with regard to the returned soldier, but I want to tell him there are others in this House whose interest in the returned soldier is just as great, and far more sensible than the interest he has displayed. He has taken an attitude in this House and outside of it which is detrimental to the interest of the returned soldier, and which has done the returned soldier harm—not among the members of this House who know the hon. member for North Simcoe, but his utterances have left a wrong impression on the minds of many people throughout the country who do not know the hon. member as we know him and who are not in a position to appreciate his worth as we appreciate it. They attach more importance to his words than his words are entitled to, and some of them no doubt feel when they read what he says that this Parliament is disposed to treat the returned soldier niggardly. I have never seen that disposition on the part of any member of this House or the press of this country.

We must however look at this question from the standpoint not only of the soldier —we owe a duty to him—but of our duty to the people of this country whom we represent in this House. We must consider both sides of the question, and I believe that when the matter is considered by this House thoroughly, as I believe it will be, and considered on its merits without any political bias—and so far we have kept pretty clear of that—we shall arrive at a solution which will be appreciated by the people of the country as a whole and which will be accepted by the great body

of soldiers as the right thing for us to have done.

Mr. J. H. BURNHAM (West Peterborough): The question which we are now discussing is one of very considerable difficulty. As with all questions of ways and means, it is a serious thing to indulge in the expenditure of a vast sum of money unless we are satisfied that it is necessary. With regard to the committee, I do not think there are two opinions. It was a fine committee; the personel was unexceptionable. They devoted their very best energies to the work and have done the best they could. I do not think there is the slightest disposition to feel that these gentlemen are not worthy of every consideration and praise.

This is not a party question. The committee was made up of members from both sides of the House. The whole House is interested in the soldier, and represents an undivided country in that respect. It must be remembered that our army was not a professional army. It was not an army in the old sense that when a soldier accepted the King's shilling he had signed a contract which specified all the terms. The Canadian army was a voluntary army. The men of the Canadian army were actuated by patriotic motives. They were called upon by a most anxious country to rush to the colours and save democracy, to rescue the world from the clutches of the Hun, and when they were asked to do that they were told: It is true that many of you have lucrative positions, that you are well established, that your way in life is more or less assured, but go. As Wellington said at Brussels, "Go, not in order, but as if to a fire." Go, he said, because Quatre Bras was in danger. Our country was in danger and we said to our soldiers: "We will look after you and your dependents. We will see that when you come home you are in as good a position, not perhaps as when you left, but in as good a one as we can place you in."

What confronted the returned soldier when he came back? He saw that the people of this country had made vast sums of money while he had lost nearly all he had. I have seen people connected with manufactories who are rolling in wealth notwithstanding the war tax, who have every comfort, and are in a position they never dreamed of before the war. I would suggest that notwithstanding the war tax the Government should take account with them of this increase in wealth. Their business before and after the war should be taken into account, and the whole increase in their receipts should be appropriated for the benefit of the soldier. Those of us who remained at home must expect to divide our assets and the increases which have accrued to us with the men who went to war. It is our duty. It is only fair and right. If therefore it can be established, and it can be easily, that notwithstanding all the war taxation there remains an immense sum that by all moral right should be appropriated for the benefit of the soldier, we should proceed to appropriate it. We only need to look at the simple fact that the luxury in this country is unprecedented. It is not due to what has happened since the war, but to what happened during the war. That I say is one cause of the great discontent among the soldiers, and it is a very reasonable discontent. Vast sums of money were given for patriotic purposes and vast efforts were made in every way by those who remained at home, but there still remain such means as I have referred to that we should use for the benefit of the returned soldier and his dependents. He gave all he had. Did we give all we had? We certainly did not. You will find that it is this that has caused the discontent. Let there be fair play. When the soldier comes forward and says: "You have not done all you could for the soldier, and we only ask that you take as a basis for aid the need of the returned soldier," I say the soldier is more humane than we are if we refuse. Surely there is not a man in this House who if he saw a soldier in need would not take him into his house and look after him and see that he was cared for, on the basis of honour, not charity. Surely there is not one of us who would not do that, and feel a just pride in being able to do it.

In the same way the country should feel that if there is a single member of that dauntless army that fought in France for the rescue of the world and for our own safety, if there is one soldier or his dependent in actual need, his position should be made right if it meant the expenditure of our last dollar, the last dollar which we thundered about during the war and the giving of which we now refuse even to think of. If people feel that so much money has been spent that it is difficult to raise a loan, let them try it. Let them proceed to raise a soldiers' loan, and they will find no difficulty in raising it in this country. I venture that opinion unhesitatingly. It is not as though we were borrowing money from outside and were likely to

be refused by creditors who might tell us: "You have borrowed as much as we will lend and your credit is exhausted." No Sir, we are borrowing from our own people; we are turning the money over and over and it is simply a question of bookkeeping. The money all remains in the country. The credit of the country is being assured to those people who are loaning the money, and it is the only limit to their loaning. There is no limit to the money. Now the credit of the country is mortgaged only to the extent of $1,740,000,000, as found by the Minister of Finance, up to September, 1919. It does not compare with the indebtedness per capita of any other country except the United States, who, coming late into the war, did not incur the same liabilities as other nations, and who, notwithstanding the magnificent effort they made, nevertheless secured more out of the war than all the world beside. The world on account of the war lies mortgaged at the feet of the United States, and they do not deny it. They are patriotic; they are fair; they are brave; and they are frank. Let us be frank also and let us be fair. When we find in this amendment the simple statement that this matter should be referred, practically at the earnest request of those men to whom we owe so much, for further consideration, what harm is there in the suggestion? What harm is there in the soldiers saying: "You have considered the housing problem, the re-establishment problem and others, but we don't think that you have given us as much as you should have given on the basis of need?" I say again, Mr. Speaker, that on the basis of need we cannot give too much until we have given our last dollar, and I say again that the request embodied in this amendment is reasonable, and the committee should not get huffed about it, notwithstanding the expression of the chairman yesterday. I know no member of the committee who is not absolutely well disposed in this particular and who is likely to get up on his high horse and say that he has considered the whole question and will not deal with it further, or that if you "Throw the matter back in our teeth, we will resign"! In God's name, have things come to such a pass in this country that when our army returns, the men who were driven to desperation on the field of battle and had to fight as men never fought before, are to find that we can not have a little patience with them and show them some consideration? Even if they were wrong, what about it? Let us be patient with them. Let us consider and re-consider and show them that if we have not the money we have at least the disposition to do all we can for them. Before this committee was formed the disposition on the part of many people was to say, "We have done nobly; we have done all we can". In response to the very agitation which is now under consideration a committee was formed and it was found that all that could have been done had not been done. The committee has brought forward further recommendations that are extensive, but it may be that on further inquiry they might find that there were still other things that could be done. It might be possible that the people of the country would be willing to pledge their credit further for a soldiers' loan, if not for $400,000,000, at any rate for $200,000,000. We can have a referendum for whisky, but we cannot have a referendum for the soldier. I say, let us have a referendum. Do not let the Government resign; do not let them get huffed. Let them say to the people: "This is a great question; it is a question that touches our hearts; it touches us on the raw. It excites our tenderest sentiments. We owe a debt of gratitude which we must pay, and we want to know if you are ready to go further. If you are, we are prepared also to go on". Let the people of the country speak. Let them speak by means of a referendum, and let them say whether or not they want more to be done for the soldiers. Then we shall have done all that we could do for the soldiers and we can rest in peace But not until then. If there is one soldier or soldier's dependent who remains in need through our neglect, we ought not to lie in bed at night and sleep. Have we, then, like Pharaoh of old, succeeded in hardening our hearts to the reasonable request of splendid men. I do not doubt that the people of the country have done all they knew how to do. But I do not think they have done all that they can do. I do not think that I have done all I can, and I do not think that the people of the country, when they find that there is such a thing as need on the part of the soldier, will refuse to do more. I acquit the committee of any shortcomings. They have done their best and have endeavoured to conserve the country's resources and protect the public. But I say that the public does not wish to be protected to the detriment of the soldier. I say that we have an opportunity of finding out from the people whether or not they are prepared to go to the limit. On the platform I heard orators during the war, time

and again say: "The last man and the last dollar." Well, the last man went, but where is the last dollar? Sir, we have now to unbutton our pockets. Many a man feels sore at having to spend money. Nevertheless, if he is a true man, he has to gird himself and do his duty. I am a poor man, but I am willing to increase the tax even if I have to go and work with a pick by the day to pay it; for I hope that I have enough head and enough heart to realize that if I do not do my duty then I have ceased to be a man. We owe a great debt to the soldiers. Some soldiers may be obstreperous, some may be riotous, and some exacting. But that is nothing to us. We know that the measure of the requirement is the measure of the soldiers' need, and if the need exists we must respond to it.

Mr. THOMAS FOSTER (York, East): I realize the seriousness of this report of the committee that has been presented to the House. We know that the members of the committee with all earnestness studied every phase of the situation, received evidence, and exercised their best judgment in coming to a conclusion. However, after their efforts and their summing up of the matter, it still remains for the members of the House to express their views as they see fit. They may not agree with the report; they may see it from other standpoints than those which guided the committee. They might show it by other expenditures; they might feel that, notwithstanding the evidence that was presented, the committee, if it had had further time, might have reached out and receive other evidence that would have thrown greater light on the question as to how much farther it would be possible to go than what has been recommended.

This report that has been presented to the House involves a serious question. It places all the members of the House on record and it does not matter what view they take or how they present their case, they will not satisfy everybody. It would be utterly impossible to attempt to satisfy all the desires that have been put forward with respect to a large gratuity. It was good judgment to appoint this special committee to consider all phases of the application of the Great War Veterans for a larger gratuity. The committee has given its careful consideration and it has reported against a further gratuity. We realize, as was pointed out by the chairman of the committee yesterday, the enormous expenditures that we have to meet this coming fiscal year amounting to some $314,000,000. We also know the liberality of the amount that was given by the public throughout the Dominion and which reached the sum of $48,000,000, of which $7,000,000 or $8,000,000 yet remains unexpended and to be further applied.

The fact that we have to spend this enormous amount this year does not to my mind mean that there are no other sources, that there is no other method that can be resorted to and that it is impossible to meet some of the demands that have been made. I would think that with the vast resources of this country, and by giving further consideration to the question, something might still be done. I do not agree with the report in its entirety, and I do not know that I can vote for it. It is recommended by the committee that some $50,000,000 shall be further expended for the purpose of returned soldiers and their dependents. As I understand it, a part of that is to reimburse soldiers and their dependents for the expense of their own passages to this country. Then the committee proposes to give some $9,000,000 to the Imperialists, leaving possibly $40,000,000 to be disbursed in extreme and necessitous cases. The greater part of this amount, as I understand it, is for the purpose of assisting those who may be out of work during this coming winter. The evidence given before the committee showed that at the time it was given there were some thirty thousand returned men out of work. We are now meeting with a long and severe winter, and we may almost assume that that number will be doubled or trebled before we see better weather and an opportunity to earn sufficient money to meet housekeeping requirements. If it is doubled or trebled it means great hardship this winter. To apply this $40,000,000 as suggested will not, I believe, produce the most beneficial results. It is a nice thing to help out and assist those who may almost be starving but is it the proper thing to hand out to the returned soldiers, or their dependents, or those who require assistance, some $30,000,000 or $40,000,000 in the way of charity, because, after all, if you give it in that way it is applying charity? I do not think that is the proper method in dealing with that large amount. Had we not better add to that—and I think this country can stand it—and make it almost equal to the expenditure for gratuities extending the gratuity somewhat on the same principle we have already applied it? That would mean a possible expenditure of $150,000,000 or $153,000,000.

In offering it as a gratuity and not as a charity you encourage the man who is going to receive his gratuity to conserve that which he has and to make an effort to get work and to be earning. When you set aside $30,000,000 or $40,000,000 to be given to men who are unemployed, you are encouraging a man not to be over-anxious to get work because he will say: "If I make my application as being out of work, I will be taken care of and possibly allowed $15 or $20 a week during my unemployment." It has a tendency to encourage men not to be over-anxious about getting work. It would surely be better to hand out a further gratuity. That might be applied in many ways. It would be applied by a man to maintain his family if he were out of work; it would be applied to secure tools, or to start in a small business or in a great many ways especially when the returned man was expecting to receive it in the form of a gratuity. I would not administer it exactly as it has been administered in the past. If it were given in a lump sum these men could use the money perhaps to better advantage.

Mr. MORPHY: In giving gratuities in a lump sum, would the hon. gentleman agree with Mr. Flynn's proposal that all other Government work should stop, that the departments should be abolished and that the soldiers should be allowed to drift?

Mr. FOSTER: No, I do not agree that anything should stop. I think these services should go on just the same, even though you give the gratuity. It will have a tendency to encourage men during the coming winter to seek to get work rather than to sit down and say that there are $40,000,000 or $50,000,000 that is going to be applied to us whether we work or not, and we are not going to be too anxious to get work. By extending the gratuity you will encourage a man to be anxious to get work and in many cases the money will be used by the returned man to purchase tools, to establish himself in business, or applied in any way that he feels disposed to the best advantage of the person receiving it.

Mr. MORPHY: Would my hon. friend allow me a further question as to the amount of the gratuity that he is in favour of?

Mr. FOSTER: The same amount as has been applied in the last six months under the old system. You now give a gratuity to be applied in instalments over six months, and amounting to $420. I propose to extend that for a further six months by giving them an amount equal to what they have already received. That would, according to our present expenditure for gratuities, amount to something like $153,000,000.

Mr. COOPER: As the gratuities are graded according to length of service, some men are getting a gratuity for three months, some for four and some for six months. Would you apply the gratuity for three, four, or six months?

Mr. FOSTER: I would apply it for three months, if a man was out of work, say, in January, February and March. This would get you over the severe part of the winter.

Mr. LOGGIE: Is that charity?

Mr. FOSTER: No, that is not charity. It is something that I feel the returned soldier is entitled to, and I think we can very well afford it. I would like to make some suggestions later along that line. I believe that we might receive a large amount of revenue in addition to what is necessary to carry on the work of the Government.

I know that in presenting their applications to the committee, one section of the Great War Veterans suggested that the man who went to France should receive $2,000, the man who went to England $1,500, and the man who remained in Canada, $1,000. The payment of these gratuities would require a very large amount, which I think was estimated at $800,000,000. We all feel the country cannot afford to make such a huge expenditure as that. Another branch of the organization were a little more modest; and were not disposed to make such an extreme demand; what they asked for was considerably less but it would perhaps total three or four hundred million dollars. Still another branch of the organization were even more modest in their proposition which would have involved the payment of a lesser sum than would the second of these other requests. I am yet more modest in my views than either of these three, and I suggest that we can afford to repeat the gratuity that we have already granted. The Great War Veterans object to the grant which has been recommended of some $40,000,000, and personally I do not think it should be applied in the way proposed, because it appears to be too much like charity. I think that after paying due regard to all the facts of the case, and duly weighing the views of the various members of the House and the suggestions they have advanced as to how the needed revenue might be raised, it is

not unreasonable that we should give the extra gratuity. It is better to do that than to have our veterans walking the streets and asking for charity. If we allowed that condition of affairs to prevail it would be a calamity and a disgrace to Canada. I think the Great War Veterans deserve better of this country than to be handed out anything that would have the remotest resemblance to charity. I think Canada should pay to the extent that she is able to do, and that it is possible for her to find the necessary funds for the purpose. A great many people advance the argument that Canada is not able to pay any further gratuity. According to the report of the committee which is now before us it was thought $35,000,000 would be the limit; but after second thought, and without any serious investigation on the part of those concerned, this amount was advanced to $50,000,000. If it was possible to make this jump of a few millions so easily without further investigation, it is possble to agree upon $153,000,000 and give the soldiers another grant equal to what they have already been receiving.

It now becomes my duty to advance some suggestions as to the sources from which we might derive further revenue. Those suggestions may not appeal to members generally; and though from some sources the revenue yielded may appear to be small yet in the aggregate they will yield a very large amount.

First, I would apply a special tax on all farm lands throughout Canada.

Mr. MORPHY: Does the hon. gentleman say "farm lands?"

Mr. FOSTER: Yes, farm lands of every description. We have not made very severe demands on the farming community in Canada for means to carry on the war. We have not, hitherto, levied any very special tax on that community—in fact I think they have escaped almost scot free. We know that by reason of the great demand for farm products the farming community have realized many millions of dollars, so that if, for this purpose, we should make a levy upon the farm lands of the Dominion, no complaint could be raised by the farmers themselves nor even by the landowners.

Then I would suggest the imposition of a special tax on all automobiles in the Dominion. It may be said that we have already imposed a large tax on automobiles. Each province has levied a tax of a considerable amount; but the Dominion should also levy a special tax to help to meet the soldiers' demands and it might be collected through the provinces in the same way as the city collected for the provinces the special war tax which the latter demanded. The revenue for this purpose might be collected by the provinces and handed over to the Dominion. We know that there are hundreds of thousands of automobiles throughout the Dominion, and that the province of Ontario is deriving almost $2,000,000 a year from this source. If we applied a special automobile tax throughout the whole Dominion, it would produce a very considerable revenue.

Then I suggest a special tax on all luxuries and I would begin by taxing theatre chairs. There is already a tax on tickets of admission to theatres, and the Provincial Government has a special tax; but when we consider that in the large majority of theatres, such as vaudeville and picture shows, one chair is occupied perhaps several times in the course of the day, thus producing a revenue of $4 or $5 per diem, and how enormously these theatres are patronized throughout the Dominion, we realize what a large revenue can be derived therefrom.

I would also propose a special tax on all steamboats. I am told that this is a very remunerative line of business, from which a revenue of millions of dollars is derived. There are many hundreds of them in operation throughout the country and a special tax on steamboats would also yield a very large revenue.

A further suggestion I make—one which I proposed to the city of Toronto but which they did not adopt—is to impose a tax upon all bachelors in the Dominion.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Oh, oh.

Mr. FOSTER: We know there are many thousands of bachelors in this country and they are not burdened with the same responsibilities as married men. They earn good incomes and ought to contribute towards carrying on the work of the State and meeting the demands of the soldiers and their widows. If they object to paying the tax, they can marry some of the widows. In that way they can assume some of the existing responsibilities and take charge of a number of the orphans.

Then, a special tax could be levied upon all aliens in this country who are earning large amounts; a tax of this kind should yield a large revenue. I suggest also a special tax on all high grade teas; a special tax on all fancy sugars and high grade candies; a special tax on all timber limits;

a special tax on all gold and silver mines; a special tax on all iron and coal mines; a special tax on all horse power of electricity developed.

These are a few suggestions that I have in mind by the adoption of which a large revenue could be secured without serious injury to any one. On the contrary, the persons subject to the tax would be doing the right thing as good, loyal Canadians and showing their appreciation of what the soldiers have done for Canada and for the Empire.

Mr. MORPHY: May I ask the hon. member a question by way of elaboration? He says that he would levy a special tax on all farm lands. Would he not apply the same principle to cities like Toronto, Montreal, Hamilton and London and other large centres? Would he not tax city property as well as farm lands?

Mr. THOMAS FOSTER: Yes.

Mr. MORPHY: The hon. member would do that?

Mr. THOMAS FOSTER: I agree to that, yes.

Mr. MORPHY: The hon. member did not mention that; I thought he had overlooked it.

Mr. THOMAS FOSTER: Not at all. The hon. gentleman probably has it in mind that the people of Toronto, the city which I represent, would resent my approving of a levy on property in that city. I think that the people of Toronto or of any other loyal city in Canada would not object to the levying of a tax upon properties in those cities as well as a tax upon farm lands throughout the country.

At two previous sessions I drew to the attention of the House a source of revenue, an opportunity of raising a large amount of money without hardship—indeed, from people who, I am sure, would have a perfect right to pay. If we had put that plan into operation at the time that I suggested it, we would have raised hundreds of millions of dollars and thus met every demand that has been made by the Great War Veterans. We had in this country during the war hundreds of thousands of aliens, who were earning five, ten and fifteen dollars a day, year in and year out. They were all well-to-do, some of them wealthy. As I stated on that occasion, many of them were carrying belts containing thousands of dollars. What has occurred since I made that statement? The war is now over; the munition factories have closed down and these aliens are leaving the country in thousands. I noticed only a few days ago that in New York city some six thousand aliens were anxious to get transportation across to Europe, and it was said that these people were taking back to their own country many millions of dollars—I forget the rough estimate that was made of the amount. There was an opportunity that we had, but we were too slow or too indifferent or too sensitive to apply to the alien these methods of raising revenue. The alien would not have objected, because he was making enormous sums. He was not living extravagantly; he was living economically, saving a very large proportion of his earnings. You can appreciate the many hundreds of millions of dollars that went out of Canada to these foreign countries. These sums will, of course, go to help build up these foreign countries, at the expense of Canada and at the expense of our Great War Veterans.

Mr. LALOR: How would you propose to collect that tax?

Mr. THOMAS FOSTER: Through the employer. If an employer had ten, fifteen or twenty-five aliens in his employ, or whatever the number might be, the employer would collect the tax levied by the Government and hand over every month a cheque for the amount that he had collected.

Mr. MANION: Would the hon. member limit that tax to enemy aliens, or would he have it apply to all aliens?

Mr. THOMAS FOSTER: I would apply it to all aliens who I would consider had a right to contribute to the State.

When I make these statements I am mindful of the financial condition of our country; I am mindful of our large debt. But I am mindful also of the great resources of this country. We are carrying a debt of some two billions, and we shall soon be adding to it another billion. But as against that we have the resources of Canada. We know that millions can be made out of the resources of this country if the Government is alive, alert, up-to-date and progressive and develops them. The resources are here; the wealth is in the country; it is simply a matter of the Government becoming resuscitated, adopting a vigorous policy and spending large amounts in the development of these great natural resources.

I do not see any reason, therefore, why this matter should not stand in abeyance, possibly until after the session, and have this committee, or another committee to be appointed, go into the matter further with a view to seeing what amounts can be raised through the development of our various resources in order to meet to some extent the demands of the Great War Veterans for a further gratuity.

At one o'clock the House took recess.

The House resumed at three o'clock.

MEMBER INTRODUCED.

John Wilfred Kennedy, Esquire, member-elect for the electoral district of Glengarry and Stormont, introduced by Mr. J. F. Reid and Mr. F. L. Davis.

COMMITTEE ON SOLDIERS' CIVIL RE-ESTABLISHMENT.

DEBATE ON CONCURRENCE IN REPORT OF THE SPECIAL COMMITTEE.

Mr. WILLIAM FINDLAY MACLEAN (York South): Mr. Speaker, I wish to confine myself in the few remarks that I may make, to my own opinions on this subject. I have read with a good deal of interest and care the report made to the House in regard to this question of the re-establishment of the returned soldier. In the first place, I think it is one of the best parliamentary reports that I have seen—and I have seen many of them—and I wish to compliment the hon. gentlemen who drew it up for the logical way in which they have presented their case, for the consideration which they have given to the matter before them, and for the painstaking manner in which they have applied themselves to the consideration of the evidence on the question. Yet when I say that, I must also add that it has all the marks of a report of the chairman and directors of an incorporated company to their shareholders. With all the ability in it and with apparently the desire on their part to be just in their report and in their recommendations to the House, their report seems to lack the one human element of consideration and the fullest recognition of the services of those men who fought the battle of this nation and of humanity, and who did their full share in achieving the triumph of democracy. There is not that human touch, that human recognition that, to my mind, ought to be in a report of this kind. It is methodical; it is far reaching; it can be justified; it is logical; but it is not quite the parliamentary recognition that ought to be shown, and to-day is the testing day of the recognition by Parliament of the sons of this nation who took part in this war, who risked their very lives, and many of whom made the supreme sacrifice. It happens to be my fortune—and it is only by accident—that I come from a riding that represents the growing portion of the metropolitan city of Toronto. For nearly thirty years now I have been identified with that riding. That riding, so far as I can gather, has sent more of its sons to the front, and has sustained more disasters than probably any other constituency in this country. I do not say this in any spirit of boastfulness. In the suburban section of the city of Toronto and in the township of York you can go from one little mission church to another, and you will see in each an honour roll of those whom they have sent to the front and of those who will never come back. In each one of those churches you can see at least 100 names on that honour roll and often more than thirty or forty names of those who have given up their lives for the noble cause they went overseas to uphold. That riding has another characteristic, and it is its intensely British character. I have been at public school gatherings in that section where I have seen the master ask the children to stand up in two divisions, He would say to them: "Will all the children who are not Canadian-born citizens stand up?" They would stand up, and then he would ask those children who were native-born to stand up, and those who were born outside of Canada were in the majority. You would hardly find that in any other school in the country, but you find it in many of the schools in that section. The constituency that I represent has made great sacrifices, and I am trying to voice the views not only of the people of South York, but of the people of the city of Toronto and vicinity in regard to this question. I recall the first winter after the war and the distress that followed it—and I saw a good deal of that—and the beginning of recruiting. I went to recruiting meeting after recruiting meeting, and I spoke on the platform, as many other hon. gentlemen did in their ridings. We asked the young men to join up, and I was at meetings where the presiding officer had a bell, and as each boy came up he rang the bell. I was at meetings in that locality where over 100 boys came forward in one night within an hour and a half and registered to go to the front.

I also recall that in the last election I appealed to the people to support Union Government and their policy in regard to

the war, and especially for support, as we all appealed for support, for the boys who were at the front. I appealed time after time to the voters of that constituency and especially to the women, who had then been enfranchised, and to the relatives of those who were at the front to give me their confidence, and I never hesitated to say that when the boys came back I hoped and trusted that Parliament would recognize the sacrifices that they made, and I prophesied that the recognition would be four-fold when the time came. I never hesitated to say this to the people, and it was an easy thing to win the election there on such an appeal. Some of us in that district had not 5,000, or 6,000, but 8,000, 10,000, or even 16,000 majority. So, coming from a portion of the country like that and going in and out amongst all those people and having made those promises that I made and that I heard other people and the newspapers make, I say that we are bound to show perhaps more generosity than justice, but it is only a matter of justice that we should give some kind of recognition, some kind of help, maybe, in this period of reconstruction which has come to our returned men as it has come to all of us. While I do not condemn the report in any way, I do not want to see the merits of the report—and it has many merits in it—ignored or not recognized. I think in some way there ought to be a little more recognition of the claims of the men, especially as those claims have been set out by the Great War Veterans' Association and their representatives here.

I want to speak of another case in my experience. I went to a leading firm in Toronto, which firm sent many of its employees to the front, a firm which paid their wages all the time they were at the front and looked after their families. This firm employs many women dependent on men who went to the front, and I asked that great firm what their experience was of the men when they came back. I said: "What do you do for them?" "Well," they replied, "every man has his position, and every man has the same pay that he had before he went to the war." I said: "How do they discharge their duties?" They said: "Some come back, and they pick up their work and carry on; many another man does not quite pick up his work; he will work a few hours to-day, and then he will go home and he will come back to-morrow; and some of them do not seem quite as if they will ever be able to take up their work; but we let them stop there and gradually they are getting better and more used to their work, and we say nothing." Many who have come home are not the same men they were before they went to the war. We should try to re-establish them and build them up, and that is only the right thing to do. I come in contact with those men every day of my life; I go in and out amongst them, and I have heard their complaints.

Many of them are far from being fit. They are anxious to be re-established, and while they do not ask for charity, they certainly desire to be placed on a satisfactory basis in civil life; and, in my view at all events, they should undoubtedly be treated with generosity. I therefore trust that the House will take a somewhat broader and more patriotic view of the question and that Parliament will show a generosity commensurate with the noble and stupendous part which our soldiers have played in the interests of civilization. What the Canadian soldiers have accomplished in the defence of humanity and democracy is one of the greatest and most brilliant achievements in history. Their achievement is pre-eminent and will go down in history as one of the chief factors in protecting the world from the menace of a mighty foe. So that when we are called upon to deal with the position of the returned soldiers it is incumbent upon us even to let our generosity be exuberant to the point of overflowing. It is perhaps true that the men are being exploited to some degree, and I have seen them at times worked up to a considerable feeling of indignation in regard to their treatment, more particularly in comparison with the preferred treatment in this country of aliens and profiteers. I have heard that statement made, and there was some reference made in the House this morning to that fact. But even if some of the soldiers do cherish sentiments like this, I say that we shall never make any grievous mistake if we err on the side of generosity and a due recognition of what our brave men have done in behalf of the cause of Canada and humanity at large.

Now, the question is asked, where is the money to come from? Every business man and every member of the House, Mr. Speaker, in approaching a question of that kind must begin with the consideration of ways and means, and the solution of the two great problems that confront us, namely re-establishment of the soldiers and reconstruction, is absolutely dependent on that question. I compliment the committee on the exhaustive resumé they have given of the financial condition of the

country, and their suggestion that every care and prudence must be exercised in administering our finances. Still, Mr. Speaker, there are new sources of revenue that have not yet been tapped in this country, and I listened with much interest to the suggestion of my hon. friend from East York (Mr. Foster) in regard to new forms of taxation that might be instituted, the confiscation of unjust profits, taxes on land and taxes on some of the resources of the country. I believe that Parliament at its next session will have to go into the whole matter of our finances and devise new sources of income in order that we may be able to discharge our commitments, which are many and growing. While I have no very great suggestions to make now, in the closing days of this session, I am convinced that Parliament will have to revise the whole fiscal policy of the country from the bottom upwards and find a greater income to meet our obligations, and probably at another session I may be imprudent enough to attempt to proffer suggestions in this direction. At the present moment, however, I do see sources of income that could be tapped to pay a portion of our debt and re-establish our men. I shall make no personal references to-day, but in the early days of the war I stated that Canada had the richest store of metal resources to be found in any country on earth. It possesses the richest band of mineral wealth in that thirty-mile range in the Sudbury country, rich in nickel, in gold, in silver, in platinum, in paladium and in fact in all the key metals. In some way we have let outsiders develop and control that great source of wealth, and I have contended before in this House, and I contend now, that one immense source of income available for discharging our national debt and our obligations to our soldiers can be taken advantage of if the Government will in some way take over or superintend the development of those mines and take a portion of the wealth so produced. Instead of Canadians developing that mineral Eldorado, we have allowed foreigners to come in and exploit it. We do not know to-day, nor has any disclosure ever been made to the people of Canada, as to the extent of the mineral and metal richness of these mines. We do not know how much platinum has been taken out of them and reduced and refined in the United States and in Great Britain, but my belief is that millions upon millions in money of the platinum that went into the war came from Canada, not to mention millions in silver and gold, and especially in nickel. Now, nickel is the key industry of the world, and the world is going to be reconstructed largely with nickel steel. We have nickel in this country that can supply the world. Indeed, I think we have a monopoly of nickel and some other metals, and if we but realize how valuable they are and controlled them, as the nation should control them, there would be an enormous source of revenue for our requirements. The British authorities have declared that hereafter these key industries must be held in trust for the Empire, and if we take over these immense nickel resources in the Sudbury country and see that there is a fair distribution of the output as between those who put their money into these mines, our revenue will be largely increased. The same thing applies to many other of our natural resources. We have allowed our water powers and timber limits and other of our natural resources to pass from our control, and immense profits have been made out of them.

Mr. J. A. CALDER: The hon. gentleman is referring to natural resources belonging to the province of Ontario. What jurisdiction have we to control those resources?

Mr. W. F. MACLEAN: On the ground of national protection and safety, the Dominion of Canada has supreme right to exercise some degree of control over these. I admit the provincial jurisdiction to which the hon. minister refers, but through this Parliament I am talking to a nation on a great national issue, and the nation can come forward and control these things. This Government has been requested by the Imperial Government to join with them in passing a non-ferrous law but we have not yet done so. The reason advanced by the British Government was that it had discovered that in some way the control of the country's metals, indispensable to the defence of the Empire, had passed out of our hands. There is a way in which we can deal with the nickel industry. We can put an export duty on all of it that goes out of this country, but as I have said we have allowed this great wealth in nickel to leave Canada. The United States Government, in taxing profits, not long ago discovered in New Jersey a refinery for what is known as matte. This matte, which is the raw form of the first reduction of nickel ore, was seized, and in a few days the United States Government had a check for three and a half million dollars which should have come to Canada. Nobody knows how much one firm in

England has made out of nickel ore that was exported from Sudbury to England and refined there. Well, we could have taxed all these things. We could tax even the export of our timber product in this country if we thought fit although it would possibly be a provincial and not a Dominion concession.

I am not going into a discussion with my hon. friend the Chairman of the committee (Mr. Calder), to whose careful attention we largely owe this excellent report, as to new sources of revenue. But, there are sources of revenue which can be called on in a condition of affairs like the present. We have to find a way for availing ourselves of these sources if we are to undertake the duty of the reconstruction of the country and the re-establishment of our soldiers.

At the present time we are going farther into debt; we are not getting out of debt. We are putting out one loan after another, we will have to put out another and after that probably another and another. It comes down to a question of ways and means. While it may be said at present that we have not the ways and means we have to find them.

I was very much impressed by the excellent speech by the hon. member for West Peterborough (Mr. Burnham) and particularly with his proposal for a soldier bond loan. I believe the patriotic people of Canada will subscribe to a bond loan for the purpose of discharging our dues to the soldiers and providing for their re-establishment. I believe it would be a most popular appeal to the people to say that we were going to raise money on a soldier's bond to pay them off.

What will be the commitment? I have talked to some of the representatives of the veterans and the reasonable ones that I have seen come down to probably a $200,000,000 proposal. I want to say to this House and the country that in view of the present condition of affairs greatest and the best settlement of that debt of ours to the soldiers will be a quick clean up. We will get a quick discharge of the debt and it may be for a comparatively small sum. Let us try and get it closed up. It will not pay the debt but we may get a receipt for a $200,000,000 expenditure now and next year that will close up this claim. Otherwise Parliament will be approached year after year just as the American Government was assailed for thirty years after the civil war in regard to pension claims. It cost them an enormous sum. These claims will be coming up and if the Veterans come forward, as I understand they have come forward, with a second proposal, which I believe they will produce if the committee asks for it, we will get the thing closed up and then we will be able to give our attention to the reconstruction of the country at large.

While I do not wish to be taken as in any way discrediting this report, and while I give every credit to the committee who drafted it, I think they ought to find a way, if it be possible, to re-consider it in some directions in an effort to meet the views not only of the men but of the people of the country at large. I know that we are all here as trustees not for the soldiers only but for all the people. Perhaps it is an easy thing for me to talk as I have talked here to-day, because more soldiers happen to be resident in the riding I represent than in some other ridings. I think I am speaking fairly for the community that I represent, and that they will not be dissatisfied with Parliament if it tries to make a quick clean up of this question by giving a more generous vote this session. The committee has already increased the amount, as was pointed out a few moments ago. If they would make that vote a little more generous this session, make it rather an addition to the gratuity with perhaps a concluding vote next session——

An hon. MEMBER: Oh, oh.

Mr. W. F. MACLEAN: My hon. friend may laugh, but it has to be cleaned up. It is not being cleaned up now, and we will have here a recurrence of the demand just as they have had a recurrence of the demand for pensions in the United States thirty years after the Civil War. Let us try and get a discharge. I believe that the whole people of Canada will approve of Parliament looking at this question in a broad and generous way, rather than as trustees exercising a trust. There is something more than trusteeship; there is la patrie reconnaissante, the recognition of the country for valiant service well rendered. I do not know how to express it, but the debt has got to be discharged, or else, as one hon. gentleman said this morning, we are not made of the same kind of stuff as those sons of ours who went to the front and fought for us. That is the underlying thought in the minds of the Canadian people. We have to be generous with these men even if it may be said that we are extravagant.

I do ask the House to acquit me of any charge of popularity hunting because I have

stood up to-day and made the suggestions that I have made. This is not the end of it for me. I have already engaged myself to go to a dozen meetings in South York and explain to the rural branches of the veterans the attitude of Parliament. Perhaps I may not come back; I do not care what they do to me so long as I satisfy my conscience that I have acted justly and generously. They may think that I have been wrong or that I have not treated them fairly—they will have their opportunity of looking after me at the elections which may come to-morrow or next year, and if they do not want me they can choose some one else who they may think will better represent them. I am trying to speak for all the people of South York and perhaps for a large section of the metropolitan district of Toronto. When I do that I do it without any "safety first" movement on my part, or without doing anything unfair to my fellow members. I know what a trying question this is to every one of them. I do it as one who would like to see us get rid of this question and get rid of it by a generous recognition of the men while at the same time not increasing to any extent the debt of the country.

Let us find new sources of revenue to tap, and there are new sources that are available, and that is a point I commend to the consideration of the Government. If they do that, they will find a way out of the difficulty and will find the people backing them up in taking a more generous view of the re-establishment of the soldiers of Canada who were at the front.

Mr. W. K. BALDWIN (Stanstead): It has been my good fortune to meet a good many returned soldiers who have been at the great war, and, generally speaking, I have found them very fair-minded men. I have, in nearly every instance, found them to be all that one could expect. There are very few but take a broad national view of their own condition and the conditions of this country. They say that more than fifty per cent of the returned men are in no imperative need of money at present and that with respect to fifty per cent of the balance the same thing is true. But there is an element—foreign-born, so to speak, not Canadian-born—that are agitating for this flat rate gratuity of $2,000. Now we have got to deal with this matter in a businesslike way. We had the statement yesterday from the Minister of Immigration and Colonization (Mr. Calder) that this country is greatly burdened with debt, and that it is almost impossible to grant a cash gratuity to these soldiers. The hon. gentleman (Mr. W. F. Maclean) who has just spoken, tells us of the national resources of Canada and he also tells us that we must get rid of this question. Well, it appears to me that we are going the wrong way about it. Every prudent man in this House knows that it is the lot of the young men to work and to lay by something for a rainy day and for old age; they should not spend at once everything they can get hold of. If our young men do not become thrifty this country will never emerge from the slough of despond in which we are at present labouring. It has been urged that we should resort to lotteries and Sunday theatres and derive money from these sources in order to help the returned soldier. Such things would be analogous to the bull-fights and the cock-fights peculiar to Spain and Mexico. Spain reverted to its senses some years ago and stopped the practice. Mexico has not changed its national pastime. It indulges in bull-fights and cock-fights on holidays and on Sundays, varied occasionally by the people fighting each other. Surely we do not want in this country of abundance to let the devil rule until Hell shall reign triumphant.

Mr. ERNEST LAPOINTE: Hear, hear.

Mr. BALDWIN: Such a procedure is wholly repugnant and wholly impossible. We also hear free traders talk of raising the tariff in order to secure the necessary additional revenue. Last night in this House a free trader advocated putting on more Customs duty for this purpose. It occurs to me, as I have already said, that the young and vigorous among our population should look out for old age. When the wisdom of a thing is demonstrated beyond the possibility of a doubt, why not adopt it. The great United States has adopted the principle of insurance for its soldiers, and in the case of every one of its soldiers who went abroad to fight in the great war a portion of his pay was set aside to meet the insurance premiums. On returning to their country they were given the privilege of taking insurance from among some four or five different systems. The Government is very insistent that they should do that; in fact, they are sending men around to search out the soldiers and get them to adopt the plan. Now this is a policy which seeks to induce the young soldiers to set aside some portion of their earnings for the coming rainy day. Already the United States have built up a big reserve in this insurance department consisting of many

million dollars and the returned soldier is adopting the course urged upon him. The payments are as low as $15 per thousand and $10,000 is the maximum they are asked to insure for. Why is not this country pursuing the same policy? It has had two years to ponder over the matter and we might just as well have followed the example of the United States. Had we done so we should now have a reserve lying in the Government's treasury to pay off the insurance risk as these soldiers die.

In this country we possess a great domain. We have no surplus funds available and yet we have very great interest payments coming due. In regard to the Victory Loan we notice it is difficult to get people to subscribe to it. I am not speaking advisedly, but it would appear from the Canadian press that the organizers of that loan are having a job to get subscribers.

Mr. W. F. MACLEAN: The loan will amount to double the amount we are asking.

Mr. BALDWIN: I should be very glad indeed if that should prove to be the case. Personally, I subscribed very much more than my circumstances warrant. I repeat that we have an enormous public domain. Take our great northern territory which is somewhat analogous to Alaska. The United States are developing Alaska and this country is yielding billions more money than were paid in millions for it. If Alaska is so wonderfully rich in natural resources, our own northern territory, which is only divided from it by an imaginary line, must be equally rich. Now we all admit that the returned soldier should be reimbursed and well reimbursed for the sacrifices he has made in helping him and his dependents. Why not, even if we have to go beyond the surveyed territory, allot a portion of land to each soldier who is willing to go? Let him take a certain acreage of land and become the pioner and colonizer in that new country which we are desirous of settling to-day. Too many of our population are segregated in the cities and towns of this land. What we want is to get more people on to the unoccupied lands and we should permit the returned soldier to locate in that country if he wishes to do so. If he goes beyond the surveyed regions into territory that is unsurveyed, make him a grant of land and let him select it for himself. If he should tumble on a fine water power or strike a mineral deposit, do not take it away from him. If he had the grit and the gumption to grubstake and develop it, possibly living in a dugout or shack while doing so, let him reap the advantage of what he may discover. I would favour that system of rewarding the soldier but as for making a cash grant it is beyond our capacity. There is no question, but the appalling stupendous debt of this country is discouraging—I feel it is discouraging not only to the community at large but Parliament also. New taxation is threatened and we have heard one hon. gentleman advocating a tax on farm lands. That may be well enough for him, but the farmers, very probably within a very short time, will show this House what they think about such a proposition. While I am in perfect sympathy with the soldier and recognize that any one who has suffered physically or mentally should be fairly dealt with, there is this to be borne in mind.

Let us remember that there are more branches than agriculture. If a man is inclined to become a fisherman, let us help him; if he has ambition to engage in scientific research, let us help him. Let us do everything we can for the returned soldier. Every intelligent soldier knows that we are unable to give a further cash grant. He knows that it would put a great burden upon this country if we attempted to secure the necessary money for a further cash grant, for we would have to go into the foreign money market with our dollar only worth ninety-five cents. We should first get our dollar recognized as worth one hundred cents in the American money market, and if every mother's son will work hard and long we as patriotic Canadians will soon show the world that our great national debt is a mere bagatelle. This question can only be grasped if it is gone into in a businesslike way, and we must so approach it, and in a spirit of patriotism so guard our great heritage that our soldiers will be thankful for what we have done.

Mr. W. F. COCKSHUTT (Brantford): Mr. Speaker, I recognize this as being a serious and a somewhat dangerous question for a public man to express his opinions upon, but I do not feel that I would be doing my duty to my constituency or to my country if I failed to make a few remarks upon what I deem to be this very important question now before the House. The report of the committee, as has been said already by the member for York (Mr. W. F. Maclean) is a very excellent document in many respects. I had strong sympathy with the committee in the work they undertook, and reading the names of the

gentlemen composing that committee they inspired me with confidence that they would try to arrive at conclusions that would be safe and sound and in the interests of the soldiers and the country. I hope, however, I will not be considered unkind or ungenerous if I say that I am not in full accord with the findings of the committee. Of course, as the father of three soldier sons who have served at the front I may be accused of desiring to see them obtain some further advantage at the cost of the country. If any hon. member holds such an opinion, Mr. Speaker, I hope he will disabuse his mind at once, as I would be quite content, and these young men are quite content, not to ask for a single further dollar from the country, although I may say that those boys are not in the same condition as they were when they went overseas, the result of their combined service of eleven years partly at the front. I only make that personal explanation, Mr. Speaker, in order that I may not be accused of speaking from any particular angle or with a desire to arrive at any other than a just conclusion in regard to this subject.

The committee have gone into the matter very fully, having summoned evidence from a good many quarters. I have not had time to read the evidence, nor have I fully read the report as I should have done. But the minister (Mr. Calder) gave an excellent analysis of it yesterday and I endeavoured to follow him as closely as possible. Judging it as best I can from the standpoint of the business man and the layman, Mr. Speaker, I am rather forced to the conclusion that the committee has given too much attention to proving the financial inability of the country rather than to showing the duty of the country to the soldier and to his dependents. That, I think, is a serious defect in the report. I do not believe that we have raised the last dollar that can be raised. If I did so believe I would not have voted for a good many of the projects that I have supported in this House.

The war just concluded was the greatest war of all the ages, and the problems it has left behind are just as great as those which confronted us during its progress, and we have to treat those problems on as noble and generous a scale in these early days of peace as in the trying days of war. Canada took one of the leading parts in the great war. On every platform we have boasted of the splendid qualities of our soldiers, and when the war was concluded there was no better fighting unit in Europe than our Canadian army corps. Our soldiers then having established our prowess on the battle-field, I trust that we who remained at home are going to be equally capable in grappling with the questions that have come to us by reason of the war. I am not quite sure yet, Mr. Speaker, that we have reached the full measure of our self-denial. I am not sure that we have denied ourselves many of the luxuries of life that we from day to day enjoy, and as a man who condemns himself just as much as I condemn any of my fellow members, I say that if it is necessary in the opinion of our volunteer army that went overseas that Canada has not been generous enough to them, I trust that we will yet show our soldiers that if we err in any direction we are going to err on over rather than on under payment to them. It is true that the sacrifices our soldiers made cannot be rewarded by dollars and cents. Every man knows that. The trials that they endured on the battle-fields, sleeping in mud and water and fighting night and day, were such as no money can ever adequately reward; but we must remember that it was only by their noble generous spirit that they came through triumphant at last, and, Mr. Speaker, if we are going to "carry on" in a manner worthy of their magnificent efforts we must dig down and entrench ourselves, so to speak, in the resources of this country in such a way that those men who have come back may not suffer any disadvantage in re-establishing themselves in civil life.

I have not been bothered in any degree by the five thousand soldiers in my constituency, and I have only had about one telegram and one interview with eight or ten of these men. Whether they know my views and that I am not easily moved, I cannot tell, but they have not endeavoured in any way to influence me in the course which I shall take in this debate. Therefore I feel free to express my views as a citizen and as a man who is in full sympathy with our soldiers. I have boasted on many a platform that the treatment that Canada has handed out to her soldiers is the finest that has been accorded by any country in the world. I think that is true now, but it is not quite as true as I thought it was in one or two respects. I am told that Australia has exceeded us in payments to her troops for their services overseas.

I understand that that is the case to-day, though I believe it was not the case when the war began. But whether that is the case or not, it will not have the effect of

influencing my desire to meet the views of the men. I say, therefore, to the committee—and I say it without any desire to criticise adversely what they have done—that I regret that they have not viewed the question from a little more generous angle than seems to be indicated by the report.

The programme laid down in the report will entail an expenditure of about $50,000,000, in addition to what we have already spent or voted. I have looked over the figures and have endeavoured to study them. Of course, it is not easy to understand all that has been done. The minister, in his long and very exhaustive report yesterday of the work of the committee, set forth in detail a great deal of what has been spent and a great deal of what has been done. I think that in all about $350,000,000 to $400,000,000 is what we have spent. As I have said, this was the biggest war of all the ages. More men were engaged in it than were ever engaged in any previous war, and the problem which faces us following the conclusion of the war is correspondingly large. Some gentlemen have taken into consideration in this regard such wars as the Fenian raid, the South African war, and the like. These, important in themselves, were a mere bagatelle compared with the great conflict which recently ended. We must learn to think generously, in proportion to the vast enterprises in which we have been engaged. This war was the vastest enterprise in which the world ever engaged, and it is unreasonable to expect that within this generation all the liabilities incurred as a result of the war can be discharged. This war, after all, was not only for the present generation; it was for all generations for all time; it was for the security of humanity and civilization in the generations to come. It is unreasonable, Mr. Speaker, to suggest that the whole of the load which has come upon us as a result of this immense struggle should be wiped out by this generation. I do not think it is possible; I do not believe it is desirable. It is but just that posterity should pay some of the cost of this great war. This generation has lost what is far more precious than money; it has lost much of its best flesh and blood, which cannot be replaced within many years. That, of itself, is a great loss to this generation. Moreover, our resources have been more or less depleted, and we have piled up a debt of about two thousand millions. But that is not a crushing load for a country with the resources of Canada. That is not going to weigh us down forever. With wise management; with a proper development of our resources; with a continuance of the busy industry of the intelligent citizens of our country, we can wipe out that debt at an early day if we find it necessary to do so. But as I have said, I do not think that is necessary, nor do I think it wise to attempt it at this time.

I do not want to go into the details of this question, I simply want to make a few suggestions. To my hon. friends opposite I suggest that this is too serious a question to be made the basis of an effort to make political capital. The quiet way in which our friends on the other side have conducted themselves to-day shows conclusively that they are of that view, and I am glad that that is the case. Moreover, Mr. Speaker, this is not a time for personalities. I hope that the debate will from now on be free from anything of that kind. We may have strong views on a question of this kind, but there is no reason why the House should lose its sense of dignity, or why hon. members should indulge in personalities. If anybody has a criticism to make of any of my remarks I hope he will make it; I shall be prepared to receive it. In expressing our views upon a question of this kind we should all strive to consider the matter seriously and earnestly; we should use only those words which we think will throw some light or some information upon the question at issue.

I have said that I regard the proposal of the committee as insufficient. They propose a programme involving, in round figures, an expenditure of $50,000,000. I will set off with a proposal that they multiply that by six and lay out a programme involving an expenditure of from $250,000,000 to $300,000,000, which is less than half the amount involved in some of the extreme calculations which have been made.

I want to say right here of our soldier body that they are intelligent, wise, sound men as a whole, although a few agitators have crept into the ranks who do not desire or do not try to lead their fellowmen in the right direction. I hope our soldiers will see to it that they follow only those who have the true interests of the soldier at heart, and that they be not led by agitators or by any who seek to serve political or other purposes not really conducive to the best interests of the soldier. The soldier body has so good a record in the war that it would be a pity for them to spoil that record now, by allowing themselves to be

unwisely led or by acting injudiciously. So far they have conducted themselves like men, and I believe that if we do our part they will continue to do theirs.

Many of these men, Mr. Speaker, feel that they have grievances against the Government. Rightly or wrongly, they are impressed with that view, and it is our duty to look into this thing in a sympathetic way and try to solve the problem in the honest way that the soldier would have it solved rather than err on the side of being ungenerous. I would rather be guilty of paying five dollars too much to a soldier than of keeping one dollar from him; and it is from that point of view that I approach this question.

I recommend, therefore, that either now or at no distant date we lay out a programme that we think is fair and which has due regard to the soldiers' own requests. I do not think it is too much to say that the soldiers should have a good deal to say about this. They are the ones most concerned; they and their families
4 p.m. are the ones who have suffered most, and they are in many respects the best people to judge of what they require to put them on their feet again. I would, therefore, listen very closely to the statement of the requirements of the soldiers as placed before the committee by the war veterans themselves. I think that they have some good, sound leaders. I had not the pleasure of hearing very many of them, but I believe that some good, sound advice was given to the committee by some of the soldiers' representatives. I would set out, therefore, with the idea of trying to meet the soldiers' views as far as possible, and having in mind the suggestion that it is better to err in the direction of over-generosity than in the direction of being penurious. I know that the committee have acted in the very best of good faith; and I know that they have tried to be ultra-just to the country and to safeguard the interests of the people as a whole. I know that that has been in their minds from start to finish, and I do not for a moment criticise them. But I believe that a programme involving $250,000,000 or $300,000,000 would not stagger the country or cause any very great ripple of excitement from coast to coast.

Having decided that we can face a programme involving from $250,000,000 to $300,000,000, I would, in the light of the request of the soldiers themselves, proceed to ascertain what that amount could best be devoted to. I have jotted down two or three things that I think might receive further consideration.

First, the widow and dependents. I would do a little better for them than anything that has already been done, generous as it may appear. The cost of living is high. The difficulties are great in maintaining a household, even if one has plenty of money, and the ones who have not very much money have a big problem on their hands in endeavouring to supply the needs of a family in these days.

Then, the aged mother should have very great consideration. I am not sure, but I do not think that she has received the consideration at the hands of the House and of the country that she should have received. And this should apply not merely to the aged mother; it should apply to the dependent mother, even if she is not very old, whose son has died for his country. Surely it is not too much to give her what will keep her fairly comfortably during the rest of her life, which will not, at best, be very long.

Mr. COOPER: She is pensioned.

Mr. COCKSHUTT: Yes, she is pensioned; but I am asking for a little more in both those respects, for the widow and dependents and for the aged mother. Then I ask more for the man who is totally disabled. I have in mind two or three cases of men in my city who, although they are considered to be fairly generously treated, are, I know, not getting what they should get. One has tuberculosis, and the other has undergone about twenty-five operations. He has had the side of his face shot all away, and he is a patched up man who has gone through untold agony with heroic fortitude. I just mention those two cases in order that the House may appreciate the remarks I made a moment ago, that you cannot overpay, yes, that you cannot pay at all as they should be paid, the services of men who have suffered in that way. It is in that light that I would approach the subject of the totally disabled. I do not think they are getting enough, nor that their families are receiving sufficient consideration.

The widow of the soldier who was killed overseas should receive the gratuity that the soldier would have received if he had come home in a more or less disabled condition. I do not think that is being done. Then I believe that all the soldiers who themselves are in many cases relieving the wants of others, because I am informed that in our own War Veterans' Association in

Brantford several thousand dollars have been handed out by the veterans themselves to chums whom they knew to be suffering, should not be allowed to do that work. We should do it from the coffers of the country, and I believe all those and more can be taken care of. Therefore, I should like to see this committee or some other committee undertake in the future a programme of a more generous nature than the one outlined, although this one may do as a temporary expedient. I am not going, at the present time, to say that I am going to vote against it; until I see something that is better, I reserve an open mind upon that. Some hon. members will say: Well, how are you going to get the funds for all this? For once I am going to astonish the House by agreeing with the hon. member for Peterborough West (Mr. Burnham). A soldier loan will be the solution of the whole question, if I do not miss my guess. If this committee will formulate a programme something like the one I have outlined—and it is a very imperfect one and can be embellished and made much better than the few suggestions I have given—and if they will tell the Minister of Finance that they want $250,000,000 or $300,000,000 to carry out that programme and ask him to put a soldier loan before the country, I venture to say that not one-half the canvassing will be required to get that amount that is being required to secure the present loan, and that is being taken up very well. I believe there will be, on the part of the people of this country, a rush that will astonish this Government or any other Government that goes before the people for such a loan. There is deep down in the hearts of our citizens a feeling that the best we can do is not enough to pay the debt we owe to the splendid men who have been over there, and who have laid down their lives for King and country. In that way you would have $250,000,000 or $300,000,000 as a soldier fund. I would not, I am free to say, pay that out all at once. Let the loan be on the same terms on which the ordinary loans are floated, and if it be not necessary to pay out the whole amount, if the loan is subscribed or over-subscribed, let whatever is not immediately required be kept as a nest egg, because the point so far as I see it is this: Even if you do all that is suggested to-day; yes, if you give the $2,000 of a gratuity to every man, you have not finally got rid of this question. This question is going to be more or less with us as long as this generation lives, and no one must run away with the idea that we are going to settle it all at one gulp, because that cannot be done. Many may disagree with me, but I think I have been in as close touch with the soldier and what is the problem for some of them as most men have. Many a soldier who has come home, feeling thankful to God that he has got back safe and sound, as he says, quite well, and who has taken his discharge, has wakened up a few weeks or a few months afterwards to the fact that he is not the same man as he thought he was. In other words, some disability or some wound that he has had overseas has recurred. I know of cases where men got their discharge and thought they were all right, and in a few months they were all wrong again. The country owes those men a debt, and after all that those men have endured, which was almost more than flesh and blood can endure, they are not the same. Every one knows that if he puts forth frantic efforts to carry through a certain great work, the excitement and vim that he puts into it carries him through for the moment but a few hours afterwards when he begins to rest he finds he is a done-out man, and that is what has happened to many of our returned soldiers. Under these circumstances, I say that this question is going to be with us for a long time to come, and I am propounding now to the chairman and members of the committee a policy which I hope they will take into their kindly consideration. I am putting it forward in the most generous and kindly spirit that I can. I have made these few suggestions on the spur of the moment so to speak, but they have had some consideration from me in times past, and perhaps they will be found to be of some little value in indicating the manner in which we should approach this question.

Mr. CALDER: The hon. member (Mr. Cockshutt), during the course of his remarks, has deal with the possibility of raising, say $250,000,000 or $300,000,000 by way of a special soldier bond issue. He has not touched the other side of the question. We must not forget the fact that if that money is raised, the interest on it must be paid in future, and I should like to get his views as to the manner in which the country is going to raise that annual interest. If I may be permitted just for a moment, I showed yesterday that the annual expenditures of Canada prior to the war amounted to $127,000,000; that those have grown this year to $270,00,000; that we have at the present time commitments

which will in all probability approximate $700,000,000, commitments for which the money must be borrowed, the present Victory Loan of $300,000,000 being part of that; that the interest on that $700,000,000 will be in the neighbourhood of $38,000,000 which, if added to the $270,000,000, makes over $300,000,000. If we issue a further loan of $300,000,000, making a total of $1,000,000,000 within this year, we shall have a further annual interest charge of somewhere in the neighbourhood of $15,000,000. Assuming that what the hon. gentleman says is true, namely, that you could go out and actually get this $250,000,000 or $300,000,000, we must not overlook the fact that that annual interest charge must be met and must be raised by taxation. I for one would be glad to get the hon. gentleman's views as to how we are to secure that annual amount of money that would be absolutely necessary to take care of the interest charge.

Mr. COCKSHUTT: The minister has made quite a speech, and I am not sure that I followed it all. I have had a good deal to do with this Government in the last fifteen years, and I have seen them pay off a great many loans by floating other loans. I do not suppose that we can obviate the same course in the present case. We certainly cannot do it out of current revenue, and I think I made it abundantly clear that it was unfair to ask this generation even to try to pay off the obligations we are under.

Mr. CALDER: What about the interest?

Mr. COCKSHUTT: The hon. minister thinks it is necessary to suggest ways of raising the $16,000,000 that might be required to pay the interest on the $300,000,000 which I propose. Well, I think it would be fair to take a small portion of that amount, not more than, say, a third or a quarter, out of current revenues. Possibly it may not be practicable to take it out of current revenue immediately, but that can be done within the near future when Canada is once more on a normal basis, and when the revenue of the country will take care of all expenditures and leave us a good surplus. I think I have heard the Minister of Finance in the last two or three years declare that there was a surplus over expenditure of anywhere from $50,000,000 to $60,000,000. I have a fair recollection of having heard those figures given to the House. Well, if that is the case in such times as we have been experiencing, is it not reasonable to suppose that if we are willing, as we must be, to submit to heavy taxation for some years to come, we shall have a considerable surplus to apply in the way the minister has suggested? While I would not apply it all on the soldiers' loan. I would apply a fair portion of it in that direction, which might run from two and-a-half to five million dollars per annum. In proportion to the amounts we have raised, three hundred million dollars is comparatively small. We have been accustomed from time to time to float one loan to pay another, and we shall have to do that in the future with regard to railways and many other undertakings in the country. Every one knows that we cannot pay it out of current revenue, and I do not think it is expected that we should. This $300,000,000 could be raised and the interest taken care of. As I have said I do not advise that it should all be paid out at once, but from time to time as circumstances dictate. But we should have it available in order that we might not run any risk of tiring the country by continually appealing to it. I do not know whether the minister feels that I have endeavoured to answer his question, but in my opinion I have made my position fairly clear.

I was going to say in conclusion that whether or not we give a further cash gratuity to the soldiers—and I am not sure that a little further cash gratuity would not be proper; at any rate I have a very open mind on that point—I would be generous and would suggest that we should do our utmost to meet the wishes of the returned men. And if they feel that they need two or three months' gratuity for the coming winter, which is likely to be a rather hard one, so far as I am concerned I would try to put up my share of it and would persuade as many as possible of my friends to do the same. I trust, Sir, that difficulties in the way will not intimidate us, and hinder us from doing what appears to me to be a plain duty. It is easy to conjure up mountains of difficulties and call upon the rocks to cover us and the hills to shield us. But the responsibility rests upon us and we must shoulder it bravely and manfully. I for one want to deal with the situation generously even if I go down in the attempt. As a taxpayer I think I am contributing to the State a good round figure, and I do not agree with my hon. friend from Peterborough (Mr. Burnham) in the view that the money can all be raised out of the manufacturers, because I can tell him that from 50 to 75 per cent of the manufacturers not only have not profiteered during the

war but they can affirm that their profits have been away below what they were in ordinary times. I do not want my good friend to forget that point. I am supporting him on one point, but I want to keep his pride down a little by disagreeing with him on the other.

Mr. ARCHAMBAULT: What about the Dominion Textile, for instance?

Mr. COCKSHUTT: Oh, well, there may be a few odd cases in which no doubt profits have been made, but let me say that the whole matter in this respect is vastly exaggerated. It is done for a purpose, often to inflame one section of the community against another in a very unjust way. But after all is said and done, Mr. Speaker, the number of profiteers, yes, the number of millionaires in this country, is very much smaller than is generally supposed. My hon. friend from Cape Breton (Mr. McKenzie) who is generally very well informed not only in regard to his own position but in respect of his neighbour's, accused me the other day of being in control of millions, and I take this opportunity of telling the hon. gentleman that he has been guilty of very gross exaggeration; and under the circumstances I rather deem it an insult in so far as I cannot "produce the goods."

Mr. McKENZIE: I would be willing to accept whatever the hon. gentleman has.

Mr. COCKSHUTT: Well, I would draw on myself to pay my share of our debt to the returned soldier, and I am not quite sure that my good friend can qualify in that respect. It is true that some members of his family did well, as I know, and I do not want to cast any imputations. I think it is the last thing that should be done in this House. Let a man be judged by his own conscience as to whether he has done all that he could have done in the war. But I think we will all confess that, having done all that we could do and sacrificed to the extent that we did sacrifice, we have not equalled the contribution that was made by the boys who went overseas to the cause for which we entered the war. Now, Mr. Speaker, I have been led aside.

Mr. ARTHURS: Do I understand the hon. gentleman's position to be this, that he would raise the soldiers' loan for the purpose of taking care, first, of the wounded and disabled men in Canada; and, secondly, to provide for necessitous cases that may arise during the present winter, and any future cases for which we should properly care?

Mr. COCKSHUTT: That is substantially the proposal I made. But there were about six propositions altogether.

Mr. ARTHURS: Does that differ from the position of the committee, that we should take care of all necessitous cases for the present winter, with the recommendation that this work should be continued; and also the recommendation in regard to wounded and disabled men?

Mr. COCKSHUTT: It does not differ from the report in that the work I have suggested is provided for therein. But in my judgment it is not sufficiently provided for in the report. I know that a big attempt has been made to do it, probably a generous attempt, but it is thought by the soldiers that it is not sufficient, and I am asking that good and generous though these things are, they be improved to the extent I have proposed. Consideration must be taken of the increase all along the line in the cost of living and of the difficulties that the women encounter in carrying on their domestic arrangements and looking after small children that have been left with them. This aspect of the situation appeals strongly to me, and I cannot over-emphasize it. Mr. Speaker, I am afraid I have been diverted from the closing remarks I was going to make. I hope the committee will take the suggestion I have made into their serious and most earnest consideration, and that they will view it in the light of an earnest and sincere proposal to better the condition of the soldier, who feels that the provisions that are outlined in the report do not go far enough. I would be quite willing to have the committee continue their labours and elaborate a scheme more in consonance with the suggestions I have made. I believe that it is more their duty to report the scheme and point out what ought to be done than it is their duty to provide means for raising the money. If they will come back to the House and tell us that they want $200,000,000 or $300,000,000, then it is the duty of the House and the Government to see to it that the money is obtained, and I am very sure that it can be.

Mr. O. TURGEON (Gloucester): Mr. Speaker, I wish to say a few words on this question before it is put to the vote of the House. I do so on my own responsibility, without dictation or advice and only from a deep sense of my duty as the representative of a constituency that is known all over

the country as having done its duty nobly from the beginning to the last day of the war. I know that it is not the intention of Parliament or the country to claim to be able to compensate the soldiers of Canada for the generous sacrifice they have made in going across the ocean and offering their lives in defence of British institutions. Any sum of money that we can offer, even running into the millions, cannot discharge the debt which we owe to these young men for the noble sacrifices they have made. I appeal to this House, as I have appealed to the people of my own constituency, that we must measure our gratitude to our soldiers according to the means of the country. When I say the means of the country I say our means should not be limited by considerations which might hold good in ordinary times. We have heard high authorities, among them members of the House and the Government saying—in appealing to the young men of Canada—and saying approvedly as far as I am concerned—that Canada would give, not only the last man, but the last dollar, that the Government would do everything possible to win the war, even to placing Canada in a state of bankruptcy. I have shared these sentiments. Now, as to Canada being in such a state of bankruptcy which would operate to prevent her discharging her duty to her soldiers, only forty-eight hours ago this House declared that Canada was not in a condition of bankruptcy. Therefore, I feel that it is my duty to say that something should be done for the returned soldier to meet his legitimate demands. Nobly have they gone, nobly have they come back, nobly have they remained citizens of Canada, and British citizens, and nobly have they endured sufferings which are incalculable and in many cases scarcely realized. We are not to judge of the 400,000 or 500,000 soldiers by the expressions of two or three who have become nervous by reason of hardships suffered during the war.

My hon. friend (Mr. Cockshutt) said that many of the returned soldiers apparently physically strong and who considered themselves as being physically as strong as they were before they went away have come back, after having undergone the test of endurance over there, not the men that they were four years ago. We have had instances of that everywhere. I have had it in my own experience, in my own home, in my own constituency. Therefore, I say that the returned soldier who has been in the trenches in France a year, three months, six months, is not the man that he was when he went over and who did his part with that courage, endurance and determination which was in his body as well as in his heart.

This country is in duty bound to recognize such sacrifice. The millions of dollars that we may vote in this House are nothing at all compared to the sacrifices of these men. It is not a large amount that the reasonable soldier expects, but in the midst of the unrest which prevails in Canada as well as in the United States, Great Britain and all over the world as a consequence of this war, everyone more or less party to it, it is not unnatural to find that the soldier expects that generous recognition be granted according to the means of the country. A grant of $2,500 to each man is not necessary and not desired by the majority. I admit that the committee that has been working on this soldiers' re-establishment have had before them for their consideration figures illustrative of the responsibilities of the people that certainly did cause amazement to them as it did to every citizen of Canada. But let us not say that we cannot discover some means of expressing the sentiment of gratitude that we owe to our returned soldiers.

In the Maritime Provinces, in New Brunswick, in Nova Scotia, in Prince Edward Island, the younger generation, the men from every part of every county of those three provinces, responded to the call as freely and generously as they did from any part of Ontario or the West. They, born Canadians, joined with the British-born whose ambition it was to join the Canadian corps in the West. The young men of these provinces were all Canadian boys, boys of English, French, Scotch, Irish-Canadian and French Acadian descent. Every family did its duty in these provinces according to its ability, so much so that in my own constituency 1,300 volunteers, nearly all the sons of farmers and fishermen, responded to the call of their country. In their generosity they are not claiming to be indulged, but they will appreciate what is done for them and in the measure of what is done for them they will become better citizens and more devoted to Canada and the British Empire. I do not understand that the returned men want to go as far in their demands as has been suggested by my hon. friend, the supposed millionaire from Brantford (Mr. Cockshutt). I have before me the suggestion of Mr. J. W. Margeson, who places the total amount at $200,000,000, so that $100,000,000 more than we purpose to vote by this legislation would

make a fair distribution with which soldiers generally, whether farmers, fishermen or industrial workers, would be contented and which they would accept as a final recognition on the part of Canada.

The committee favours the appropriation of forty or fifty million dollars for the purpose of meeting some of the soldiers' demands. Why not add to that $150,000,000 which would bring the amount near the total suggested by the Mr. Margeson. Then I claim there would be enough to satisfy the soldiers and put an end to the unrest which now exists among them. We have to consider that unrest; it has been engendered by a spirit of fervid devotion to our national interests and therefore we cannot afford to treat that sentiment lightly. The Minister of Immigration and Colonization, who presented the report, knows that if there is one man in the House who would be inclined to give it sympathetic consideration it would be the member for Gloucester; but in this matter I cannot be actuated by merely personal considerations—I must perform my duty to my constituency whose sons responded so nobly to their country's call in the recent war. The soldiers have acted generously, they are willing to accept twenty-five per cent of the outlay that would be involved in meeting all the demands presented. Why not make up our minds on the subject at once, and act accordingly. I do not say that I will vote for the amendment pledging us to the amount of $400,000,000, but I do say that when the Bill to be founded on the resolution which has been introduced comes before the House, if nobody else submits an amendment, I will move one requiring a grant of $150,000,000 to be distributed as a gratuity and as an evidence of the best that Canada can do in this matter. I feel sure that it would be accepted by all the veterans' associations in this country.

Mr. LEVI THOMSON (Qu'Appelle): I was slightly disappointed with the remark of my hon. friend from Brantford (Mr. Cockshutt) when he suggested that this matter could not be finally dealt with at the present stage. I had every anticipation that some arrangement might now be arrived at whereby the matter could be finally settled, and I still entertain some hope in that regard. While I quite concur in many of the favourable things that have been said with respect to the report we are now considering, I must say it is not quite satisfactory to me. Nor is the amendment which, has been moved quite satisfactory, either, and therefore, I have to decide what I shall do under the circumstances. The report seems to assume an inability on our part to raise the necessary money provided the decision is reached to give a further gratuity to the soldiers. I do not for a moment agree that this country is bankrupt, or nearly bankrupt. I refuse to agree for a moment with the idea that we cannot raise the money that is required even to pay the largest amount that has been suggested. While I would not approve of paying that maximum amount, I still believe that our financial position would enable us to raise the money that would be needed providing we decide that it should be raised. I do not think the inability to raise the money, which members of the committee seem to take for granted, really exists. I believe the people of Canada to-day are enjoying a higher standard of living than they have ever enjoyed before. I believe they are richer to-day, and that Canada is richer to-day, notwithstanding the debt that hangs over it, than ever before. The financial condition of that part of the country from which I come depends almost entirely upon the yearly returns from the farm crops. During the last four years the crop there has been unusualy light, it has been worse than the average crop throughout Canada. The farmers there are prosperous but were it not for the war we would not be in that condition—we would be hard up. Because of the increased prices, resulting from the war, the country is in a very good financial position; and I am satisfied that the people in that part of Canada—although I do not think they have fared as well by reason of the war as have the people generally throughout the rest of Canada—would be willing to pay any reasonable amount that may be required in order to settle the claims of the soldiers, provided they felt those claims were reasonable and that they should be paid. I am satisfied that the people of Canada generally will look upon the question in the same manner.

I do not think the Canadian people have yet given in taxes until the giving hurts. Our young men who went across the sea did give until their sacrifices hurt and hurt badly. Now, in view of what I have stated, I fail to see why we should be in such a terrible position that nothing further is to be taken from us in the form of taxes than has been already exacted. Some suggestions have been made as to the methods of raising the money that may be required,

and of course such suggestions are always in order. It is quite true that death and taxes are the surest things in this world, and they are also the most unpopular. At the same time, I think the idea of paying taxes is more popular in this country than it ever was before. I believe the people of Canada are more ready to pay the taxes that are required than was ever previously the case in our history. I have listened with a great deal of attention to the remarks of the Minister of Immigration and Colonization in presenting this report, and I must agree with other hon. gentlemen that he delivered an admirable speech. It was a wonderful speech and very clear and explicit in its character. Nevertheless, it contained some things with which I cannot agree. I find myself very often agreeing with my hon. friend (Mr. Calder), and have done so during the whole of his political life; but in this case I cannot agree with him in some things and there are some matters in the report in which I do not concur. I notice, however, that the report, dealing with certain suggestions as to the way in which the necessary taxes may be raised, does not state positively that these suggestions are not practicable and may not be worked out. The committee does not say the suggestions cannot be worked out and I am inclined to think they can. I do not think the House will for a moment consider the idea of raising the necessary money by lotteries, or any such schemes. The House would not permit that or vote for anything of the kind, so I think we can dismiss such suggestions without further comment. Other methods, however, have been suggested. They are referred to at page 45 of the report and it is in regard to these that the committee refrains from saying they cannot be worked out in such a way as to yield the necessary revenue. My hon. friend from North Simcoe (Mr. Currie) has a pet way of his own for raising money—he would obtain it by further protection and customs taxation. Now I do not intend to enter into a fiscal argument with my hon. friend.

An hon. MEMBER: Why not physical argument?

Mr. LEVI THOMSON: There is no need for physical argument; I am too old for that and perhaps, too wise. I was about to say that I do not think the people of the West—although they are opposed to protection as a rule—will object to paying taxes in any way that can be conceived for the purpose of helping out our men, provided those taxes go into the revenue of the country.

The great objection I would have to the suggestion of my hon. friend is that it would work out that we would have to pay three dollars in taxes for every dollar that went towards the relief of this present situation, and I do not purpose to argue it any further than that.

But I would suggest another plan. Speaking for the people of Saskatchewan, I say that they do not object to paying their share of any reasonable amount that is rerequired to reinstate our returned men. If, Mr. Speaker, you want to raise that money by a customs tariff, you can raise only a certain amount, because if you go beyond a reasonable tariff limit your receipts of revenue will decline. I doubt very much if any large measure of relief could be obtained in that way. However, if it was found necessary to raise the customs tariff, I would not object very seriously to some slight increases, provided our manufacturing friends would agree to pay an excise duty equal at least to one-half of the customs duty that we are paying. Even then they will still have sufficient protection left, provided they are on their jobs as they should be. If we adopt that plan I do not think we need worry any further about the raising of sufficient revenue by way of taxation to meet the requirements of any scheme that we may decide to adopt for the reinstatement of our returned men.

Mr. F. R. LALOR: Will my hon. friend permit me a question? What does he think of the suggestion to raise the money by a special tax upon assessed property—land all over the country?

Mr. LEVI THOMSON: I would not object. I do not pretend to have given any mature consideration to the scheme, but I am inclined to think that a land tax might be a very good way of raising a portion of the money.

Mr. LALOR: On all landed property?

Mr. LEVI THOMSON: I am not prepared to say that that would not be a good way of raising the money. But I am not the Finance Minister, and I am afraid that such a suggestion from me with my limited experience would not be particularly valuable. But the point I want to make is that so long as our people have the money—and they undoubtedly have the money to an extent they never had before—then it is the duty of the Government to get as much of that money as they require; and there is

no doubt that our people are just as ready, if not more ready, than they ever were before in our history to pay whatever is required.

We are told that it would not be safe to increase the business or income tax by reason of the fact that we are now charging as high or a higher rate than is charged in the United States; and we are told that if we do charge a much higher rate than is charged in the United States our manufacturing and business and financial men would desert Canada and no money would be invested here. Now, I come from western Canada and live near enough to the boundary line to know that the farmers to the south by reason of our peculiar laws are very much better off than are our Canadian farmers. I know that by reason of our customs tariff, and other things which I need not detail, the farmers of Saskatchewan would be millions of dollars better off provided they were in the same position as the farmers in Dakota. But I have not yet seen our Saskatchewan farmers driving across the line; they have not deserted the ship. The mere fact that they are not as well treated as the American farmers has not induced them to desert Canada. I am not prepared to admit that the manufacturers and business men of Canada are less loyal than our farmers, and therefore I believe that their loyalty is strong enough to induce them to meet all demands that may be made on them in order that our soldiers may be fairly treated.

It stands to reason that we in Canada in order to pay our war obligations will have to raise more money according to our ability than the people of the United States by reason of the fact that we were much longer in the war than our neighbours were. We complain about the amount of money we have to raise; and that is like complaining of our financial position. Let us compare our position with that of the people of France, of Belgium, or of Germany, and we must at once admit that our financial lot is very much better than theirs,—in fact, there can be no reasonable comparison drawn, the difference in our favour being so overwhelming. We hear this complaint all the time: we cannot stand any more taxation, we have reached the limit. That complaint reminds me of my boyhood days when I went out to western Canada in 1882, when we had droughts or frosts practically every year, and we heard people grumbling: well, if this year is not better than last year you will find no one in the country. Next year turned out to be worse than last year, but still the people stayed on. We do not know what we can endure until we have been put to the test. I think we are hardly "enduring" at all in the matter of taxation, and it seems to me that it is time we were hit a little harder and made to endure more. The sooner that happens the better for our country and for ourselves.

The amendment is not altogether to my liking. As I understand it it is for payment out of the full sums mentioned in appendix (1); in other words, the suggestion of the Great War Veterans. If I understand correctly the action of the Great War Veterans, they merely made a suggestion which would be the basis of discussion; I do not think that they intended any amount mentioned by them to be the irreducible minimum. The committee, however, appear to have taken that as the view of the Great War Veterans, and in that respect I think they have not correctly interpreted the suggestion presented to them. Now, if the mover of the amendment will agree to change it so as to include after the words "appendix (1) of said report" the following words, "with such modifications of the said plan as may be agreed upon," I feel disposed to support it; otherwise I feel very doubtful about it.

Now, we have been told about many things that have been done. We have been told about advances to soliders to enable them to buy land, and so on. I believe that the provisions of the Soldier Settlement Act should be dealt with on a business basis. These advances should not be looked upon as gifts. If we consider them as gifts, we shall be obliged to look upon any other such advances in the same way. As I understand it, the reason we are providing special advantages for those who are willing to go on the land is found in the fact that for years there has been too great a movement from the country to the city and the need of the day is that we get the people back to the land. Any grants, therefore, which are being made to soldiers under the Soldier Settlement Act are being made in the public interest, not especially in the interest of the returned men. I think that is a fair way of looking at it.

In the last Parliament, before the election, I expressed a view that I want to express again to-day. It is this: I can see no justification for giving less to private soldiers who fought at the front than ordinary labourers are receiving at home.

But we have been paying them less; therefore, if we are not bankrupt, the moral obligation is upon us to make good that deficiency. The private soldier in the trenches received approximately $400 a year, his board and some clothing. Those of us who had friends over there know that we had to send certain clothing to them, and that if we did not they had to get it otherwise. I cannot undertake to say positively what is the average rate of wage paid to the ordinary unskilled labourer and the farm labourer in Canada generally, but I do know something of what the rate has been in my own part of the country. From the knowledge I have and the information I have obtained I believe that the unskilled labourer at home, if he works steadily, as the soldiers were supposed to work at the front, could earn $700 a year, with his board and as much clothing as the soldier got. That makes a difference of approximately $300 a year between what the private soldier actually got and what they would have received had they remained here and worked as unskilled labourers. I do not know the average length of service of the men who went overseas. I do not think it was as long as two and a half years, but let us assume that it was two and a half years. During that period they would be $750 short of what they would have received at home as unskilled labourers. Now, we may deduct from that the amount that we are paying to the men under the present gratuity arrangement, which, in the case of a man who served two and a half years, would be, I think, $350. That leaves $400 to which the private soldier is entitled on this basis. I do not think it would come to that much, but even if it did, I do not think the payment of that amount would ruin the country. I do not think that our financial position is such as to cause us any worry as to the result of paying out such a sum.

When I spoke of this in the last Parliament someone suggested that I and others who were taking this ground had not given consideration to the enormous amount that the Government was paying to dependents of soldiers at the Front. I do not think that that is a fair way to deal with the question. It is possible that we paid as much to the few men at the Front who left dependents behind them, and to the dependents of these men, as we would be called upon to pay under the plan that I suggest. But we must remember that unmarried men with no dependents were the most numerous among the various classes of men at the Front. As a matter of fact, a large majority of the men who went to the Front were unmarried and had nobody at home to support. These men did not receive within $300 of what they could have earned as unskilled labourers working at home in perfect safety. These are the men I am speaking of in the main; I am dealing with this one phase of the question. I see no justification, provided we are not bankrupt, for refusing to pay an amount which, we must all agree, we are morally entitled to pay.

5 p.m.

[Mr. Thomson.]

The necessity of raising this money at once has been brought up as a bugaboo. The member for Brantford (Mr. Cockshutt) has met that suggestion. If it were necessary to raise money at once under some such plan as suggested by the member for Brantford (Mr. Cockshutt) and the member for Peterborough West (Mr. Burnham) I think it could be done. But I do not think it is necessary to do that; I do not think it is necessary to raise any very much greater sum than is involved in the recommendations of the committee. I do not think it would be necessary to pay cash in most cases; we could give bonds or pay at some future time. Of course, if it is deemed to be the best way to pay the cash all at once, I would be satisfied; the money could be raised as suggested by the member for Brantford. But if it be deemed unncessary to pay the money at once—and I fancy that in most cases it would be unnecessary—the only cases that we would have to deal with at the time would be needy cases, and these are largely provided for by the report. In these needy cases the sum due to the men might be paid and charged up to them.

Again, there would be no extra money to raise in the case of those who are receiving the benefit of loans from the Government under the Soldier Settlement Act. The only cases in respect of which money would require to be raised, outside of the cases dealt with in the report, would be those of young men who require assistance in the line of education. In doing that I do not think it would be advisable to grant any cash assistance to young men who are attending universities or other educational institutions unless it could be clearly shown that they could not by any other reasonable means obtain the amounts required. I do not think that the amount required under that head would be very large.

I want to dissociate myself entirely from any such suggestion as was made in this House last night with regard to the returned men getting the cold shoulder. I wish also to dissociate myself entirely from any

suggestion that the members of this House are trying to sidestep or dodge the issue. Perhaps I have a different way of looking at the matter from that in which many other members view it. I do not for one moment contend that I am more sympathetic with the returned soldier or one bit more interested in him than any other member of the House. I am satisfied that there is not a single hon. member who is not anxious that everything should be done that can reasonably be done for the returned man, and who is not entirely in sympathy with the returned man and his requirements. The mere fact that some other hon. members may take a different view from that which I take is no reason why I should question their sincerity of purpose. The question is only one of what should and what can be done. While I may say that I admire very much the speech of the Minister of Immigration and Colonization ((Mr. Calder) in presenting this report, there is one thing in his speech that I did not like, and that is, if I might put it in this way, the veiled suggestion of resignation by the Government provided that the Government is required to make provision for any gratuities. It was a veiled suggestion pretty cleverly put forward. We are getting a little fed up on that sort of thing in this House. I remember a debate in this House in 1918 when we were told that if we did not accept an amendment brought forward by the Government with regard to titles, the Government would resign. That was during the war. I voted on that occasion with the Government because I felt that if the Government forgot that we were at war, I was not justified in forgetting that we were at war and that it was necessary under the circumstances to carry on. During last session there was a discussion on the Budget, as the hon. member for Brome (Mr. McMaster) will remember, and I found in the newspapers and I heard around the House the threat hurled out that if we western "bolters" were not mighty careful, if we did not stay with the Government, the Government would resign and go to the country. We have now the veiled suggestion that if the Government is asked to have money raised to provide for gratuities, the Government may not be prepared to carry on.

Mr. CALDER: If the hon. gentleman will allow me just for a moment, I wish to say that there was no veiled suggestion at all.

Mr. McKENZIE: No, it was very plain.

Mr. CALDER: It was a very plain statement of fact. There was no attempt to conceal it whatever.

Mr. LEVI THOMSON: The minister says that it was a plain statement of fact. Perhaps that might look better, but I do not think it is any better.

Mr. McMASTER: Euphemism.

Mr. LEVI THOMSON: I do not think the Government of this country has a right, under the present circumstances, to refuse to carry on and to do so in accordance with the wishes of this Parliament. Our men at the front did not find things always to suit them, but they carried on, and what would have happened to us if they had not carried on? The obligation to carry on is just as strong on the Government as it was on them, so that I hope we have heard the last of this threat, veiled or otherwise, of resignation.

Mr. McMASTER: Why support the Government then?

Mr. LEVI THOMSON: My hon. friend is raising questions that are not pertinent to this issue. I am prepared and ready to discuss those questions when the proper time comes. My hon. friend has had some opportunity to know the reasons why the western farmers are taking the stand that they are taking, and he should not be asking those questions now after his experience.

Mr. McKENZIE: Are the western farmers satisfied with this Government?

Mr. LEVI THOMSON: Those questions are not pertinent to the matter which we are discussing. I am prepared to discuss them at the proper time with the hon. member for Brome (Mr. McMaster). I would like to see this question settled now, and I believe that if the House is prepared to meet the representations of the returned men in a reasonable way, it can be settled now. I do not want any "Fenian Raid" style of doing things, rewarding the men after they are dead. I want these men paid as soon as possible whatever gratuities they are going to receive.

Mr. MORPHY: What does the hon. member think they should receive?

Mr. LEVI THOMSON: I have already given the figures, and if the hon. member was not in the House, I am not sure that I am entitled to delay the House in going over my speech again. My suggestion was this: That we are in honour bound to pay our private soldiers who fought in the

trenches an amount which, added to what they have already received, would make the total amount equivalent to what ordinary labourers at home were getting. My hon. friend should know as well as I about what that difference would be. In saying what I thought the difference would be, I said that we were entitled to deduct from that the amount which was paid in gratuities. My rough estimate would be that it would be something less than $400 per man. I am satisfied that if we adopt and act upon this report, the question will not be finally settled; that we shall have to deal with the matter again and again, and that the sooner we settle it, the better. No matter of this kind in a civilized country like this is finally settled until the settlement is just, and with all respect to the committee, I do not think their report provides for a just settlement.

Mr. EDWARD WALTER NESBITT (Oxford North): Mr. Speaker, the hon. member for Qu'Appelle (Mr. L. Thomson) says that he thinks the men should be paid the difference between what they were paid and the amount received by ordinary labourers. I think that is the substance of his remarks. He estimates the amount that they were paid at $400; and if I remember correctly, he estimates the amount that the ordinary labourer would earn at about $700. In the first place, let me say that that would be paying for service, and in my judgment it would be absolutely impossible in this or any other country to pay our men for the service they rendered, because no men would go through what they went through for payment in dollars and cents. I think that does away with my hon. friend's argument that the men should be paid for service, and I can understand his argument in no other way. To answer that argument, however, let me say this: He estimates that they got $400. They get $1.10 a day, which would be $401.50; they get their board, which would be $110, and clothing equal to $100, or a total of $611. It would not leave much, according to his estimate of what the ordinary labourer gets, if you take it on that basis. Of course, as an hon. member suggests to me, they got the gratuity. But I want to refer for a moment to what the committee recommends. It recommends, in the first place, that the same gratuity be paid to the R.A.F. man and other Imperial units as was paid to the C.E.F. men. We thought that nothing but fair, because, after all, they were Canadians, no matter what service they were in. They were fighting for the defence of the country, whether they were in the direct service of Canada or in Imperial units, and this recommendation, I think, is only just. We also recommended that the transportation expenses of those who came home previous to the signing of the armistice should be paid in order to put them on an equal footing with those who came home after the signing of the armistice and whose transportation was paid. We recommended, further, that free clothing in the Soldiers' Civil Re-establishment hospitals should be given in so far as the management of those hospitals thought just. We recommended pay and allowances to trainees taken on the strength of the Soldiers' Civil Re-establishment and subsequently not approved. I may illustrate that feature of the report. Sometimes a man applied to be taken on the strength of the Soldiers' Civil Re-establishment in some of the outlying districts and afterwards his application was not passed by the head office in Ottawa. While we could not recommend that simply because a man made an application he should be paid, we did recommend that if he was taken on by one of the outside authorities and afterwards his application was not accepted by the head office at Ottawa, he should be paid during the time he was in service, which was not done before. We made a recommendation in regard to the sub-normal and neurological cases, in regard to which I personally found some difficulty in satisfying myself. They present a problem which no doubt must be met in some way by whatever Government is in power in the future, and I think that sub-normal and neurological cases must be treated whether they occur among soldiers or civilians. It is a menace that must be grappled with. How, we were not prepared to say; but in the meantime we authorized the Soldiers' Civil Re-establishment to take care of these men properly and see that they are housed, fed, given medical treatment, and so forth, and suggest that the necessary money be raised to do that work. We found that some of these sub-normal men had been taken on the strength by doctors when it was obvious that they should have been rejected. In my judgment, it was more or less a crime for some of them to be passed into military service, and they are consequently thrown upon the country and we must take care of them. In regard to necessitous cases, it was brought to our attention that in some instances pensions were not quite sufficient

for widows, and widows with children, and we recommend that the proper department should look into these cases. We recommend also that the cheques of the men who served in the Imperial forces should be cashed at par, for the reason that I have given before, that they were fighting for the country notwithstanding the fact that they were in the Imperial service. It must be borne in mind, too, that the reservists were to all intents and purposes Canadian citizens who answered the call. Another suggestion has reference to loans to retrained disabled men and to provide for tools and equipment. The reason for the restrictive nature of this recommendation is the fact that it was absolutely impossible, at all events in our judgment, to make a loan to every one who might want to be re-established in business, because in many cases the applicant might know nothing whatever about the business for which he wanted the loan, and it would only mean a loss both to himself and the country. These men who have been undergoing vocational training are the disabled soldiers and not sound men; and for that class of men, who might want to start in some small business, we recommend a loan repayable in five years, in order to enable them to buy necessary tools. Then we come to the vexed question of the care of the unemployed during this winter. It was stated very definitely that there might be a certain amount of unemployment in some sections of the country during the next winter, with consequent hardships, and to cover this problem we recommended that a sum of $40,000,000 be provided; we recommended for gratuities for the R.A.F. and other Imperial men, $9,000,000 and to provide for transportation for the dependents of man who returned previous to the armistice, $1,000,000, making a total of $50,000,000. The interest on that $50,000,000 at 5½ per cent has to be added to the interest that is to be paid yearly by this country. Now, we thought that we should take care only of those of whom it was absolutely necessary for us to provide for during the coming winter. We did not propose, as some people suggest, that every one who applied should be taken care of, but we recommended that the money should be used for the benefit of dependents and for the assistance of men who could not get employment. The basis of the success of the country is after all the workingman, whether he works with his head or his hand. And every man who can get employment and support himself should be afforded the opportunity to do so. It is not in the interests of the country—and I say this with all deference to any one who may say anything to the contrary—that any man should be encouraged to be idle if he can get employment. Notwithstanding what has been said to the contrary, we did give a generous gratuity to the men. It was said this afternoon that Australia had done better for its returned soldiers than we have done. But we have looked into that question carefully and we are convinced that no other country in the world has done as well for its returned soldiers as Canada has done. No other country has given as generous pensions to disabled soldiers as we have given. We had the comparative tables of pensions before us in the pensions committee last spring and this fact was established. It is quite true that in estimating the pensions in England they are a little more generous in some respects in regard to disability cases. I am not speaking of death pensions, but of disability pensions. They are a little more generous in classifying than we are. But in every case, though their classification may be higher, our allotment is very much more favourable. I have the tables in my desk, and if I had thought that I would be speaking on this subject this afternoon I would have brought them in order that they might be incorporated in Hansard.

We did give a gratuity. What for?—For the purpose of allowing men to become re-established in civil life. The object of the gratuity was to carry the men for the period between when they were discharged and when they were re-established in civil life. All the men who carefully used that gratuity have become established in civil life as far as I know.

Suppose we grant the demands of the returned soldiers in one form or another, suppose we give greater gratuities at the present time, what guarantee have we that those who wasted those gratuities will use future gratuities to any better purpose than they did the last? What guarantee have we, if we grant $2,500 apiece that they will not come back? Some hon. gentlemen who have spoken this afternoon said that this was not the end. I doubt if it will be the end. It should be the end. We are taking care of the men who cannot get work this winter and we are recommending that the Government should provide some further machinery to take care of the men who cannot get work. Is there an hon. member who will say that the returned soldier, or any other man, should not get

work if he can? If he can get work, be independent and be a man again, I see no reason why any Government should be paternal and keep him longer than is necessary to keep him until he can get work. Although there may be many places in Canada where men cannot get work this winter, the province of Ontario to-day can employ all the men who are unemployed in this country and it will be glad to get them. Factories in Ontario from one end of the province to the other are looking for men and they will be glad to get them. There is not a factory manager anywhere in Ontario that will not give the preference to returned men. There is a great deal of talk but after all it is talk.

As to the means of raising more money, we have shown you what the commitments of the country are by these tables that are contained in the report. These tables are as carefully worked out as it is possible for any dozen or twenty men to do it. We went into this question just as carefully as we possibly could and there is no misrepresentation that I know of in the tables. We show you that, over and above the present indebtedness of the country, we have to raise during next year, including the present Victory Loan, $529,000,000 in round figures. We have absolutely been committed. There is the Grand Trunk Pacific deficit and provision for credits to Great Britain. We have to raise these credits. Somebody said the other day that it was to provide for the sale of manufactured goods to Great Britain. Of all the loans we have given to foreign countries and Great Britain not ten per cent is for manufactured goods. It is for foodstuffs that these loans are made. Including these loans the deficit on the Grand Trunk Pacific and the housing scheme that has to be carried out, we will have to raise in round figures $700,000,000. We have to pay the interest on that added to what we have already to pay and that amounts to about $102,000,000. Then we estimate our ordinary expenditure for this year at $270,000,000 and our ordinary revenues at $244,000,000. We still lack a good many millions of dollars and all these small taxes suggested by the hon. member for East York (Mr. Foster) here to-day would be eaten up in a month, they would not fizz on the amount that would be required to make up the ordinary revenues of this country. Then we add to this $700,000,000, $37,500,000 for next year and we add the $50,000,000 that we recommend. Then, there is another $22,750,000 or something like that to be added.

[Mr. Nesbitt.]

We add $40,000,000 to the ordinary expenditure and only about $100,000,000 of the ordinary expenditure is on ordinary account.

It is impossible to avoid this expenditure. It is all right to be generous and it is all right to talk about what we are going to do and to say that we are all willing to pay our taxes. Of course we are, but is there not commonsense when we come to speak of what we can do? After all, is there not a limit to what we can do, just as there is a limit to the taxes that we can pay no matter how willing we are to pay them? It is quite true that a great many people drive around in automobiles and that a great many people live more expensively perhaps than is necessary. But that is none of my business and it is none of the business of anybody in this House as far as I can see. If people pay their way it is nobody's business. There are people who buy automobiles who should not but that is none of my business so long as they do not buy them from me and ask me to trust them. I am free to discuss these things, and discuss them frankly because I have not increased my expenditure any more than the Lord made me since the war started. When I say "any more than the Lord made me" I mean that I had to pay more because of the advance in the prices of the things I had to eat but I paid no more than I had to.

The suggestion has been made that a part of the money to provide for this grant to the returned soldiers should be raised by imposing a land tax. It is easy for my hon. friend from the West to say that the West is perfectly willing to submit to a land tax. What authority has he to speak for individuals in the West any more than I have to speak for the people of North Oxford on this question? I can only judge by what I know. I know that people are not anxious to increase their taxation. Nobody that I know of is.

If we sat here and discussed this question for a month, as we did in the committee, we could not give it any graver consideration than we did in the committee; it would be absolutely impossible. No matter how many there were here to discuss it, it could not be considered any more gravely or earnestly or in the interest of the country and the returned soldier than we considered it. We all recognize that it is impossible to pay the returned soldier. There is no use talking about compensating him for all he went

through. All we can do is to use him justly and to see him reinstated in civil life. Our soldiers were a credit to this country when they were fighting in France and they equally may be a credit to this country now that they have returned by getting to work when they have an opportunity of getting to work and showing the manhood that is in them. They have the opportunity now that they have returned. There is nobody in this country that I know of who will not give the preference to the returned soldier in connection with any work that it is possible for him to do. That is the way, and the only way, they can show the stuff they are made of as they did in France. I do not believe that there should be any unemployment this winter. Let me repeat that if there is any unemployment in the West and the Government will pay for the transportation of those unemployed men to Ontario, we will welcome them with open arms and give them work, regardless of their previous occupation. If they get work, and are independent, does not that make them much better citizens of this country? It is quite true, as my hon. friend from North Simcoe (Mr. Currie) said yesterday, that gratuities were given for the Northwest Rebellion, the Fenian Raid and the South African War, but none of those gratuities compare in any way, manner, or form with the gratuities granted by Canada for the great European War, which gratuities were given to help tide the soldier over the period between his discharge and his re-establishment in civil life. It is said that a great many of these men returned home unfitted to immediately re-enter civil life. We all know that. All the employers that appeared before the committee recognized the fact, and said they were perfectly willing to give the returned soldier an opportunity to get his nerves steadied. How many men, within the knowledge of each of us, came home, got their discharge, doffed their military clothes and went to work next day. I know dozens of them myself who went to work and asked no favours from anybody. That is the opportunity I think we should give them.

A great many suggestions for raising money in the form of taxation have been advanced. Every method of taxation that we can employ during the next two or three years will be needed to supply funds for ordinary expenditures that we cannot possibly avoid, meeting the interest on our debt, maintaining the pensions to soldiers, and providing money for Soldiers' Civil Re-establishment and other organizations that we have created. Every dollar that we can possibly raise by any kind of ingenious taxation that is not a detriment to the country will be needed for these purposes. There is no use in our putting on taxes that will be a detriment to the progress of Canada. It is nonsense to talk about taxing a manufacturer to an extent that will force him to go out of business in this country. That stops the wheels of industry and then there is no employment. We want to keep the wheels of industry in operation and provide employment for industrious men and women, in this country—industrious people are the kind of people we want in Canada. Some hon. gentleman to-day advocated taxing the wages of the alien. How would you tax him? Would you send a constable around, seize him by the scruff of the neck, and take the money from him? And even if you did tax him, he would not pay it. In the case of the alien in Ontario it would be easy for him to evade payment by walking across the suspension bridge at Niagara or at a cost of 5 cents taking the ferry at Windsor. In the West he does not need to do that; if you tax him he simply won't work for you. There is a certain amount of rough work that has to be done in this country and we have got to employ aliens for the purpose—Canadians will not do it. Therefore, what is the use of chasing them sense about these things.

Reference has been made to the land grants made to the Fenian Raid veterans. There was a grant made of 150 acres of land up in Northern Ontario and my hon. friend from North Simcoe (Mr. Currie) told us last night that in one case a man got $15,000 for his land. That would be for a mineral prospect or mine.

Mr. J. H. SINCLAIR: Did the committee give any attention to methods of economy? Did they study how we could save money by reducing the present expenditures of the Government and so adjust our accounts as to have them in better shape than they now are?

Mr. NESBITT: Yes, the committee gave every possible attention to that subject and when I tell my hon. friend that our controllable expenditures, including those for public works, do not amount to more than $105,000,000 yearly, or somewhere in that neighbourhood, he will see how absolutely impossible it was in the committee's judgment to make any curtailment. We were committed owing to the war to various expenditures that we cannot possibly avoid, and that is why we do not want to enter

upon any further obligations beyond those recommended in this report.

Mr. J. H. SINCLAIR: Are we to understand it is not possible to do anything in the direction of economy and that all these expenditures that are proposed will have to be carried out?

Mr. NESBITT: Yes, the expenditures that we are committed to will have to be carried out; I see no way of avoiding them. Nobody in this House or in this country is more opposed to unnecessary expenditure than I am. I do not care whether they are incurred by a government or by an individual, I am opposed to unnecessary expenditure. My early training taught me that when anything was put on my plate I had to eat it, it was waste to do otherwise, and I carried that idea into my ordinary life. The committee did not see where they could recommend that the expenditures could be curtailed in any respect. But that is carrying us into questions which should be threshed out when we are debating the Budget, and I do not want to enter upon any Budget debate this afternoon. Some hon. member made a complaint as to how the returned soldiers that settled on the land were treated. I think it was my hon. friend from North Simcoe (Mr. Currie) who said they could not sell a chicken, a pig, or any other animal without the consent of the Soldiers' Settlement Board. It was absolutely unfair to make a statement of that kind, which will in all probability be reproduced in the press and spread broadcast through the country. Far from being limited in any such way, these men have every opportunity afforded them of selling their products; they are encouraged to raise everything they possibly can, and sell it. It is quite true they are not allowed to "peter out" the stock and implements that the Government have paid for, but they are allowed to sell their surplus just as it is open to any other farmer to do.

My hon. friend (Mr. Currie) wants to raise money by customs taxation. Well, that was more or less selfish. He did not refer to the Income Tax or the Business Profits Tax, but he takes up customs taxation, because, I suppose, it is along the line of protection. The hon. gentleman should remember there is a feeling in this country that the customs tariff is already quite high enough. If you unduly raise the customs duty on an article you do not get a revenue, because that duty is prohibitive in its effect. So there would be no particular revenue from the source the hon. gentleman proposes, so far as I can see. But all the suggestions to which I have listened in the last few days, having for their object the raising of additional money, will not yield us the revenue that we require next year, will not do more than meet our ordinary expenditures, regardless altogether of any further liabilities.

So what is the use of trying to add three or four hundred million dollars or a billion dollars to that expenditure? If it was needed, and if it would do the returned soldier any good, I would be the first one to vote for it, but in my judgment it will not do him any good. You cannot pap-feed men and have a country or a civilization to be proud of. There is a limit to what we can do, and in the judgment of the committee we reached that limit. We believe that we recommended everything that was absolutely necessary in the interests of the returned soldier. The reason why we did not recommend loans to students, to carpenters or to other mechanics whose studies or industries had been interrupted by the war was simply because it would necessitate such a large expenditure that the country could not possibly meet it. I assure you, Mr. Speaker, that many members of the committee were very loath to turn down that proposition, but it was in our judgment an absolute impossibility to raise the money. Therefore the basis of our recommendation is not assistance to the sound man, but assistance to the man who has been disabled. We recommend that everything be done for the disabled men regardless of expense, and we think that everything should be done for the disabled men regardless of expense; on the other hand we think that the able man should get busy—at least I do; and that is the substance of the basis of our report. The able man should get busy, and the country at large—every employer of labour and the Government—should give the returned soldier every possible opportunity and every preference to enable him to get busy. And I am sure that I voice the views of the great mass of employers, whether they be manufacturers, farmers or merchants, when I say that they will from one end of this country to the other give the returned soldier the preference. I ask the returned soldier not to continue seeking further gratuities from the Government, but to get busy, to find out whether he can get work or not. If he cannot get work, then let him apply to somebody with influence in his locality who will endeavour, I have no doubt, to find him work that will be satis-

factory to him, if he is willing to work, and that will also pay him well for the effort he puts forth.

Now, Mr. Speaker, so far as I am concerned, if I were to debate this question for a month I could only say what I have already said, that we have—I do not use the word sympathy, because to me that is more or less an insult—we have every feeling that the returned soldier should be used like a man. You cannot use him better than to treat him as you would use your fellow-man, no matter who he may be, and I believe that the people of this country are willing, aye, ready to use the returned soldier just as well as it is possible for them to use him and to do him every justice; but I do not believe that the mass of our people are willing to do more than justice,—are willing to continue paying gratuities after men refuse the opportunity of becoming re-established in civil life. If our returned men will accept that opportunity, then every one in this country I believe is willing to do everything he possibly can for those men. What more can they ask? Did they not go overseas for the sake of patriotism, to serve their country? It is an insult to the returned soldier—at least to many of them that I know, to say that they went for the sake of getting compensation after they came home. No country could possibly pay such compensation in the measure of the sacrifices made; this country cannot, and we cannot afford to keep men who refuse to work when the opportunity is presented to them. If they are sound in body, give them the opportunity to earn a living. But if they will not work, what are you going to do about it? Are you going to continue to pay out money? I think not. Many people have said that this will not be the end of this matter. I doubt if it will. But it will be the end if we are sensible members of Parliament. That is what I think, anyway.

I have only to say once more, Mr. Speaker, that if ever a committee worked absolutely honestly on the job that they were set to do, it was the committee whose report is before the House. And let me repeat again, that if the House were to sit here as long as the committee sat and discussed this question, I do not believe you could come to any other conclusion than we came to,—that the country cannot afford to pay further gratuities, and that it is not in the interests of the soldier that it should.

At six o'clock the House took recess

After Recess.

The House resumed at eight o'clock.

OBSERVANCE OF ARMISTICE DAY.

MESSAGE FROM HIS MAJESTY THE KING.

Sir GEORGE FOSTER (Acting Prime Minister): Mr. Speaker, before we proceed with the debate I should like to read a telegram from the Secretary of State for the Colonies to the Governor General, as follows:

London, November 6, 1919.

Urgent.

I am commanded by His Majesty the King to send you for immediate publication the following message, which is addressed to all the peoples of the Empire.

"To all my people:

"Tuesday next, November 11th, is the first anniversary of the armistice which stayed the world-wide carnage of the four preceding years, and marked the victory of right and freedom. I believe that my people in every part of the Empire fervently wish to perpetuate the memory of that great deliverance and of those who laid down their lives to achieve it.

"To afford an opportunity for the universal expression of this feeling it is my desire and hope that at the hour when the armistice came into force, the eleventh hour of the eleventh day of the eleventh month, there may be for the brief space of two minutes a complete suspension of all our normal activities. During that time, except in the rare cases where this might be impracticable, all work, all sound and all locomotion should cease, so that in perfect stillness the thoughts of every one may be concentrated on reverent remembrance of the glorious dead.

"No elaborate organization appears to be necessary. At a given signal, which can easily be arranged to suit the circumstances of each locality, I believe that we shall all gladly interrupt our business and pleasure whatever it may be and unite in this simple service of silence and remembrance."

"GEORGE R.I."

This will be published in the Press here tomorrow morning. Arrangements are being made for the general observance of the two minutes' silence at eleven o'clock next Tuesday. Trains will be stopped on the railways, traffic on the streets, ships as far as possible at sea, and every effort will be made to get work suspended everywhere in schools, shops, mines, and factories and to ensure complete silence.

His Majesty hopes that your ministers may be willing to arrange a similar observance.

It is of course, impracticable owing to distance that the ceremony should synchronize throughout the Empire. It is therefore suggested that eleven a.m. local time should be adopted everywhere.

Similar message being sent to India and to every Dominion and Colony in the Empire.

Milner.

COMMITTEE ON SOLDIERS' CIVIL RE-ESTABLISHMENT.

The House resumed consideration of the motion of Hon. Mr. Calder for concurrence

in the fourth and final report of the special committee to which was referred Bill No. 10, to amend the Department of Soldiers' Civil Re-establishment Act, and the amendment of Mr. Andrews thereto.

Mr. ROBERT JAMES MANION (Fort William and Rainy River): Mr. Speaker, before I express any opinion on the matter before the House I should like to make it perfectly plain that any opinions which I express are purely my own personal opinions. In other words, I am not attempting to express the views of any group or of any organization.

The war through which we have just passed was a war for freedom, not only freedom of parliamentary institutions, but freedom of speech as well. Therefore I feel that any hon. member of this House, or any man outside this House, may have and may express views upon a subject so important as this without being justly accused, because of his opinions, of being unfair to any one. I submit that any soldier who finds that you or I, Mr. Speaker, differ from him in our opinions upon this subject and who therefore feels that it is his privilege to abuse us, has not properly profited by, and has not properly appreciated, the principles of freedom for which he was fighting.

Mr. Speaker, I have listened very attentively to the debate that so far has taken place on this subject. While I do not intend to discuss the opinions expressed,—it would take too long to go over the different speeches,—I do wish to refer to the opinion expressed by the member for South York (Mr. Maclean) when he said that $200,000,000 given by way of gratuities to the boys at this time would or should bring us a clear deed of acquittal of our debt, or something to that effect. If we felt that that was absolutely so, it might be much easier to find means and methods of raising that amount of money. But I do not understand how Bill Smith, whose grievances have been settled by some gratuity, can give a deed of acquittal for Tom Jones, whose grievances have not been settled. Therefore I rather agree with the member for Brantford (Mr. Cockshutt)—I think it was—who expressed the opinion that probably during your life and mine this question will be more or less before us—that is, the question of doing justice to the men who served at the front.

I should like first of all to compliment the committee which has been dealing with this question upon the very complete report which they have brought in. The task to which they were assigned was a difficult, a tiresome and a thankless one, and I do not think that any of us who, perhaps, did not particularly desire to be on that committee, or were not hankering after that position, have a right to be too severe in our criticisms of gentlemen probably none of whom desired the position which they were given.

When you look over the personnel of the committee you cannot help realizing that the committee must have been fair in its desire to treat the soldiers well. I have checked up the names of the members of the committee, and I find that out of the twenty, fourteen served in the military forces of Canada or had sons who served in the military forces of Canada. In other words, over two-thirds of the committee were directly interested in the boys who served at the front. The member for Lisgar (Mr. Bolton) had the honour and the very great sorrow of losing three sons in the war. Could any one for a moment presume that the member for Lisgar, who was a member of the committee, would not be entirely fair to the soldiers in his sizing up of this situation?

I wish to compliment the committee upon the very full and very fearless report which they have brought in. Six or seven weeks ago, nearly two months now, the question was brought up in this House of the payment of a gratuity of $2,000 to the men who served in France, $1,500 to the men who served in England, and $1,000 to the men who served in Canada. At that time a number of hon. members spoke to that question, and only one hon. member, the member for North Simcoe (Mr. Currie) supported the $2,000, $1,500 and $1,000 gratuity proposal. I mention this because yesterday I heard the member for North Simcoe speak in this House, and according to my interpretation of his remarks he has considerably lowered his demands in favour of the returned men. In other words, it appears to me that the attitude of those of us who at that time took a stand against the vast expenditure of from $750,000,000 to $1,000,000,000 and who were more or less abused at that time by some men who, perhaps, were rather extreme in their views, has been justified by the present attitude of the hon. gentleman who originally introduced the motion.

I was one of those who spoke at that time and who opposed the idea of granting that large gratuity. I opposed it on the following grounds: First, that it was an impossible financial feat for this Govern-

ment to raise $750,000,000 to $1,000,000,000. Second, that our soldiers had been treated better than the soldiers of any other country in the world. And this report which we have before us to-day, Mr. Speaker, shows that in connection with pensions, gratuities, transportation, soldiers' civil re-establishment, Soldier Settlement Board, and labour organizations on behalf of returned soldiers, $314,000,000 has been spent, a sum which is within a very few million dollars of being the equal of the whole national debt of Canada before the war. The committee also points out that another $176,000,000 will be required to complete that work, not including the pensions to be paid in the future—a total, Sir, of $490,000,000, one and one-half times the national debt of Canada before the war. I repeat that anybody who looks at those vast figures cannot fairly and justly accuse this Government or the people of this country of not treating the soldiers at least fairly well.

Why, I remember, Mr. Speaker, that before the war the question had been discussed of building the Georgian Bay canal, the estimated expenditure for which at that time was $100,000,000. I can well remember,—being somewhat interested in this project, coming as I do from the head of the lakes—the horror in which people throughout the country threw up their hands at the thought of an expenditure of $100,000,000 upon the Georgian Bay canal. Yet, according to this report, we are spending during this year and part of next year nearly five times that sum in trying to treat our soldiers well. A third reason I gave at that time against the gratuity was that our men did not serve for money, that no money could pay them for the services they had rendered and the sacrifices they had made at the front, and that in any event those of us who had the honour of serving at the front, had a compensation in the knowledge that we had played the part of men in this war. That is, no doubt, a sentimental reason, but I think you will admit, Sir, that sentiment has always played a rather important part in the destinies of nations as well as of men. A fourth reason I gave was that many of the men did not need or did not want a gratuity; and a fifth was it would not help production in this country. Since that debate I have had no reason to change those views regarding the $2,000, $1,500 and $1,000 gratuities as proposed at that time, and I think every member who spoke on either side of the House on that occasion took practically the same ground as I did. I went on to say in the same speech to which I refer, that this country must carefully look after the disabled cases and the cases of hardship, and that the dependents of soldiers must be adequately provided for by this country. I said further—and this is my personal opinion—that I thought the people of this country would be willing to stand an expenditure of $100,000,000 or even $150,000,000, if that were necessary, to carry out those desires. Therefore, I admit frankly that when the report of this committee was presented, showing a prospective expenditure of $50,000,000, I was somewhat disappointed. I had hoped that the committee would go further than $50,000,000 along those lines. I have been informed by some of the members of the committee since then, in talking the matter over with them, that in all probability the plan, as they propose it, will go to the extent of $100,000,000, and it might well go to that extent and a good deal further than the report shows that it is going, and yet not bankrupt this country.

We cannot but see, particularly those who are sitting here as members of Parliament, that there is great unrest amongst a certain class of the returned soldiers, and I should put that unrest down to three main causes. First, it is caused by agitators who have been unfairly or unjustly attempting to convince the returned soldier that the people of Canada have not treated him fairly. Second, I think that false statements have been made, sometimes for political purposes. Such a statement I heard in this House one day during the debate on the Grand Trunk Bill, and it was to the effect that while soldiers' babies were crying for bread, the Government was spending hundreds of millions of dollars in taking over the Grand Trunk railway. I am sorry to say that the following day I noticed that a certain newspaper, which usually supports this Government, had by some strange logic, headed an article describing the debate in the House that day with the statement that So and So said that while the soldiers' babies were starving, this country was putting up hundreds of millions of dollars to purchase the Grand Trunk railway. I consider that there were two false statements in that. First, I cannot believe that there are any soldiers' babies hungry in this country. If there are, then it is the urgent duty of this Government at once to remedy that condition. The second thing I consider is wrong is the statement that this Government is putting up hundreds of millions

of dollars to purchase the Grand Trunk railway. The Government is taking over the bonds and paying the interest, but it is not putting up hundreds of millions of dollars. Those are instances of false statements made—thoughtlessly, I know, because I do not mean to bring personalities into this debate—and such statements, being spread throughout this country, help to increase the unrest caused by misunderstanding amongst the soldiers.

A third reason for unrest amongst the soldiers is to be found in the inequalities of sacrifice which have taken place in this war. There is a feeling, and a just one, that while some men were giving their lives or limbs at the front, others were remaining at home and making vast sums of money. For example, a man with one leg off is going down the street on his crutches, and he sees whirling by him some chap who, he knows, did not serve at the front and who, he knows, cleaned up a great deal of money through some industry with which he was connected during the war. The man with the leg off naturaly feels that there is something wrong in the system that permits such an inequality of sacrifice. It is simply an exaggeration of the condition that has existed as long as we can read back in history. The same condition exists when some old workman, who has worked earnestly and soberly and hard and yet who has through some misfortune, but not through his fault, reached the stage where he is depending upon charity for a living, sees, perhaps living in the same block with him, some man who did not work so earnestly or soberly or hard, who has, through some good stroke of fortune, fallen into the lap of luxury. I believe that both those conditions are wrong; that the world has changed a great deal in this war; and I do not believe that the people either of Canada or of any other country in the world are going to be satisfied so long as those inequalities exist. Apparently the same condition exists in England as exists here. I have noticed very recently in the press reporting news from England that propositions are being put forward there by prominent statesmen that fortunes, which have been made directly or indirectly through the war should be very heavily taxed or altogether confiscated. There are many objections offered to such a proposition as that. I am not at all sure that it will be adopted in England; but if it should be adopted there, I have no doubt that most of the people of this country will not be satisfied with less in this country.

[Mr. Manion.]

The Government must supplement the recommendations of this committee. This winter at least, no man who has served at the front, nor his dependents, must need the necessaries of life. This Government must, as far as it is able, supply employment for the men who have served at the front. I know there is a very strong cry in this country to retrench, and with that cry I agree as long as it applies to unnecessary works, but there is certain necessary work which must be done if this country is to remain in a settled and contented condition. The hon. member for Oxford North (Mr. Nesbitt) stated that there was plenty of work for every man in Ontario at least, and I have no doubt that generally speaking he is correct; but we all know that there are times when there may be plenty of work for men in Toronto and none in Vancouver, or plenty of work in Port Arthur or Fort William and none in Montreal, and vice versa. Therefore, if there is unemployment in some of those centres, it is better for the Government to consider doing necessary work that may help to lessen the unemployment than to pay out unemployment insurance; but the unemployment insurance must be given when the work cannot be supplied.

I submit, Mr. Speaker—and this is only my personal opinion—that what the men really desire is employment; they do not desire doles or charity, but work, in order that they may once more be established in the self-respecting and self-reliant position which they occupied before the war. I have conversed with dozens of returned men in my own home city—and I may say that some four thousand men went from my district to the front—and most of them, with very few exceptions, express a strong desire for employment and seem anxious to be given an opportunity to get back to a pre-war basis. My returned men are moderate and fair. I have heard very few complaints in any shape or form from the returned boys in my part of the country, and generally speaking I believe that they are typical of the soldiers throughout the country except in places where agitation is created by some extremist. Mr. Speaker, I have faith in the heroes who went to the front, and I do not believe that they have any intention of holding a pistol to the head of this or any other government and demanding impossible financial achievements. But they do demand justice, a fair opportunity, and employment.

Now, before I offer any suggestions to the House, I desire to deal for a few mo-

ments with the amendment which has been submitted. If I construe that amendment correctly, and I think I do, it proposes that this report be referred back to the committee for further consideration, with a recommendation. I will read just that portion of the amendment that is pertinent to my argument:

—with instructions that they have power to amend same by striking therefrom certain clauses and substituting therefor the principles of the plan of re-establishment as set out in appendix 1 in the said report.

Now, the plan suggested is one which the committee say represents an expenditure of $400,000,000, although those who put it forward claim that it means an expenditure of only $200,000,000. But suppose we make a compromise and say $300,000,000. This Government has distinctly stated that it cannot see its way clear to offer any general gratuities in addition to those they have offered up to the present time. The hon. member for Qu'Appelle (Mr. Thomson) today criticised the minister (Mr. J. A. Calder) rather severely I thought for what he regarded as a threat to resign. I do not think that the criticism was entirely just. This Government has thoroughly looked into the question before us, and the committee have given equal consideration to it, and both have decided that at the present time it is impossible to raise so vast a sum of money as $300,000,000 or $400,000,000. The minister and his colleagues have discussed the question minutely, and have come to the conclusion that it is so utterly impossible that so far as they are concerned they cannot attempt to perform the feat of raising the money. The minister has therefore been very frank and has intimated that if the Government were called upon to undertake the task they could not do so. That is an honourable position for them to take, and while I do not think there was much justification for such a threat to resign as was referred to by the hon. gentleman—I was in the House on the night in question and I must confess that I did not like it at the time—in this case it must be obvious that a very large and important question is involved. The question in the former instance referred to was comparatively a trifling one, but this, I repeat, is a grave and highly important matter, and I think that the minister's position is properly taken, for I have no doubt that the Government feels it could not possibly attempt to carry out the suggestion put forward in the amendment. The amendment asks that the report be referred back to the committee. If that is done, one of two things must happen. Either the committee must reject the proposal contained in the amendment and come back to the House with the same report as they have already submitted, which would appear to be their logical attitude, or they must recommend that the amendment be adopted and this $300,000,000 or $400,000,000 raised and expended by the Government in gratuities. Very well. Suppose we take the optimistic alternative from the soldiers' standpoint, that of raising the money. Then the Government, to live up to its word, would simply have to go to the country. Then an election would be called. It could not be held before January, and no one knows what might happen in that election.

Some hon. MEMBERS: We do.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: My hon. friends opposite laugh, but I am quite sure that they have no more idea than I have as to what would happen, and I have none. Suppose that an election were called. The soldiers might vote to get candidates elected who would favour the giving of the gratuity. There are only two prominent public men whom I have known recently to take the stand in favour of this gratuity on the eve of an election, namely, Sir William Hearst and Mr. Hartley Dewart, and I have not heard that the Lieutenant Governor of Ontario has called on either of them to form a government. However, suppose a parliament were elected in January, which would be as soon as the election could be held, at least in my opinion, and suppose the majority of the members returned supported the gratuity proposition. Out of this group some one would be called to form a government, and he would proceed to call Parliament together. That session would probably be called a month still later. By the way, I observe that Mr. Drury, the provincial premier, was elected three weeks ago, and has not as yet formed his Cabinet. But, as I was saying, suppose the parliament, in the hypothetical case I am putting before the House, were called a month after the election, the session would begin in March. Suppose, further, that the first thing it dealt with, almost before the Budget, were the question of gratuities. Very well, that would be in March, and the very soonest they could put a loan on would be at least in two months' time, for it would take that time to advertise it. That brings us to May, and we are not at all sure that within six months of one loan you could raise $300,000,000—most of which, by the way, I un-

derstand, is already owing to the banks—within six months, I say, I doubt very much if we could raise another $300,000,000, or $400,000,000, as a soldier loan. But I am looking at the optimistic side of the question, and am supposing that we could raise the amount. We could not get the money before May, or six months from to-day. In the meantime what is to happen to this report of the soldiers' committee? Of course, it goes by the board, and the hardship cases and unemployment problem and disabled cases for the rest of this winter would receive no attention.

I do not see that we could both reject the report and adopt it, and if we rejected it, it would mean an election. That is what it amounts to in plain English, although I wish it understood that this is entirely the personal opinion of an ordinary member. I have not the ear of the Government, and never have had. However, in the meantime various cases of hardship would go without redress and I do not therefore see that the amendment could possibly do anything but harm to the soldier boys whom this report deals with. For this reason, Mr. Speaker, I cannot support the amendment.

Now, Sir, having cleared the air so far as I am concerned in regard to that amendment, I wish to say that I have no desire to attempt to prophesy what might happen in a couple of years from now in regard to a gratuity for the soldier. I do not know what may be in the minds of the people of the country after they have cleaned up the Soldiers' Civil Re-establishment, the Soldiers' Vocational Training, Land Settlement and a number of other large expenditures which total, including the public works, etc., which are being carried on this year and part of next something like $800,000,000 in conservative figures according to this report. As a matter of fact, the total is $900,000,000, but they subtract $100,000,000 in order to be conservative. As I say, after this $800,000,000 is disposed of I do not know what the country may consider advisable to do in justice to the boys who served in Europe, and I will not attempt to look into the future. If I have to choose between the amendment and this report, I choose the report.

I am going to sum up what I wish to say and the suggestions that I have to make. I consider that this report, as far as it goes, is an excellent report but I say that with the expectation that the Government will, in dealing with this question, supplement the report in many different ways. For example, the Government must give employment to those who require it. In the second place, the Government must relieve all cases of hardship that are found to exist in this country and it must perhaps begin to work out some system of loans in extension of the system of loans that is mentioned in this report. They have suggested loans only to the disabled. I personally cannot see why it should be absolutely impossible to work out a system of loans which would be extended to the needy as well as to the disabled. My hon. friend from Vancouver (Mr. Cooper) makes the statement that they would all be needy. I do not admit that. I think there would probably be 200,000, or half of the soldiers who came back from the front, who would be looked upon as not demanding a loan made to men who absolutely needed it. My hon. friend from Vancouver, my hon. friend from Edmonton (Mr. Griesbach) and I are all returned soldiers and we would be amongst those who would not under any circumstances touch a loan of that kind. I submit that at least half of the men who have returned from the front, who would have decent employment, who would be earning a good livelihood, would under no circumstances be able to demand that loan on the ground of need. I am merely offering this as a suggestion. I may be wrong but still it is something that I should like to have the Government consider. If 200,000 men asked for a loan of $500 each, these being needy cases, it would only amount to $100,000,000 and it is not impossible to raise that $100,000,000 in this country.

I do not admit with the committee that $50,000,000 represents the limit of the possibilities in the matter of raising money in this country. My hon. friend (Mr. Hugh Clark) says that the committee does not say that. The committee implies that the limit is $50,000,000, or at all events, I have inferred that from the fact that it mentions that amount. I may be wrong about that, however, and I will withdraw that suggestion. I say that $50,000,000 is not the limit of the amount that Canada can raise, and I have assumed in my remarks that perhaps Canada can raise $100,000,000 for needy cases. There may not be as many needy cases but I have estimated that half the number of returned men would come within that category. It may be that my estimate is too high. I would say that it should be confined to cases of real need.

The third proposition which I have to make is in regard to life insurance. The

committee has gone into the question of life insurance and it has recommended that the matter should be further inquired into. I agree with that. I think the Government has a duty to perform and that is to work out some scheme to provide for men who have served and who cannot get insurance in the regular way from the legitimate insurance companies.

The fourth question that I would call to the attention of the House is one which the committee has not dealt with, but one which has caused a great deal of dissatisfaction, that is the gratuity as we have it already. The gratuity is paid on a yearly basis. If a man had served a year he got so much; if a man had served a year, eleven months and twenty-five days he got paid for a year; whereas another man who had served ten days more, or 2 years and five days, got a two years' gratuity. That was not fairly worked out. Although it was designed to be fair, it worked out a hardship in a large number of cases. The Government might very well look into this question and try to work out some system whereby these gratuities will be paid on a more equitable basis, perhaps on a daily, monthly, or quarterly basis. I do not think it is fair that a man who has served one year eleven months and twenty-five days should only get a year's gratuity, while a man who has served ten days more should get a two years' gratuity. That is an injustice that has caused a certain amount of dissatisfaction, and it is the duty of the Government to deal with it.

There is another question which was not brought before the committee, and that is the question of families and old parents losing an only son and yet having some means of support. Unless the son was the only means of support these old parents could receive no consideration. There are certain rules under which they would get a pension. But there are certain cases where the son was a prospective supporter of the family and he would have been of material assistance to the poor old parents who lost him. This is a case also which should be given some consideration with a view to working out some scheme which would permit of assistance being given to these old parents.

Finally, in many cases, the pensions have been inadequate. I believe that the rate of pensions should be increased in a large number of cases, as was suggested by the hon. member for Brantford (Mr. Cockshutt) this afternoon.

These are suggestions merely of my own and I would like, when the minister is making his reply to all of us, if he would pledge the Government to give suggestions of this nature kindly consideration.

I do not wish any member of the committee to regard anything that I have said as a criticism of the committee because I certainly have no intention of doing anything but praising them. They have had, as I said at first, a thankless and tiresome task and they have done their work very well. The report is good in so far as it goes. My hon. friend from Frontenac (Mr. Edwards) said this morning it had imperfections. I agree that it has imperfections. I believe that it is the duty of the Government to supplement the work of the committee and to correct these imperfections wherever necessary, and especially if there are cases of hardship to returned men or their dependents, even if much more than $50,000,000 is needed.

Mr. CALDER: Mr. Speaker, I think that at this stage I should say a word on the amendment, reserving my right to close the debate on the main motion later on. It seems to me that the wish of the various organizations that came before our committee is being realized; this problem is being threshed out on the floor of Parliament just as they desired. We have had a fairly lively debate so far and a very interesting one. I presume that the debate will continue for some length of time and that probably further light will be shed on the situation.

I rose to make clear to the House the effect of this amendment. During the recess a number of members spoke to me who apparently did not understand what its object was or what the result would be if the amendment were adopted. In order to clear up the situation, in order that every member of the House may clearly understand the purpose of the motion, I desire for a short time to have the attention of the House.

Let me go back and refer to the motion itself. The motion is to the effect that the report of the committee, tabled in the House on a certain day, be received and that the expenditures, which would be required for carrying out the recommendations made in this report, be commended to the consideration of the Government. The main motion does not ask the House to approve of the recommendations that are contained in the report. The motion is that the report be received and that if there are further expenditures in connection with these recommendations that are made, these expenditures should be taken into considera-

tion by the Government with a view to adopting them and making whatever provision is necessary in order that they may be put into effect.

Since then, the Supplementary Estimates have been brought down. The Government has taken these recommendations into consideration and in order to carry them out a sum of $40,000,000 appears in the Estimates. Now, the amendment is to this effect:

That all the words after the word "therein" be struck out. That the report tabled be received, and that the recommendations therein—

Everything else disappearing.

—be struck out, and the following substituted therefor.

The main motion if thus amended will read in this way:

That the recommendations therein are not sufficient for the purpose of adequately re-establishing all former members of the forces in Canada in a comprehensive and equitable manner, and that the said report be returned to the said committee with instructions that they have power to amend the same by striking therefrom the recommendations contained under sections (d)—

and so on. Those recommendations refer to the series of suggestions covering vocational training, the grants to students, the loans for housing, and provisions for young medical practitioners, whose practice had been interfered with by enlisting—it is proposed by the amendment that that whole series of recommendations be struck from the report. Also, that the recommendations regarding pensions, and life insurance, and also the recommendations in reference to the taking care of the unemployment situation this winter, be struck from the report and that there be substituted instead this:

Substituting therefor—

That is, in place of all these recommendations made by the committee—

—the principles of the plan of re-establishment as set out in appendix 1.

That refers to the plan submitted to the committee by the Great War Veterans' Association. In other words, the suggestion under the amendment is that this report be sent back to the special committee with instructions that it have power to include in these recommendations the plan submitted to the committee by the Great War Veterans' Association for re-establishment; and for this purpose, it is recommended that instead of the expenditure contained in section (e) thereof—that is the section of our report which sums up what we thought it would take to carry out our suggestion—instead of that $50,000,000 which we provide, we should insert whatever estimate we thought would be suitable to carry out the suggestions of the Great War Veterans' Association committee that appeared before us. In other words, what is asked by the member for Centre Winnipeg (Mr. Andrews) is that the committee simply take the report back and embody in it the plans submitted to us by the Great War Veterans' Association. What does it mean?

It means that if the House commits itself to the principle of a further general distribution of cash grants or gratuities to all returned men, and if we carry out the suggestion as it came to us from the Great War Veterans' Association, we are committed to an expenditure in the neighbourhood of $400,000,000, not $200,000,000. As I explained in the statement which I made to the House the other day, the two deductions taken from the estimate made by the Great War Veterans' Association will not stand close scrutiny. Their suggested deduction of 25 per cent, because the money is to be applied on land settlement or because bonds are to be given to the soldiers, will not stand scrutiny at all. You can therefore eliminate that 25 per cent, leaving at least $300,000,000 to be provided. The other 25 per cent deduction they proposed was because certain of the men would not claim the gratuity—certain men, they said, would not claim the gratuity, or would not be entitled to it, because they could not establish need. Well, as I said the other day, I am afraid there would not be very much opportunity to make a large reduction there, when you give "need" the definition that was given to us in the committee. So I think the conclusion we came to was the correct one. That is, if the plan as submitted to us by the Great War Veterans' Association is carried out, it would involve the expenditure of approximately $400,000,000. I do not know whether the member for Centre Winnipeg suggests that the committee should take into consideration the advisability of adopting the principles of that plan, or reduce the amount; that is, instead of paying a man who went to France, for example, $2,000, pay him $1,000, and thereby cut the estimate in two. I do not know whether the hon. gentleman has that in mind or not. The amendment simply proposes that the committee be instructed to include in the estimate of the cost a suitable amount to carry out the plan suggested.

Now, the proposition before the House is a comparatively simple one. It is simply a question as to whether or not the majority of the members of this House consider, in view of the circumstances that have been urged to-day and yesterday, that provision should be made whereby a further general distribution of cash—not loans, but cash in the way of grants or gratuities—should be made to all ex-members of the forces for re-establishment purposes. Is it the desire of the majority in this House that the committee should be instructed to bring down a recommendation of that character? That is exactly what the amendment means, and when the division takes place, that is the question upon which the vote will be cast.

I must say a word or two in reference to some remarks that have been made by several hon. gentlemen, namely, the member for Centre Winnipeg (Mr. Andrews), the member for North Simcoe (Mr. Currie), the member for Brantford (Mr. Cockshutt), and the member for Peterborough (Mr. Burnham). These hon. gentlemen said in effect that the Government should not throw out suggestions that it has decided upon a policy or come to a decision on a certain phase of this question. I think the member for Peterborough said we should not be "huffy." Well, it is not a question of being huffy. I am sure every member of the House realizes that the form of government under which we are working is a well-established one.

When a large problem like this comes up there are naturally questions of policy involved, and the Government as a government collectively must come to a decision on those questions of policy, and I say, Mr. Speaker, that it is only fair, it is only right, and it is only proper that the Government should take the earliest opportunity to acquaint the members of the House with its decisions on those questions of policy. We should state to the House very distinctly where we stand on a matter of that kind. If we were discussing the tariff there would be no question about it at all, the Government as a government would have to know where it stood on the issue; if we were discussing a general question of railway policy the same would be true; if we were discussing the question as to whether or not we should launch out into a shipbuilding programme, the Government as a government would have to come to a decision as to the policy involved, and it must stand or fall by that decision. That always has been and will be our form of government unless our constitution changes. Now, in reference to this matter, such a stand by the Government does not bind hon. members. Every hon. member is free to do as he pleases; he is responsible for his own vote, and he can vote as he likes. But at the same time if the Government takes a certain position on any large question of policy of this kind, and the majority in the House does not sustain the Government, then but one thing follows—some other government must carry on. But if that should happen, that is your will.

Mr. BURNHAM: Might I ask the hon. gentleman a question? Is this a report of the Government or of the committee?

Mr. CALDER: It is a report of the committee; but, as I said in my opening remarks, in so far as the main finding of the committee is concerned, the Government agrees with that finding. That position of the Government is not new. It is six or eight months ago since the Prime Minister himself announced to the House what was the policy of the Government. Early in this session the President of the Privy Council (Mr. Rowell) stood in his place and clearly intimated the decision the Government had come to on that question of policy. The Government did not require the investigation by this special committee in order to ascertain the financial position of the country; it knew that position. There is just a possibility that during the course of our discussions and the digging out of certain facts that the Government as a result has probably just a little clearer knowledge—at least, some members of the Government have, as to what the financial position is now than we had, say, a few weeks ago. But if you will take the letter of Sir Robert Borden written some months ago, Mr. Speaker, you will see that he stated very clearly and very definitely that the Government had the facts and the knowledge upon which it came to the conclusion he then announced, and I repeat that it was not necessary to have this special committee in order to ascertain those facts.

At this stage I do not feel like entering into a general discussion of the whole situation, because I may have to do that later on, but I would just like to point out this; that in all the discussion we have had—and I followed it very closely—after all, when we come to boil it down a great deal of it consists of generalities. My good friend from York (Mr. W. F. Maclean) rather blamed the committee because it had not more of the human element, so

to speak, in its report. Well, we considered that phase, and we decided that so far as dealing in heroics was concerned, merely talking about "the great sacrifices" and "the efforts of our gallant men" and all that sort of thing, we would eliminate it from our report. Some one has said that the men themselves are sick and tired of such statements being made time and again about their gallant deeds, of how they fought for their country and sacrificed themselves, what they did for us that we might be free, and so forth. Nothing would be gained by loading up our report along these lines. Every member of the committee and every member of this House appreciates the situation. They know what our army has done, they know how our men suffered, they know what they accomplished for Canada in the way of preserving our liberties. No, we did not deem it advisable to frame our report along those lines. We had, shall I say, a business proposition before us, although we did not tackle it from that standpoint, and while we did not overlook the other element of the problem, yet we endeavoured as far as we could to approach it in the very broadest possible way and with every sympathy as well.

As I say, during our discussion this afternoon we have not really got very much farther as to the real issue. One member gets up and suggests: Well, surely we can raise $100,000,000. Another says: Well, surely we can raise $150,000,000, while another member suggests $200,000,000, and still another $300,000,000, vieing with one another as to the amount we should or could raise. But hon. members who have spoken along those lines are overfooking two prime facts upon which we have had very little light so far, and if this discussion is to continue I think we should get some light on them.

Now, let me repeat. I showed yesterday, and the figures as yet have not been seriously attacked, that within twelve months or thereabouts we will have to raise from $700,000,000 to $850,000,000 for commitments already made. Now the suggestion is proffered that on top of that we should borrow, say, $300,000,000 more, which means that we must go to the people of this country within twelve months and borrow $1,000,000,000. As the member for North Oxford (Mr. Nesbitt) said this afternoon: For goodness' sake, let us talk common sense; let us look the facts square in the face and see where we are. Can we go and obtain from the people of this country within the next twelve months a loan of $1,000,000,000? That is the question.

[Mr. Calder.]

So far as I am personally concerned, nothing would please me more than to be able to accomplish that, and I daresay the view I hold is the view of every hon. member. It is not a question of endeavouring to pay the men for their service, it is a question of doing what we can to assist them in their re-establishment, and I know scores of cases where returned men do need assistance. But that is not the question. The question is: What can we do at the present time under the circumstances now existing? As I said yesterday, this is both a war year and a re-establishment year; we have both expenditures on us at the same time. Can we go out to our people and get $1,000,000,000, as we shall have to do if we are going to provide $300,000,000 for re-establishment this year? So far as the committee is concerned, Mr. Speaker, it got the very best evidence it could, and it came to the conclusion that that cannot be done. If you go out to-day with your special loan for soldiers' assistance and get $200,000,000, where would you be three or four months hence in so far as other moneys are concerned that must be provided for commitments already made and for other expenditure necessary in order to carry on our national affairs? If we drop our Victory Loan to-day and go again to the people for say another $300,000,000 for re-establishment—yes, we will get it; it could be got. But you would have to go right afterwards for another $300,000,000, and for another $300,000,000 on top of that. Are the financial resources of the country such at the present time that you are sure you could get that money? That is the question. I say again that the committee has come to the conclusion that it cannot be done; that we cannot raise that amount of money in the country in that short space of time. But that is only one side of the question. I repeat with all the emphasis that I can that if this money is raised you have to pay the interest on it every year until the principal is paid off. If you raise $300,000,000 for this purpose, you will have to pay interest at five and one-half per cent—that is what we are paying now, and I assume that that will be the rate for a number of years—and that annual interest will amount to $17,500,000. Well now, I ask the House in all seriousness if on top of the annual load that we are carrying now, a load of taxation amounting to $270,000,000 a year; on top of the interest that must be paid on the $700,000,000 to which the country is now committed, amounting to $38,000,000—I ask

if we can add to these a further amount of some $17,500,000? There is the problem.

During all the discussion that has taken place here to-day and last night, what concrete suggestion has been made as to the means of raising that money?

An hon. MEMBER: None.

Mr. CALDER: It is all very well to say: Yes, we can go out and get $200,000,000 and use it for the purpose of this gratuity. But I ask again, where is the annual amount to come from with which to pay the interest on that sum, to say nothing of all our other commitments? Well, we had a suggestion from the member for Qu'Appelle (Mr. L. Thomson) this afternoon. He said: Out in the West our farmers are prepared to pay; if you will show them the reasonableness of it they will pay. Let me give you one little experience. I was a member of a Provincial Government out West. In 1907 or 1908 we put a tax on land of one cent an acre or $1.60 a quarter section. We had more difficulty in being elected in the election that followed than we had had at any time in our whole history. One whole campaign was taken up in explaining that tax of one cent an acre.

Mr. MAHARG: Have you since had any trouble in collecting that tax? It is still in force.

Mr. CALDER: Well, it took a mighty lot of explaining, and it made a very dangerous election. The hon. member (Mr. Maharg) was there; he knows what the campaign was. He went through it and I venture to say that he supported our tax. But he knows the difficulty that we had; he knows what an issue it was in our province. It was a just tax; if I am not mistaken it is there still.

Mr. MAHARG: Yes.

Mr. CALDER: I ask again in all seriousness: What have we had during all our discussions so far in the way of concrete suggestion as to the means to be adopted for the raising of these moneys? Nothing.

I know that some hon. members are simply tumbling over each other in their desire to see our customs taxation cut down, and there are sections of the country as well which hold that view. We are receiving at the present time somewhere in the neighbourhood of $145,000,000 through customs taxation. That is based upon the present high values of imports; what is going to happen as these values dwindle? Our customs revenue will not stay at $145,000,000; it will come down to $135,000,000, $130,000,000 or $125,000,000, as the values of the commodities upon which the taxes are levied come down. Then, if there is some tariff reduction, instead of a revenue of $145,000,000 from customs we may get somewhere in the neighbourhood of $120,000,000, $115,000,000 or $110,000,000, and the difference between what we are getting now and what we shall get then must be made up in some way. Where is the money to come from?

Our report deals with the question of the income tax; you can read it for yourself. We have as high an income tax now as they have in the United States. It is possible that by more effective administration, by watching the matter more closely and getting everybody to pay that we can—it is going to take a little time; you cannot impose an income tax in a country like Canada and get your maximum results in the first year or two—we may increase somewhat the revenue from that source. But as I understand it, we are getting somewhere in the neighbourhood of $30,000,000 a year from income tax. If we increase the income taxation by fifty per cent, how much more do we get—only $15,000,000; and if we increase our income tax considerably beyond what the income tax is in the United States—well, members of the House realize what the possible effect may be.

Take our business profits tax; are we going to increase that tax? I ask hon. members: Is that your solution of the problem? Is that the way you will get the revenue to meet this huge expenditure? In Great Britain they have chopped off their business profits tax very considerably; I believe they have brought it down to forty or fifty per cent of what it was before, and there are possibilities of further reduction. The same is likely true of the United States. Can we put a still heavier tax on all classes of the business of the country? Can we maintain a tax that is out of proportion to the similar tax imposed in Great Britain or the United States? I doubt it very much; we shall not be able to get a revenue in that way.

Well, where are we going to get this revenue? Will somebody tell me? Will somebody tell our committee? If you are going to ask us to reconsider our report and to amend it so as to provide for the expenditure of an additional two, three, or four hundred millions of dollars, well then, some one has to get up in this House and convince members of that committee that there

is a possibility of that revenue being in sight in order to meet the increased amounts that must be raised annually. Isn't that fair? Isn't it reasonable?

I am merely saying this in order to try to direct this debate into a proper channel. If our calculations are wrong; if our figures are wrong, for goodness sake show us in what respect they are wrong. If there is not likely to be an expenditure of $700,000,000 or $800,000,000 within the next twelve months show us where we are wrong. We spent days and days getting those figures, collecting them, examining them. They are there in the report; they speak for themselves; no serious attack has been made upon them.

Take, for instance, the expenditure on ordinary current account. The figures are there; they speak for themselves; they are very clear and very definite. Our annual current expenditure has gone up from $127,000,000, in 1914, to $270,000,000 this year, without taking into consideration anything for the future, even the interest on the present Victory Loan.

You cannot reduce that sum materially. There is an additional burden there of $90,000,000 for interest on the national debt. You cannot reduce that; it is there; it is fixed; it must be paid. There is another $25,000,000 in that for pensions which you cannot eliminate, and another $30,000,000 to carry on the work of civil re-establishment which will have to be carried on for the next two years at an annual expenditure of at least $25,000,000. You cannot get rid of those expenditures. Taking those factors into consideration, the balance of the money available for carrying on the ordinary purposes of this country is less than it was in 1914, so where is your opportunity for reduction? If you put on top of that $270,000,000 which apparently must be raised, some $35,000,000 or $38,000,000 for interest charges on the $700,000,000 that we must raise to carry out the commitments of the country at the present time; and another $5,000,000 for additional pensions, the number of which is increasing every day; and then on top of that again the interest on this money about which we are speaking this afternoon as necessary to raise for re-establishment;—I want some hon. member to show me where those taxes are going to come from, how they are going to be levied. It is all very well to talk pleasantly, to be agreeable, to speak as hon. members have spoken this afternoon; but that money must be raised, and this Parliament before it commits itself to policies or principles of this kind, must be satisfied that it has the means in sight of raising the money. I thought it advisable at this stage merely to make some remarks to indicate the purport of the amendment itself and to place the proposition once more before the House.

Mr. RICHARD CLIVE COOPER (Vancouver South): Mr. Speaker, in discussing this report, I shall be very brief. I want to make just one reference to the remarks of the hon. member for Simcoe North (Mr. Currie). In an article in the Toronto Star of November 3, he is reported as having said that members of the committee had been approached by the whips to find out their feelings on the question of gratuities. I was a member of that committee, and I consider that the honour of every member of that committee was impugned. As regards myself, the statement is absolutely false.

The work of the committee was a work full of difficulties. Everywhere we turned we found that we were up against a discrimination or an inequality; and to evolve some scheme of gratuities or re-establishment that would be equitable was beyond the power of our committee. The committee worked earnestly and, I think, considered every point throughly. In several cases, they reviewed the matter and then reviewed it again. That is all I have to say as to the work of the committee.

I want to deal for a moment or two with three or four of the specific suggestions and recommendations. Suggestion 2 deals with the rate of pay and allowances of officers, warrant officers and non-commissioned officers receiving treatment in hospitals under the Department of Soldiers' Civil Re-establishment, and the committee recommended that pay and allowances be equal for all ranks. It was not in the mind of any one of the members of the committee at that time that a grave injustice would be done to officers, warrant officers and non-commissioned officers who had been transferred to these hospitals under the Department of Soldiers' Civil Re-establishment, as suffering from some war disability, I think that this is a matter that can and should be remedied. The second matter I wish to take up is suggestion 15. The committee makes a recommendation that "sterling funds" which were for pay and allowances to the members of the forces and which were brought back from overseas by them, should be exchanged at the standard rate of $4.86⅔. The recommendation does not, however, cover the case of men who exchanged their sterling into dollars and

cents in the past. I wish to recommend very strongly that this matter should be considered and that the recommendation, therefore, be made retroactive. My next point deals with suggestion 20 which covers vocational training, education, etc. This is a subject that appeals to me more strongly than any other. As regards vocational training, the suggestion was brought before the committee that all lads up to the age of twenty-one, whether or not they had received a war disability, should be eligible for a training in some one of recognized trades It was, however, felt—and I regret this extremely—that to allow this privilege to any class would be too much of a discrimination. That was the one reason given which really mattered. A second reason given was that the Department of Soldiers' Civil Re-establishment could not enlarge their facilities sufficiently to take care of the prospective applicants. Like many other things that the Canadian corps was up against, that could be got over. The question, however, of discrimination is one that, to my mind cannot be got over, and I regret that extremely, because I firmly believe that every one of these lads who can be trained in a useful occupation is going to return a value for that training a hundredfold in the years to come. He would be of immense value to the country; he would be of the same value to the country as the man who goes on the farm and produces the products of the soil. I am, however, afraid that unless a very overwhelming mass of opinion received from all soldiers' organizations throughout the country can be sent to the Government approving the training of these lads, we cannot get over the discrimination that would be shown if the Government approved the scheme now, and even then I do not know if it can be got over. The same argument, I regret to say, applies to university students.

Every man knows that the scientist who is required to-day is not available from among our own people, and we have to turn to other countries to get him. According to the evidence submitted to the committee there are, I believe, some 7,500 returned university students, and of that number I understand that about 2,000 are unable to put themselves through university. That is a very grave loss to Canada. But the question of discrimination again arises, and unless it can be overcome by the method I have before suggested I am afraid the recommendation must stand.

No. 21 deals with life insurance. This question was thoroughly discussed by the committee and was investigated from every angle which any member of the committee could bring out. None of us were experts or actuaries and the recommendation made by the committee is, in my opinion, the only one that could have been made. But I would ask that when the report is brought down by the experts and adopted as a plan by this Government or any other Government that may succeed it, its provisions be made retroactive to the date of the report of the committee to the House.

To turn briefly to the question of gratuities. There was no scheme of gratuities that was absolutely free of inequality; no scheme that was even reasonably free of inequality. There was therefore no scheme that did not discriminate against one or another. In my opinion therefore these gratuity schemes were ruled out from that point alone. Furthermore, as a member who attended every meeting of the committee except one, during the taking of the evidence, I firmly believe that the financial condition of Canada and the number of people in our country who are able to subscribe to a loan makes it impossible to raise at short notice any such sum as would be required to meet the proposals made.

Several speakers previous to myself have mentioned the question of equal sacrifice. It is a question that is burning in the hearts of the majority of returned men, and it is one that, do as the Government may, will burn there for years still. It may not show itself in any massed form, but undoubtedly it will be evidenced in individual cases. As many speakers have said, these men have come back and now see all others prosperous around them. No matter whether it was the worker who had worked in the shop alongside him, or the manufacturer of munitions, every one who stayed behind reaped the benefits of war prosperity. Is it unreasonable, therefore, it is asked, that our men should seek to equalize if possible the sacrifices they made by asking those who enjoyed war benefits to share with them? The suggestion was made this afternoon by the hon. member for Brantford (Mr. Cockshutt) that a soldier loan of $250,000,000 should be raised. If a soldier loan, why not a gift to the country from the men who have reaped prosperity due to the war? Well, I think that is out of the question; I do not believe we have so many altruists in the country. But if there is anything in the suggestion at all, why could not a loan be raised, free of interest and for a stated term, to allow the man who did not serve to prove his sincerity? If we have such a degree of unsel-

fishness among those who did not serve—personally I do not believe we have—there should be no difficulty in obtaining the money. A loan of that kind would cost the country nothing for interest; if not, let us test it with three per cent, to show some degree of unselfishness. But in the meantime let provision be made for necessitous cases, as is recommended in this report, to meet the needs of the coming winter. This suggested soldier loan is not necessary immediately. It can wait so long as provision is made for urgent immediate need. To be sure that there will be no suffering, the report of the committee has provided, I believe, the sum of $20,000,000. I have discussed this sum with a great many members of the House and of the committee, and they feel that $20,000,000 will not be adequate. I sincerely hope it will, but if it is not there will undoubtedly be sufficient money provided to keep our men, their wives and dependents free of all suffering during the winter.

The hon. member for Fort William (Mr. Manion) discussed the question of a loan to the "needy." The only thing I have to say in regard to that is, that I would want to have a definition of "need." I would like to see any one man or body of men that would care to administer the paying out of any such loan. I do not think it is possible to administer such a loan fairly and equitably.

In conclusion, Mr. Speaker, I desire to place myself on record as fully concurring in the report of this committee, with the reservation that I have made in offering several suggestions in regard to the proposals contained in Nos. 15, 20 and 21 of the suggestions in the report.

Mr. C. G. POWER (Quebec South): We have been told several times during the course of this debate that it was not the purpose of the committee, nor should it be the purpose of this House, to enter into politics in connection with this matter. On a former occasion when these gratuities were discussed I said I thought it should be a partisan matter. However, I did not appear to have the support of members on my own side in that respect, but I have certainly found that it has been made a party matter by those on the other side. For instance, the member for North Simcoe (Mr. Currie) last night, in a very able discourse, endeavoured to show that there was one means of raising the money to pay these gratuities, and that was to raise the tariff. That is to say, we must attach the soldiers to the High Protectionist party in this country. So far so good. He is not the only gentleman who has taken that view. We heard in 1917 throughout Canada, in England and in France that the only way to save the country was to be found in the Unionist-Tory party, who befriended the soldiers; and I am sure the hon. member for North Simcoe was to a certain extent right when he said that a large number of hon. members on the other side owed their seats to the soldiers. They claimed that they were the win-the-war party, and they said to the soldiers, "You will all come home and will be treated well". I heard a story to-day, Mr. Speaker, that reminds me of the win-the-war party. A chap told me that three men were having a discussion as to who was the biggest liar. One had been an aviator, another a tunneller, and the third was just an American. The aviator said that he had sailed so high towards the heavens that he had heard the music of the harps; the tunneller said that he had descended so deep into the ground that the water in his bottle boiled from the heat of Hades; the American said "We won the war." I think that the Unionist party is on a par with the American of the story.

Without going into the history of the Unionist party, I may offer them a few salutary suggestions which I hope will be well received. In the course of my work in the committee I requested permission to bring in a minority report, but I found no seconder from my side, and certainly none from the other, and I was told that I had better bring the matter up in the House. Here is that report:

> Whereas the said draft report is unsatisfactory in that no adequate scheme for the re-establishment of the ex-soldier is recommended, and
>
> Whereas the provsions recommended in the said draft report for meeting the unemployment situation during the coming winter will not provide real relief to those most in need
>
> That the said draft report be not concurred in by the House but that it be referred back to the committee in order that such legislation be immediately brought down as will alleviate the present pressing needs of the ex-soldier and provide for his final and complete re-establishment to his pre-war civilian status.

As I say, no one would second me in this report, and I have to go on with it alone. I may explain what I meant when I said that there was no adequate relief. We have brought down a report in which, with the exception of provision for some $40,000,000 or $50,000,000 for unemployment, with which I will deal later, nothing real or substantial has been suggested. One might say that an attempt has been made to remove a car-

buncle with a needle instead of a knife. Suggestions have been made, none of which are of any actual or real worth. You have spoken of the Soldiers' Civil Re-establishment Department as something of an improvement, but to my mind it sins from the very head. A department which purports to deal with the soldier and the soldier's problems, a department which has been advertised most extensively, and I presume most expensively, in the government newspapers as one created for the purpose of looking after the real needs of the soldiers, has no soldier to direct its affairs. Out of 620,000 soldiers—I may not be numerically exact, but I think this estimate is practically correct—there has not been found a solitary one capable of looking after his comrades. You have found a man who was never in the war, and as his deputy you have chosen a man who did not see service. Had you wanted to please the soldiers who elected you you might have at least listened to the resolution passed at their annual convention, as follows:

Resolution No. 6.

Whereas the administration of the Department of Soldiers' Civil Re-establishment has caused keen dissatisfaction and much unrest among returned soldiers in Canada, and has placed in jeopardy the successful rehabilitation of disabled men, which, under present existing conditions, is a menace to Canada;

And whereas it is considered that the pressing problems of this department demand the sole attention of a minister responsible to the people through Parliament, and who, with his deputy minister, should have an intimate and sympathetic understanding of the needs of returned men;

Be it resolved:

That this convention of the Great War Veterans' Association of Canada hereby petition the Right Honourable Sir Robert L. Borden, Prime Minister of Canada, to institute such changes in his Cabinet as will relieve the Hon. Sir James Lougheed of the portfolio of Soldiers' Civil Re-establishment, and provide for the appointment of a responsible minister and a deputy minister, who has engaged in Active Service during the present war.

That is not mine; that is a resolution of the Great War Veterans' Association. I think they are right. That department, perhaps the most important which we have at the present time, has a minister whom very few of us have even seen. Personally, I have been a member of this House for three sessions and I have never seen him to my knowledge. When Estimates are brought down we have the hon. the President of the Privy Council (Mr. Rowell), the hon. member for Halifax (Mr. A. K. Maclean) and the Minister of Immigration and Colonization (Mr. Calder) dealing with soldiers' problems. One of my suggestions is that we should remove to the Senate the President of the Privy Council instead of the hon. member for Frontenac (Mr. Edwards). The President of the Privy Council does not seem to have anything to do and he will be quite safe with that other ministerial jack-of-all-trades, the hon. member for Halifax, who might be sent up there too. I do not say that the removal of these hon. gentlemen would not cause me a certain amount of sorrow but at all events we should have somebody in the House to answer questions in regard to soldiers re-establishment.

With regard to vocational training—and I speak from the slight experience I have had of it—there is connected with it an awful lot of red tape. There is a certain amount of incompetency in carrying out the system. It was shown before the committee that a man of 38 who had been a labourer was being trained to become a clerk in a commercial institution and he was being given a gratuity while learning this new calling. You must have some common sense. How can a man of 38, who can barely read and write, learn in six months to be a clerk in a commercial establishment? We have had numerous cases of that kind.

After men complete this training there is no real provision made to get them jobs. Sometimes they are taken down to a factory and placed in positions, but unfortunately they are not able to hold their positions and I am quite sure that even the most loyal manufacturer or employer would not keep them.

Then we have land settlement. It is perhaps a very good thing but we had been playing at the formation of a land settlement scheme for two years before we finally got one. I am not saying whether it will be good or bad. It depends on whether these men will be able to pay the $7,500 loaned to them. I have every confidence in the soldiers but they may never be able to pay. Not knowing anything myself about farming, as some hon. gentlemen on the other side of the House profess to do, I am not in a position to speak upon that phase of the question but it strikes me that it may be a difficult thing to pay back $7,500. That is my opinion and it may not be the right one. In so far as this part of the country is concerned, Quebec and Ontario, I quite agree with the hon. member for North Simcoe (Mr. Currie) as to the futility of taking a trained farmer off the farm and putting in his place some one who was more or less trained at

a government college. We buy a farm from a farmer and put somebody whom we have trained in an agricultural college in his place. We are trying to increase production. Never in the world will we increase production by any such scheme. The employment agencies work so well that the Government which establishes them does not think of choosing its employees from its own employment agencies. I will give an example of what I mean. At Quebec we have what is called the St. Malo workshops. They were to bring work to the city of Quebec, and we were to be prosperous; they did not do so. But the shops were opened recently and were supposed to employ returned soldiers. We sent returned soldiers down there to get work. What happened? The returned soldier would be told, "The job is filled, somebody else has got it." A man would say. "I am from the Government employment agency. You have got to give me employment." "Well," he would be told, "we cannot employ you, we have got no job for you." Next day somebody else who happened to have a pull with the boss of the shop got the job. That is a good illustration of the operation and the working of a government employment agency. Throughout the whole of these works no more attention is paid to the government employment agency than an ordinary manufacturer or an ordinary employer pays, in fact much less. I had been under the impression that these employment agencies were instituted for the purpose of obtaining employment for the people.

There are several recommendations in this report, some good, some bad, but mostly of an indifferent character. Suggestion 2, to be found on page 49 recommends that the same rate of pay and allowances be granted to all those undergoing medical treatment. I am presuming that the members of the House are familiar with what is proposed by this recommendation. Anyway, the object of it is this: that whether you be an officer or a private, a non-commissioned officer, a sergeant-major, a lieutenant-colonel or a colonel, if you are undergoing treatment under the Department of Soldiers' Civil Re-establishment, you are going to draw the same rate of pay as any other. That is equality, if you like. I have received several telegrams in regard to this recommendation. One is from Ste. Agathe des Monts, the sanatorium under the control of the Government for T.B. patients. It reads:

Below copy of telegram: Expect you protect our interests this matter. Hon. J. A. Calder, Chairman, Soldiers' Civil Re-establishment Commission.

Nursing sisters, officers, and N.C.O's undergoing treatment St. Agathe sanatoria strongly protest proposed equalization of pay outlined in recommendation of your commission. If this reduction is made Canada will be only allied country not treating invalided officers and N.C.O's in a manner commensurate with responsibility they shouldered during war and will place same in very embarrassing position owing to financial obligations already assumed.

Captain Lee.

I have two or three of these telegrams and some of my friends have also received them. Now what will be the effect of this recommendation? I will give you a concrete case. I know an elderly man, a man 45 or 50 years of age, who practised in Quebec as a physician. I will not say what he was earning but he derived quite a comfortable income from his practice and supported his wife and children. He was away three years at the war, in command of a hospital, and did his duty. Now he is a hopelessly incapable case. That is to say, he is in a hospital, conducted by the Department of Soldiers' Civil Re-establishment and is drawing the rate of pay which he drew overseas—not as much as he was earning in civil life—and his wife is drawing a separation allowance. The effect of this recommendation will be to reduce the pay of this man, who is utterly incapable of doing anything, to the rate of $1.10 a day and to practically turn his wife and children on the street. I was a private soldier myself, I joined the forces in that capacity, but I do not think this proposal is a fair one. It is rank Bolshevism, that is all it is. You are not doing what is in the interest of the private soldier. If you were, you would say, "We will increase the private soldier's pay and give him the same pay as a colonel." If that were done, I would say all right; but I do not see the sense in putting people on the street just to please the rabid element in the Great War Veterans' Association, in the ranks of the soldiers, or in this House. I say it is not reasonable, it is not fair, and it should not be done. I think that the recommendation is a shame and a disgrace to the House. If we are going to act on that idea give to the members of Parliament who served here during the war $1.10 a day. They did not do as much as the soldier did, let them give back their indemnities. But to do what is suggested is not fair; it is not a square deal. I want to be treated as fairly as anybody else, but I absolutely refuse to vote or to concur in any such suggestion. Take another suggestion in the report, to be found at page

50. It is proposed that the period during which the after-care officers of the department should keep in personal contact with disabled men shall be extended. My objection to this recommendation, and I will state it very briefly, is that we want the returned man to be self-reliant. We believe in self-reliance in the returned man. Still, you are going to send some officer around, well paid by the country, to look after this chap about every two or three months, and he goes and asks the man, "What are you doing, Bill; after a better job?" Well, Bill has a job that does not suit him but he does not want everybody poking into his affairs; he does not want statistics to go to Ottawa with respect to his private affairs. Let him try to earn a little if he wants, but do not bother the man.

There is another recommendation somewhere in the report in regard to the Pensions Board, and I think it is very important; the Pensions Committee should look into this. There is a grave necessity in the country that we care for the widowed mother, for instance. The widowed mother gets $40 a month, and I think everybody will admit the fact that she has a difficulty in making both ends meet. I am sure it is very difficult for her to do so in our part of the country, and I am quite sure it must be far more so in the West. I think that matter should have been looked into.

Now I come to another suggestion. It has been said several times in this House, and, I think, rightly, that when we are looking into the question of insurance we might at least have recommended the bringing down of some scheme for sub-standard insurance. I mean this: When a man has been so disabled as to be unable to obtain insurance from an ordinary company, at the ordinary risk, the Government should provide some means for helping him to do so, whether by Government insurance or by State help of some kind. The man who is suffering from tuberculosis or gas, should have some means put at his disposal by the Government, so that in case he dies from the disease he might leave something to his widow and children.

Now I come to the last suggestion, to be found on page 58 of the report. That suggestion is that we should vote a certain amount of money for looking after necessitous cases:

> As to any unavoidable unemployment that may exist among returned men during the winter months, your committee are of the opinion that the Federal Government should assume the responsibility for making such provision as is deemed necessary to meet the emergency.

That may be right, the Government has employment bureaus for the purpose. But the committee goes further and recommends:

> With this object in view your committee would recommend that steps be taken to provide assistance for all necessitous cases, that for the purpose of handling the problem the necessary administrative machinery be organized without delay and that whatever appropriations are required to reasonably provide such financial assistance as may be necessary should be made available.

We are voting practically $40,000,000 or $50,000,000 all told for that. What are we voting it for? We are voting it to be handed over to the Department of Soldiers' Civil Re-establishment, or to some department of which we know nothing—that is to say, to a department of this Government we are giving this $40,000,000 or $50,000,000. Now, I have great difficulty myself in trusting this Government with forty or fifty cents; why should we trust them with $40,000,000 or $50,000,000 and give them a blank cheque to hand out to the needy? Why, we are all needy—I have four cents in my pocket! If the Government wished to bring on an election shortly, any one who obtained a portion of this fund would be presumed to vote for the Government, which is only natural. Who are you going to give it to? I would suggest that before we vote this money that we should at least know who is going to handle it, who is going to have the boodle. I would like to know to whom in my constituency any of this money will be paid. I am going to send the men that I figure are going to vote Tory—

Mr. ARTHURS: The hon. member has not any necessitous cases?

Mr. POWER: The Tories are all necessitous cases in my constituency. If we could really say that some good would result from this expenditure, that men might get a chance of obtaining some real relief, I would say: Well, perhaps. But we do not like to trust this Government. They have gone so far in the hole already, let them hang themselves. But we shall be doing no good to the real needy soldier. The man who needs the money and who wants to do well will in many cases not appeal to charity, whether it be administered by the Government or by any other organization, and I am sure that any hon. gentleman on the other side of the House who have had experience with our soldiers knows that. The result will be that almost every bum in town who does not want to

work will be calling every day at the Necessitous Bureau, or whatever other name may be applied to it. You will see the same ones coming for help—I do not say a large number, but a certain number will be right there, while the real man, the man who wants to get a job, and is willing to use an employment agency if it is any good, will not go to this Necessitous Bureau. I am absolutely opposed to voting this money until I know where it is going. We have voted enough money already without knowing its destination.

We have been asked by the other side of the House to make a suggestion as to how to find the money that is needed. Before going further I must say that I am absolutely opposed to any further gratuity. I have already stated in this House that I am absolutely and positively opposed to any further gratuity, and I wish to state my position as strongly as I can. But to please hon. gentlemen opposite—they are good friends of mine—I am going to make a suggestion. The S. C. R. is an absolutely useless institution, headed by an absolutely useless minister. The S. C. R. should be abolished. Nobody wants it. You have a horde of S. C. R. employees living on the fat of the land; throw them out. The S. C. R. and other schemes have squandered millions of money. I may be wrong by a few odd millions, but we have been handling so many millions lately that it is hard to keep track of them—the S. C. R. has or is about to spend $414,000,000. We have some $300,000,000 that we can save anyway. Suppose you want to give the soldiers a further gratuity, abolish the S. C. R., except as to the Pensions Committee;—keep the Pensions Committee,—do away with land settlement, let the chap who wants to go on the land do so; do away with the employment agency, it is no good anyway; do away with vocational training, give any badly injured man the information where he can go to educate himself, steer him in the right direction. Then you will have found $300,000,000. Well, let the country take $200,000,000 of that money. I do not see any reason why we should not do that. We might save that money and make the men happy. I have already spoken longer than I intended to—

Some hon. MEMBERS: Go on.

Mr. POWER: I was not one of the members who signed the minority report of the committee; but I think they are quite right when they say that if we have no money it is due to the reckless expenditure and the shameful waste indulged in by this Government. The Government has promised to the soldiers everything that it could possibly promise them. In the meantime it is wasting money that it might save to give to them. First of all we sent our soldiers to the war; that is all right, I was in favour of it. We wasted a lot of lives at the front; that was all right, it was regrettable, but our men went over there to do battle. Then we have given credits all over, we have sacrificed ourselves for Britain and the Allies, in fact for every nation in sight. We wasted our money during the war and after the war. We bought munitions that were useless; we bought boots that were rotten; we bought horses that could not walk—we bought everything in the world on which we could spend money that, but for this waste, we might have had to use for the re-establishment of our soldiers. While our soldiers were fighting overseas we were spending money in Canada. We took $25,000,000 and threw it at Roumania; we will get it back some time—perhaps. We took another six or seven million dollars and gave it to Joe Flavelle for the benefit of the Dagos; that is all right, but still the soldiers are not getting it. Then we go to work and seem to have a great love for the British—until they interfere with us. In this case, though, I am afraid it is not the unhappy British investor, who, in any case, we are ostensibly going to help. But we have given to the British investor many millions of dollars which we might still have had in the exchequer for the use of the returned soldier. In a word, we turn over everything we have got to every nation except our own.

As far as I am concerned, although I cannot vote for further gratuities because the country is in such a deplorable financial state, I think the greatest possible blame should be laid upon those who brought about such a state of affairs that we cannot now do for the returned soldier what we promised to do for him, and what he has, perhaps, every reason to expect we should do for him.

Mr. JAMES ARTHURS (Parry Sound): I am somewhat surprised at the remarks of the hon. gentleman who has just taken his seat (Mr. Power), and who was a member of the committee investigating Bill No. 10. I am afraid that his attendance could not have been—

Mr. POWER: May I interrupt the hon. gentleman a moment? I stated on the floor

of the House that I thought it quite possible I might be appointed a member of this committee, but that I considered, in view of the rules of the House, that since I had pronounced myself so strongly against gratuities I should not be so appointed. But I was appointed to the committee in spite of that pronouncement.

Mr. ARTHURS: This is the second occasion on which the hon. gentleman has stated that he is personally opposed to any further gratuities. In that he bears out the remarks of the hon. member for North Simcoe (Mr. Currie)—possibly with that intention, I do not know. The hon. member for North Simcoe asserted in this House that the committee was hand picked and that the men selected were known to be opposed to further gratuities. That assertion has already been denied on the part of several members, and I can only say that for myself no man canvassed me, and that I went on that committee with an open mind—not only with an open mind, but for various obvious reasons I was decidedly in favour of doing whatever was possible for the returned soldier, and I believe in that I was of the same mind as the majority of the committee. Many members of that committee had been overseas, others had their sons or other relatives and their friends at the front, some of whom had failed to come back.

The member for Brantford (Mr. Cockshutt) boasted to-day that although he was opposing the report of the committee in certain particulars he had had three sons overseas whose combined term of service was eleven years. One member of that committee, Mr. Speaker, had three sons overseas who failed to come back. It is decidedly unfair to say of that man at least that his sympathies were not with the returned soldier.

Mr. POWER: I did not say that.

Mr. ARTHURS: I was not referring to the member for Quebec South (Mr. Power). But that hon. gentleman did say some things. In the first place, while the committee stated that no further gratuities were possible at the present time, he went further and said that they should not be given under any circumstances. He has also said that he is in favour of the abolition of the Department of Soldiers' Civil Re-establishment. Now, if the investigations of our committee proved anything they proved that notwithstanding the charges which have been indiscriminately made against that department, the work done by it was much greater than we had anticipated or ever thought of. This department takes care of the men who have been disabled and who require further medical treatment either now or at any future time. In that respect, therefore, the hon. member is very much mistaken; I am satisfied that he will not get one follower throughout this great Dominion who, thinking the subject over, will say that the Department of Soldiers' Civil Re-establishment should be abolished. On the contrary, we should extend the department; and I may say incidentally that while the committee found it impossible to recommend the granting of any further gratuities at the present time owing to the financial condition of the country and other considerations which I shall mention later, we found also—and we were unanimous in the conclusion—that everything possible should be done, first, for the men who had been disabled in their efforts for us in this war; and second, for the widows and the children of those men who failed to come back.

I have said that the statement has been made that this committee was biased, and I have endeavoured to prove that the contrary was the fact. This committee held a great many sessions; I understand that there were fifty or sixty meetings. We had witnesses from all parts of Canada. We sat morning, afternoon and night, even on Sundays on one or more occasions, in order that we might have a finding to place before Parliament before the close of this session. We went into the matter very thoroughly, and our opinion, shortly, was this: The adoption of any of the large or general schemes of gratuities would bring about no permanent basis of settlement. If we took any one of those schemes there would be no guarantee, no guarantee could be given by any man or any body of men that would settle for all time the question of the civil re-establishment of the soldier. All hon. members know that there is going to be a certain amount of unemployment and hardship during the present winter, and if we acceded to the proposals put forward by Mr. Flynn or by any of these bodies, would we have any guarantee that there would be no unemployment this winter? Would we have any guarantee that these men would not soon lose or spend this money in some way? Would we have any guarantee that the country would be protected against unemployment? I contend that we would have the same obligations to meet even if we acceded to the request that an additional

gratuity be granted. We know that these problems must recur from time to time; and the finding of the committee was that we should turn down, to use a short term, the various proposals placed before us for a general gratuity, in favour of relieving cases of necessity during the present winter and providing for those cases that might occur in the future.

I wish to say a few words with regard to the various schemes of a general character that were placed before us. The first scheme was that of Mr. Flynn. For obvious reasons, I do not think any member will frankly say that he is in favour of this scheme. The proposal was that a grant of $1,000 be made for service in Canada, $1,500 for service in England, $2,000 for service in France, regardless of length of service or anything else. When asked the question before the committee whether he would give the $1,000 to a man who had only been in service for two or three days, Mr. Flynn said that he certainly would. The chief trouble that has been experienced in connection with the gratuity that has already been granted is based upon its inequality. We found that gratuities were granted to and accepted by men who in the ordinary sense of the word did not need them. A great many civil servants went overseas and while there drew full pay as civil servants as well as their military pay. It is quite true that their dependents did not get separation allowance, but in all other respects they were treated the same and received the same pay as any other soldier. Upon their return to Canada they went back to their ordinary positions, received any increases which might have been given to others of their rank while they were away, and received the gratuity in addition. Other men in the employ, perhaps, of railway companies or of private individuals got the same gratuity under practically the same circumstances. This difficulty of inequality, therefore, would not be remedied by the proposal of Mr. Flynn; in fact, it would leave us exactly as we were before.

The second proposal was that of the Great War Veterans' Association, and it had all the elements that make for failure. The gratuity plan as proposed by the Great War Veterans' Association put a premium upon a man's service as related to a particular year. In other words, a man who went over in 1914—and many young fellows of adventurous spirit joined the army in the autumn of 1914 in the expectation that the war would not last very long, perhaps only a few months—would receive, on account of the simple fact that he entered the army, a grant of $500, then an additional $1,000 if he reached England during that year, and an additional $1,000 if he reached France that year. Mr. Speaker, the young man who volunteered and went to the front in 1916 or 1917, after the sufferings of our men at Ypres and the Somme had become known, was a greater patriot and deserved much more credit—if indeed, there is any measure to the credit due to these men—than the man who went over there in the first days of the war. Under the plan submitted by the Great War Veterans' Association this man was discriminated against. All a man had to do was to go over in 1914 and reach France that year or the succeeding year, and if he returned to Canada within two weeks after he got to France he would receive the maximum gratuity of $2,500; whereas the man who went over in 1916, knowing to a great extent the awful character of the war, and remained there until the last gun was fired, would receive a very much smaller sum. In other words, the Great War Veterans' Association plan had absolutely no regard to the length or character of the service rendered, other than such as could be found in the proposal that a twenty-five per cent reduction be made in the case of those who had not seen combatant service.

During this debate we have had one prominent advocate of the Great War Veterans' Association, the member for North Simcoe (Mr. Currie).

Mr. H. A. MACKIE: Did the committee consider the Great War Veterans' Association plan as an absolute proposition and was it turned down as such, or was the plan presented to the committee purely and simply as a suggestion?

Mr. ARTHURS: The plan was put before the committee as a straight proposition. It was modified by some of the witnesses in certain details, but as I understood it, the representatives of the association put the plan forward as a concrete suggestion.

Mr. H. A. MACKIE: Did your committee suggest to the Great War Veterans' Association that any suggested modification of their plan would be considered by the committee?

Mr. ARTHURS: Just in the same way as we were willing to consider suggestions made by any man in Canada. We made no exceptions in favor of the Great War Veterans' Association or any other body.

We had suggestions from private individuals. We had a very good suggestion, to my mind the best of all, because it eliminated many of the inequalities of the previous gratuity, from Mr. Margeson. This suggestion was put forward entirely on his own behalf, without regard to any body else. We were quite willing to accept any proposals, whether put forward by the Great War Veterans' Association or by any other body or person.

Mr. H. A. MACKIE: Did the committee turn down the proposition of the Great War Veterans' Association by reason of any discrepancies between the amounts paid to one soldier and another, or by reason of the fact generally that the money could not be raised by this country to pay the gratuities which had been demanded by that association?

Mr. ARTHURS: For both reasons. The committee considered all those schemes on their merits. Then we took into consideration the financial condition of the country and the financial requirements of the men. As I said before, the hon. member for Simcoe North (Mr. Currie) has been in this House the champion exponent of the scheme of the Great War Veterans' Association, and I just want to read a few words that he said during the course of the debate as to his appreciation of the word "need," because the whole scheme of the Great War Veterans' Association is based on the common application or definition of the word "need" as applied to gratuities. The hon. member for North Simcoe shortly after the commencement of his speech, speaking of the Great War Veterans' Association, said:

> They have not asked for charity. They are asking for gratuity and gratuity means a grant in money or in kind which will compensate them for lost time during the war and enable them to carry on in civilian life in the future.

Later on he says, as reported on page 1856 of unrevised Hansard:

> It is a grant by the nation in recognition of his services and the losses that he has sustained on behalf of the State.

Later on, on the same page, about the middle, he says:

> When you speak of men as being in need, you mean charity.

Mr. CURRIE: The hon. gentleman is, of course, quoting from my speech in this debate, and I might very well object to that as not being permissible under the rules of the House, but I am quite willing to let that go. If he will examine my remarks, he will find no reference to the Great War Veterans' Association. I referred absolutely to the returned soldiers. I said in conclusion that I was quite willing to support the proposal of the Great War Veterans' Association and the amendment, that was all.

Mr. ARTHURS: I am quite willing to take the hon. gentleman's word, and to apply his remarks to all the gratuities alike. The same thing applies to every one of the schemes that were before the committee. They all hinge upon the definition of the word "need", and I am pointing out the definition as given by the hon. member for North Simcoe when he says that according to his opinion these grants must be given to all indiscriminately, that is, given as a reward for services and to make up for losses sustained by the various members of the force. He says: If you discriminate and use the word "need", it means charity. In other words, the committee accepted the view that if you took any one of those schemes, you must apply it to all the members of the force who would be entitled to it according to the ordinary acceptance of the word. While we are all having a heart-to-heart talk, I may say personally that if the finances of the country could stand it, I believe in the scheme of Mr. Margeson, and my only objection is that the finances of the country cannot stand it. By following Mr. Margeson's scheme the various inequalities existing in connection with the present gratuities would be obviated, and the common private soldier, who after all has the greatest need for re-establishment, would have what was coming to him in proportion to the others. I have no hesitation in saying that, while I subscribed to the report and am quite willing to stand or fall by the committee's report which says that we cannot see our way clear at the present time to advocate or recommend any gratuities as a general thing.

This is largely owing to two factors that enter into this discussion, the first and the principal one being the financial condition of Canada at the present time. I am not going to go over the figures, as it is quite unnecessary for me to do so; but the fact remains that counting the capital expenditures alone or the expenditures which are absolutely fixed by statute and the interest which we must pay upon the present Victory Loan and the loan which must follow it in order to meet our obligations, Canada

will be required to find a sum of approximately $320,000,000 or $330,000,000. That means $40 for every man, woman and child in Canada per annum, counting our population at 8,000,000, which is a fairly liberal estimate. In order words, every family of five will, under the present circumstances, be required to find about $200 per annum on the average in order to fulfil our present unavoidable obligations. Your committee felt that it was utterly impossible that, under the present circumstances, we should add to that $20,000,000, $30,000,000 or $40,000,000. We, however, provided for assistance to those soldiers who might be in need at the present time, and we also made certain recommendations for changes in the present regulations.

As regards special cases, we have altogether thirty-three recommendations, which I am sure every hon. member has read. While we could not follow every suggestion, we at least attempted to give a fair consideration to each and every one of those questions, and we made certain recommendations which I believe are entirely in the interest of the men themselves and mean fair treatment to them by the country, and that is what they certainly deserve. Some of the suggestions which we were unable to recommend were of great merit. We have one mentioned in the amendment of the hon. member for Winnipeg Centre (Mr. Andrews), namely, the one regarding the Pensions Board. I am one member of the committee who was very insistent, as the chairman will bear out, in trying to increase the award presently given by the Pensions Board to orphans in Canada. I did the best I could, but I was confronted with the fact, that the committee after all had nothing to do with pensions. We were appointed to look after Bill No. 10, and the best thing we could do was to make a recommendation that the Pensions Board should be continued and should look into and consider further these inequalities, and that if any hardships existed, the Government should make such provision through the Patriotic Fund as would alleviate any distress during the coming winter. This has been done. It is quite unnecessary that I should read the recommendation, but it is one of the clauses which the hon. member for Winnipeg Centre desires to have stricken from this report. Does the hon. member for a minute mean that those widows and orphans are receiving too much at the present time? Does he think that we exceeded our duty when we asked that the Government should take this into consideration and recommended that if there is any trouble during the winter, the trouble should be alleviated through the Patriotic Fund ?

A second suggestion which we were unable to make any finding upon was the matter of life insurance. I do not think there is a doubt in the mind of any hon. member who has considered this question at all, that this matter should at the earliest possible moment be cleared up, and that we should make some provision whereby our boys, who went to the front and who have come home suffering from any disability which will make life insurance more expensive to them, should be relieved of the difference between the ordinary expense of life insurance and that which they would presently have to pay.

Mr. PETER McGIBBON: When does the hon. member think that that time will arrive?

Mr. ARTHURS: I think the time has already arrived; indeed, so far as that is concerned we are away behind the times. But we could not do anything except to take conditions as we found them. This is one of the matters that were brought before the committee, and while we did not possess the expert knowledge necessary to gives an actuary's decision on the question, we have recommended to the Government the appointment of actuaries to look into the matter, and I think that the House will bear me out when I say that this was a very wise provision. It is also one which the hon. member for Centre Winnipeg (Mr. Andrews) would have struck from the report.

The figures which have been previously given in this debate differ somewhat from those which I would submit in regard to the present commitments of the Government, which I set out in this way:

Gratuities which have already been given to the soldiers in cash, or which will be given, according to the estimate, before the 1st of April next, $153,686,577; return of dependents, $1,916,578; or a total of $155,603,155. There can be no doubt that these amounts are a direct bonus to the soldiers who have returned to Canada. A man receives no gratuity until he has been discharged, and these amounts so paid must be to men categorically A 1, or those who have received a pension. The second class of payments are pensions, $53,536,498, and payments by the Soldiers' Civil Re-establishment $57,045,644, or a total of $110,582,162, which has been paid directly and

solely to the disabled men and the widows and orphans. These two commitments are essentially for the soldier himself and for his re-establishment in Canada, and they total some $256,000,000. In addition to that, as has been pointed out frequently in the debate, during the present fiscal year we will make a payment of $48,228,103 for land settlement. Personally, I do not think that in any sense the land settlement scheme is one for the benefit of the soldier. I think it has been put forward by the Government entirely in the interests of the colonization of Canada in order to have men put on the land in the shortest time and in the best manner possible. In my opinion it is a good scheme, and I think that one Canadian soldier who will honestly attempt to take up farming is worth any ten Doukhobors who were ever brought to Canada. He is a far better citizen and is more apt to make a success at farming than any foreigner, and any expenditure which the Government makes along this line should be supported by Parliament, and will certainly have my support now or at any time in the future.

I desire to say a few words in regard to the finding of the committee. The first item of expenditure recommended is $9,000,000. This is to equalize the gratuities of those Canadians or residents of Canada who joined the British forces for service in the air, or in the motorboat patrol of the navy, or in any of the mechanical troops which were advertised in Canada, and for which this Government asked for recruits. It applies also to British reservists, who answered the call from Canada. These men must necessarily have been residents of Canada before the war, and must have returned to Canada and taken up their residence in this country again. As they are Canadians, I think the House will agree with me that they should receive the same gratuity as any other Canadian. They were fighting the same war, and were then and are now Canadians. There is no reason therefore why the gratuity should not be the same in their case as in the others. As I say, this involves an expenditure of $9,000,000. The second class provided for are those who spent money for the return of their dependents from England. It was found that after the armistice the Government had made provision whereby the expenses of dependents returning to Canada were paid by the Government to the extent of a third-class passage on the ocean, with a similar provision for rail, amounting usually to about $50 for each dependent. But those Canadian soldiers who sent their dependents home previous to the armistice did so at their own expense, many of them on the advice contained in circulars issued in England, and from the terms of which they considered themselves in duty bound to send their dependents home. The committee found that they were entitled to have the same amount paid them as was paid in the other case. This will involve about $1,000,000, which expenditure it will not be difficult to defend. The third recommendation was free clothing for those hospital patients under the care of the Soldiers' Civil Re-establishment. This is a very small matter, but it is of grave concern to the men. The men in the military hospitals have clothing supplied free while those in the Soldiers' Civil Re-establishment up to the present have not enjoyed that consideration. The amount required for this purpose is unknown to the committee. The question has arisen regarding our recommendation as to pay and allowances for those undergoing treatment in the Soldiers' Civil Re-establishment. I might say in this connection, bearing out the remarks of a previous speaker, that your committee had only in mind those men who had been regularly discharged from the Canadian service and who were under treatment by the Soldiers' Civil Re-establishment simply as patients, in which case they should receive equal pay, colonel or private.

The committee had no intention of taking anything from the pay of the man who was still in the service, or who, by the action of this Government, was taken from one hospital under the Militia Department and placed in another under the Department of Soldiers' Civil Re-establishment. I think that is a matter that will be dealt with under the regulations which will be formulated as a result of this recommendation.

Mr. PETER McGIBBON: On what ground does the committee justify the taking of a diseased patient, no matter whether he is an officer or private, and treating him in an ordinary private hospital at the present time?

Mr. ARTHURS: Personally, I can see no reason why two discharged men under the same circumstances, whether major-generals or privates, should not receive exactly the same treatment, provided they are both civilians. Men who are civilians, and who are not under continuous treatment are the men who were in the mind of the committee

when this recommendation was made. Is that what was in the mind of the hon. member for Muskoka?

Mr. PETER McGIBBON: What I had in mind was that the treatment which is provided is practically the treatment provided for charity patients in an ordinary hospital, which I think is not sufficient.

Mr. ARTHURS: According to the regulations, any man coming back to the hospital for treatment of a recurring disability from wounds or otherwise receives the pay and allowance of his rank. That is the regulation that we are amending. When a man who has been regularly discharged comes back to the hospital for treatment of a recurring disability, whether from wounds or from other causes, he is a civilian, and the committee saw no possible reason why one civilian, because he happened to be a major-general, should get a major-general's pay, when, under exactly the same circumstances, another man received the pay of a private.

Mr. PETER McGIBBON: My hon. friend has not answered my question.

Mr. ARTHURS: Then I cannot understand the question. I am pointing out the finding of the committee. We had in mind the case where the treatment was continuous. If a man had been brought home from the Old Country, or from France, with wounds that had not properly healed we did not cut his pay off; he would be still in the pay of the Government and would be receiving the pay and allowance of his rank. But it was felt that all men who had been discharged and had gone back to private life should be treated alike, and that there should be no classes amongst them.

Another matter that came before the committee, and which has been so ably touched upon by the chairman, is the question of neurological and subnormal cases. This is a graver matter than, I think, the majority of the members appreciate. I do not think they appreciate the gravity of the situation in Canada. These cases are very large in number. They are represented by a class of men who to-day may be as normal as any member of this House and who will be subnormal at times. Many of them are absolutely incapable of taking care of themselves properly at times. There are many grave problems, problems that it will take us many years to overcome, and while the committee recommended that the Government should get experts to inquire into this matter, and while the committee believed that colony farms might be provided for these men, we felt that we could not approximate any amount to submit to Parliament as being the probable cost of providing proper treatment for these cases. Personally, I believe that it will take a long term before we are thoroughly rid of this problem, and I think it is one of the most serious problems we had before us. These men are all over the country. They are a menace in many ways to themselves, and if we leave them without care we will be held up to the world as being ungrateful to these men and in many cases worse than that. It is up to the Canadian Government to do something to take care of this class.

The matter of the cashing of cheques is a very small one. It was simply a matter of injustice. Our returned men had their cheques cashed at par, but the men who joined the naval service were required to pay a discount. The committee, having considered the matter, made a recommendation dealing with it. The whole object of the committee was to do justice to the returned men. We were trying to do everything possible that we thought right for the returned soldier, no matter what he was or what his rank might be in so far as Canada's present ability to pay went. We recommend certain benefits to those who are disabled. It was felt that those men who are not able to take their places in the life of Canada should be cared for as well as the widow and orphan of the man who did not come back. Consequently, you will find that all our recommendations are along that line. While we had to reject the claims of the student at the university, we had to reject other claims very strongly put forward and very justly put forward, as I thought, by those men who wanted to enter college or undertake certain kinds of business. These men made out a very strong case and a case that appealed to me and the majority of the members of the committee. There were certain other claims of a like nature, but we found that we could not give John Jones, a university student, enough money to put him through college and refuse it to the man who wanted to start a blacksmith shop or something else. Each man had an equal claim upon Canada. Just as soon as you selected any one of these cases and said that you would grant a loan, the Government would be liable to the charge of favoritism and after all that is the principal thing to avoid. We have had too much of that in the past. There would be no end of claims made and the committee was desirous that

there should be no similar charge laid against them.

We did make a few recommendations regarding loans. We made a recommendation that patients under the Soldiers' Civil Re-establishment who are taking vocational training as shoemakers, blacksmiths or machinists should receive a loan not exceeding $500 payable in five years without interest. I have no hesitation in saying that I am absolutely behind that recommendation. We recommended a similar loan to those attending high schools or universities provided they were disabled in some way. We provided that a man who might otherwise have worked his way through college but who from wounds was unable to do it should have a loan of $500 provided he was a college student.

In the last place we provided against unemployment during the coming winter. Representations were made to us that we would have approximately 60,000 unemployed in Canada during the coming winter. I do not know whether these figures are correct or not. Personally I do not know of many unemployed in Ontario, but witnesses who had greater knowledge than I had, principally from the West, laid great stress upon the fact that there would be a large number of unemployed during the coming winter. One of these was Mr. Stevenson, another was Mr. Tom Moore, and they gave approximately that number. On the basis of our gratuity in all probability it would take $500 apiece, or $100 a month for five months, to overcome this distress and give these men, not charity but regular payments during the time that they were unemployed. It was provided that a man should ask for employment at one of the regular government employment agencies. If at the end of a few days he should not be supplied with suitable or fair employment we should give him a sum equal to what he would otherwise have got or approximately $100 a month. I have not the slightest idea whether the sum required to meet that obligation will be $30,000,000 or $50,000,000, I do not think any man can say, but I think I am quite safe in saying that while the vote asked for in the Estimates is $40,000,000 it will require more than that to pay for the various schemes recommended by your committee as the report at present stands. We have not the means of computing what many of these provisions will cost, but I am satisfied that the figure put by the committee, $50,000,000, is well within the mark and this will constitute an additional charge upon our finances during this coming year. That has not been taken into account in any of the calculations put forward by the Minister of Immigration or by any member of the committee in so far as I have heard.

I did not intend to speak so long. I had no intention of trespassing upon the time of the House. My intention was simply to give my views of the recommendations of the committee. The men who are on the committee gave their best care and attention to every argument put before that committee and they gave their verdict believing that they were doing the best they could as true Canadians and as honest members of Parliament.

Some of these gentlemen were appointed by the Opposition and some by the Government. They were from various parts of Canada and of various political creeds, and the general finding of the committee was absolutely unanimous. Some of us naturally wanted to go further if it were at all possible. I was quite willing, as I said before, to support the Margeson scheme; I was quite willing and desirous to give more to the returned soldier in Canada. I had a little pet scheme of my own and if it were at all possible I was desirous that these university boys, whose course had been interrupted, should have some means furnished them for going on with their course. I was equally desirous of seeing that the man who is starting up a little machine shop and who because of a lack of money could not go on with the work, should have a grant or a loan of one or two thousand dollars. We are all most desirous to do these things. But if you make a grant for one, you must do it for the other, and the total would amount to many hundreds of millions of dollars. In fact, if we took the various schemes and suggestions that were laid before the committee, and agreed with them, as most of us were willing to, we would have put the country to exactly the same expense as if we had adopted either the Flynn or the Great War Veterans' scheme.

Personally, I think the country cannot do too much for the returned soldier, but I do not think the average returned soldier is going to value his services in dollars and cents. Neither do I agree with the hon. member for Qu'Appelle (Mr. Levi Thomson) who ranks the returned soldier with the common labourer and who says that his services will be liquidated by giving him $2 a day. I am quite sure that the returned soldier will get better treatment under the present report and under pre-

sent conditions I am quite ready to stand by it and support it in toto.

Mr. H. A. MACKIE: I ask the hon. gentleman whether the plan of the Great War Veterans was an actual proposition or a mere suggestion. My understanding was that it was an absolute proposition and not a suggestion. Am I right, Sir?

Mr. ARTHURS: I understand it was an absolute proposition and my knowledge of it is verified in this way: that when it was pointed out to the principal witness for the G.W.V.A. that his plan would work out unfairly regarding service—that is that the man would lose a hundred dollars because he lost a day or two, he then proposed to bring it down to a basis of a monthly gratuity.

Mr. H. A. MACKIE: What witness answered that question?

Mr. ARTHURS: Mr. Waistell.

Mr. H. A. MACKIE: Will the hon. gentleman explain to me the evidence that is to be found on page 649:

By Mr. Pardee:

Q. Would there be any call in this scheme which would necessarily keep these people here? Take this instance; a man left a month ago for the United States, and living there for a short time declares he desires to reside in Canada and comes back and makes application.

Then there is this further evidence to be found on page 650:

Mr. Pardee: They can give him his money to-day and to-morrow he goes.

Mr. Waistell: Good luck to him. I will answer your question to the best of my ability. I said at the very outset these are suggestions which are made to members of Parliament just by our own Canadian soldiers. We are not legal lights, neither are we educational experts to define these documents in such a degree of nicety that we will get everything off to the precise line; we are giving you suggestions on broad principles, which in your greater executive ability you will perfect.

What has the hon. gentleman to say to this evidence of the chief witness on behalf of the committee who drew up the plan of the Great War Veterans?

Mr. ARTHURS: I have just this to say: the question is a pretty long one, and I did not follow it in its entirety. I spoke as a member of the committee, and it appeared to me that this suggestion, whatever you call it, advanced by the Great War Veterans' Association, was put forward as a concrete plan, subject, of course, to variations. The association were quite willing to have variations but as it appeared to me it was a concrete plan. I am not prepared to go through a thousand pages of evidence or to listen to the hon. gentleman read extracts from that voluminous evidence and answer offhand; I am not to be caught that way.

Mr. H. A. MACKIE: One more question, and I am through. I have no objection if the hon. gentleman does not want to answer.

Mr. ARTHURS: I am quite willing to answer.

Mr. DEPUTY SPEAKER: Order. When the Speaker rises the hon. member should resume his seat. The other point of order is that when an hon. member has concluded his remarks, the House not being in committee, it is not in order even with his permission to ask him a series of questions.

Mr. H. B. MORPHY (North Perth): As a member of the committee which had in hand the work that is under discussion to-night, I deem it incumbent upon me to take part in this debate although it should not be necessary to say very much in support of the committee's report. It is proper, however, that I should say something on account of the line that has been taken by some hon. gentlemen, particularly on this side in regard to the amendment moved by the hon. member for Winnipeg (Mr. Andrews). It does seem to me that the trend of the discussion can only leave one impression on the minds of members, merely, that if by reason of the amendment of the hon. gentleman the report is sent back to the committee it can only mean it is sent back to approve of the G. W. V. A. plan. I think it is wise that the House should take notice of the arbitrary nature of the amendment. It must not be forgotten that the G. W. V. A. plan which was only one of the schemes presented to the Special Committee, involved the expenditure of a sum ranging from $400,000,000 to $700,000,000 or $800,000,000. In addition to that, there was what is known as "the Mr. Flynn proposal," which involved the possible expenditure of upwards of $1,000,000,000—a thousand million dollars. There was also the Margeson plan. Yet this House has been discussing for hours an amendment that, even if carried, will still leave for discussion in the country the Flynn proposal which is said to be backed by twenty or thirty thousand returned soldiers. I bring this before the House for the purpose of showing the futility—I might say without

disrespect to any person the absurdity—of dealing with one proposition when there are three propositions that must be dealt with if you deal with any at all.

What would the 20,000 supporters of the Flynn proposal say if you do not send their proposal back? This country is to-day in a discentered nervous condition, and I think the House ought to take, and does take, cognizance of that fact, which was ever present to the minds of the Special Committee when they were dealing with what they speedily conceived to be the greatest question that has ever been brought before any special, or, indeed, any committee of Parliament within the recollection of any one living. So the committee approached the question with that sense of responsibility in keeping with the gravity of the situation they had to meet. I hope this House will be seized of the magnitude of the question, and that when hon. members put forward suggestions, however well they may be received by the House, and however patiently the House may listen to them, they will give the committee credit for the fact that it sat day and night for four weeks, and had the opportunity of seeing and hearing witnesses, of judging of the truth and the value of their evidence, and in addition to that heard every scheme presented in a thousandfold stronger way than any hon. member has brought forward objections to-night against the report of the committee. Men who had studied the question came prepared, as no men had ever done before, to launch and to substantiate their claim. Just here I would like to say with regard to the remarks made by the hon. member (Mr. Currie) that it is unfair that he should come into this House and without any foundation whatever cast an aspersion against the members of that committee, who, as I have said, were seized of the responsibilities of their position and filled with the gravity of the case, and in a light and airy manner charge that they were hand picked and prepared to bring in a report of this kind before they heard a tittle of evidence. The hon. member (Mr. Currie) brings forward nothing but his own assertion to substantiate such a charge. It is a charge that ordinarily would be beneath contempt, but he stated it, as he admits himself, before a public meeting; afterwards, when brought to task in this House, he partially withdraws the charge, but still leaves the sting. He has not acted in a way that would lend conviction to his statement, because he knows from the character of the other members—saying nothing of myself—that the committee was composed of representative men, men of high standing, probity and honour, and he as a returned soldier should have been the last man to cast any reflection upon them. Now, as I said, that committee bent all their energies to the task before them, and it was a severe task, because I think we had as chairman a severe task master. Without taking undue time I would like to pay this tribute to the hon. chairman of the committee (Mr. Calder), that having sat in many committees, both inside this House and outside, I have never yet seen a man who devoted more energy, better methods, finer judgment and greater patience than the gentleman who presided over that committee.

The next point I would like to make is that the decision of the committee was unanimous, representing the opinion of members from both sides of this House. That fact, to my mind, ought to sink deeply into the minds of hon. members. The members to your left, Mr. Speaker, were selected by that side of the House; the members to your right were selected by this side of the House; and notwithstanding the bitterness of party strife, notwithstanding the intense animosities engendered in political life, it seems to me a striking testimony to the high standing and probity of our public men that after threshing out the questions presented to them and agreeing to disagree, to waive a point here and a point there, that on a matter fraught with such vital consequences to the country, and which might easily have been thrown into the vortex of party politics, they came into this House clean and unsullied as members of this Parliament, true Canadian subjects, doing what they thought was best in the interests of the country at a very critical time. Therefore I say to the hon. member from North Simcoe, who has Mr. Flynn's approval apparently, that when he tells us that Mr. Flynn is willing to withdraw his scheme for gratuities of $2,000, $1,500, and $1,000 to the men in France, in Britain and in Canada and that he is willing on their behalf to take $500, $300 and $200 instead, the hon. member pays to this committee the greatest compliment possible, because the report has convinced him that this country cannot stand the expenditure of the greater sums.

The hon. member for West Peterborough (Mr. Burnham) came forward with the statement that his heart was filled with love for the returned soldier—as our hearts are also filled—but seemingly carried away

by the exuberance of his fancy, we have that gentleman taking the industrial concerns of this country practically by the throat, shaking from them the profits that they had won during the war, and giving those profits to the returned soldiers. The industrial life of this country, Sir, is to-day playing a very honourable part in the re-establishment of the returned soldier. We all know hundreds of factories that have increased their capacities for the purpose of employing more returned soldiers. A gentleman to-day told me, after hearing the remarks of the hon. member, that he had increased his capacity for the employment of workmen to the extent of 650 men, because he was desirous of doing as much as he possibly could to assimilate and re-establish more returned soldiers than he could in his former plant. Under those circumstances, by adopting the suggestion of my hon. friend you confiscate, you stagnate. You kill the industrial life of this country by drastic remedies and extreme measures, and at the same time you kill the re-establishment of all the industrial workers who belong to the returned soldier class; you put them out of employment. I do submit, Sir, that the hon. gentleman has not done any particular service to the subject under discussion, and I think he did not reach that high standard that he usually does reach when he suggested a remedy of that kind, which would produce such disastrous results.

The hon. member also suggested a referendum to the people, a referendum where the question would be: Do you want to tax yourselves to the extent of seven or eight hundred millions in addition to what you have to meet at present? If so, mark your ballots, "yes." My experience is that people are not rushing to the ballots to load themselves up with taxation, either through the referendum or otherwise.

The patriotism of our people has been well shown, in Belgian relief work, in hospital ship relief work, in the Patriotic Fund, in the soldiers' comforts work, in the voluntary subscriptions amounting to hundreds of millions of dollars. Their patriotism, I say, has been shown, and these things should not be forgotten either by the returned soldier or by any one else. To submit to the people by means of a referendum the question whether they should vote for the taxation of themselves—through a direct tax on land, as has been suggested, or in any other way—would be to cause the question of relief to the returned soldier to run the gauntlet of animosity, an experience which it could not possibly survive. To my mind the plan is absolutely futile and chimerical; it is not worthy of consideration.

The member for East York (Mr. Foster) had many schemes of taxation. He, like others, was going to raise these hundreds of millions by taxes on theatre tickets, theatre chairs, and through the medium of our natural resources. Do these gentlemen, Mr. Speaker, understand how much a million dollars is? Do they understand how much more a hundred million is, how much more nine or ten hundred millions are? Yet they talk about theatre tickets, theatre chairs and natural resources. The natural resources are in the ground; it will take millions of dollars to get them out of the ground and develop them. It will be many years before our natural resources, under the best-laid scheme, can produce much annual revenue. One would almost think, judging from the way hon. gentlemen speak of this matter, that you could go out with a spade, dig up the gold and throw it over to the returned soldier. True, Canada is a wealthy country, splendidly endowed by Divine Providence with immense wealth, hidden and unhidden. But when you talk about our natural resources you are forgetting that the problem we have to deal with is one of to-day, not one of twenty years hence. This money is asked for to-day because they say the returned soldier needs it to-day. As the chairman of the committee has pointed out,—and I think this should sink deeply into our minds—this country has commitments for the fiscal year 1919-20 amounting to $699,000,000, which we must raise, and most of which has been spent. In addition to that, there are figures that the chairman has submitted. I shall not tire the House by repeating them, but these sums are enormous. Are we seized of the enormity of the debt that this war has laid upon the country? I do not know whether the House is taking this question seriously. I am afraid that some members on our own side do not take it quite as seriously, perhaps, as members on the other side of the House. I am referring more particularly to the member for Brantford (Mr. Cockshutt) who made a most scathing criticism of the report, but questioned by the member for Parry Sound (Mr. Arthurs) he wound up by showing that he concurred in the report of the committee—though he had been attacking it. The hon. member had not read the report; he was making a guess. He said that he

wanted to deal with the men who were in need—the disabled, the blind, the halt, the lame, the legless, the armless. That is what he wanted, and that is what this committee have largely based their report upon. That, I believe, is the opinion of this country. That, I believe, is the opinion of the man on the street. That, I believe, is the opinion of seventy per cent of the soldiers who have returned to this country and are re-established, and is, I believe, the opinion of fifteen per cent of the remainder.

I have no hesitation in saying that had the returned soldier been left alone, had he been left free from the nagging and the false leadership of men like the member for North Simcoe and a few others throughout the country, no crisis would have to be feared. The hon. member comes here and tells us that the returned soldiers are grumbling here and grumbling there; I want to tell him that he is largely responsible for the grumbling of the returned soldier here and there.

A peculiar thing about this discussion is the fact that all hon. members who have criticised the report now suggest the expenditure of a lower sum than any of the schemes that were proposed. They have said: "Too much, but let us do something." So that this report practically stands free from any serious criticism in this House, absolutely free from criticism on the part of any one who has read it, except, possibly, the hon. member for Quebec South (Mr. Power). He had some criticism to make, but he waived it; for the good of the country, for the ending of the unrest, for the settlement of this question, he waived, as we all did, certain points that we would like to have hung our hats on and fought for, and did fight for. Each member of that committee surrendered his personal views, surrendered in some instances his personal judgment. The cause was so great and so serious that we as free men, not hand-picked, felt the responsibility of our position, and tried to judge the case upon the evidence and to bring in a report in accordance therewith.

The hon. member for Qu'Appelle (Mr. Thomson) tells us that he would give the same wages to the private soldier as the soldier would have earned at home as a common labourer. I made a mental note at the time that in that case the returned soldier would get nothing. The married soldier was getting far more than the common labourer. He got $401 a year at $1.10 a day. He got $360 by way of separation allowance, $240 by way of patriotic grant, $100 worth of clothes, medical and dental services to the value of $25, a total of $1,126. If you take the gratuity at $600, roughly, and add to the $1,126 an amount of $200 by way of gratuity for one year, you get $1,326 a year that the private soldier was getting, while the common labourer at $2.50 a day would get $912. The member for Qu'Appelle said: Deduct the amount of the gratuity and then give the private soldier as much as a common labourer would get. Well, the private soldier got $414 more than the common labourer, charging up $200 by way of gratuity. I mention that only for the purpose of showing that an evanescent opinion, ill-considered or probably not considered at all, by members who have not had the advantage of weeks of labour upon the committee, is unsafe as a guide to the formation of a conclusion through any debate in this House.

The hon. member for Quebec South (Mr. Power), I think, and another hon. member who spoke, seemed to forget that we are approaching winter; that the unemployment problem is likely to be a serious one; that the evidence was that there were in Canada to-day 30,000 men out of employment. That is not very many for the whole of Canada and not much more than in normal times at this time of the year; but the evidence also was that in large centres, especially in some sections of the West where industrial life is not too plentiful, there would probably be great unemployment. Therefore, this committee, again seized with the responsibility they had, fearful of that responsibility not being lived up to, sat down daily in the interest of the country to consider where this country would be, if, in the absence of some provision being made to take care of that unemployment, insurrection, crime, disorder, should break out in Canada. That does not necessarily come from the returned soldier. No one thought of such a thing, but we know that in the winter time there are periods when men are forced out of their ordinary employment and into idleness when the very worst passions are sometimes engendered. The fact of a portion of the civilian population being out of employment makes the case far more difficult, and this committee reported that in their judgment this country should do something to prepare against such a contingency. The report says that we think that the provincial, municipal and civic authorities should take care of the civilian population as they have always had to do, and it is this country's duty to

protect the returned soldier from want, to give him employment, to provide against unemployment.

I want to say a word here to those members in this House who so glibly speak about this, that or the other thing as being doled out to the soldier as charity. It is an unfortunate thing that that expression is being used so often, and I believe it is used, whether intentionally or not, for no good purpose. It can serve no good end. On this side of the House as well as on that, there is not a heart but beats warmly for the returned soldier, and there is not a man whose judgment would not lead him to do everything he could for the returned soldier, and it ill befits hon. members to throw the taunt in this House that this way of giving or that way of giving is charity, and that the soldier does not want that. There is nothing of charity about the matter, no matter what the form of the grant, no matter what the grant itself may be. The thing furthest from the mind of every member of the committee and, I am sure, of every member of this House is that the soldier should be at all offended, and I do not think the soldier would be offended if he were let alone, and if he did not have these things so continually thrust upon his mind in an endeavour to convince him that things are not what they should be and that he is being insulted in the form of a grant or gratuity. I do not think the man who speaks in that way is the very best cititzen for Canada or is properly seized with the duty he owes to Canadian citizenship. I do not think the returned soldier himself is prone to talk in that way; in fact, I have seen many returned soldiers, and I have heard far more grumbling from their champions who are not returned soldiers than I have ever heard from the soldiers themselves.

One hon. member said that they would abolish the Department of Soldiers' Civil Re-establishment, the vocational training branch and the employment fund. In other words, that if this report is referred back, it is for the purpose of ending all the work in which the country is now engaged. The hon. member for Quebec South (Mr. Power) sought to minimize the work of these various departments of Government. I think I voice the sentiments of the committee when I say that the members of the committee were thoroughly surprised and astonished at the remarkable executive ability shown by the heads of these departments, at the scope and magnitude of their work, the men they had to handle and the conditions they were working under. It was a matter of great surprise to the committee at large that Canada had done so much along those lines for the care of the disabled man and his dependents, and it was such a matter of remark that the committee incorporated in their report a testimonial to the men at the head of those departments. Yet the hon. member for Simcoe North (Mr. Currie) comes in to queer the whole thing, because in some office in Toronto there is one returned soldier and half a dozen other men who are not returned soldiers. The returned soldier has been sought after and put into all the positions imaginable in the various departments. There are practically no persons but returned soldiers in the Department of Soldiers' Civil Re-establishment; out of the hundreds employed I understand there are only two or three who are not returned soldiers.

Mr. HUGH CLARK: Ninety per cent of the males.

Mr. MORPHY: Ninety per cent of the males are returned soldiers. Yet we have to meet that sort of thing which has been bandied about on the streets of Canada here and there by every man who is disgruntled. If hon. gentlemen had been on that committee and had heard some of the evidence in regard to the men who are being taken care of, whose disease cannot be diagnosed and whose condition was described by witnesses who had seen them, they would have heard the most human story they ever listened to. Such stories were listened to by that committee in the most human way, not with frivolity and lightness but with compassion in their hearts for those poor fellows. One witness described such a man as that in the way in which I am describing him to you now: "I cannot tell you what the disease was; the man was—what shall I say?—burned out; his energy gone, his mind gone, his physical being strong, but burned out—The hon. member who would, by this amendment abolish the only way in which we are taking care of such men to-day, is doing a questionable service even to the returned soldier or to this country. I am opposed to the amendment because it says that the report should be referred back, because in sending that report back, you are sending it back for the purpose of doing a certain thing only and taking no notice of the other plans proposed. Canada in regard to her treatment of the returned soldier leads the world, as is ad-

mitted everywhere, and people from the United States and even from England are coming here to see how this country is carrying on this work. Yet with all the flippancy and ease in the world, some few hon. members, regardless of the responsibility they bear to their constituents, or to their country or to the returned soldier, come here and suggest the annihilation of a splendid machine that has been set up to care for those invalided soldiers and to enable them to help themselves. For that reason, if for no other, I say that no hon. gentleman in this House can possibly support a proposition that will wipe out a thing that has cost the country so much money and has been of such inestimable benefit to the soldiers, who deserve the best treatment that Canada can give them.

On motion of Mr. Middlebro the debate was adjourned.

On the motion of Hon. A. K. Maclean, the House adjourned at 11.25 p.m.

Friday, November 7, 1919.

The House met at Eleven o'clock.

REPORTS AND PAPERS.

Lands sold by the Canadian Pacific railway during the year ending September 30, 1919.—Hon. Mr. Meighen.

VISIT OF THE PRINCE OF WALES TO THE HOUSE.

On the Orders of the Day:

Sir GEORGE FOSTER (Acting Prime Minister): Mr. Speaker, before proceeding with the business of the House, I have pleasure in making the announcement that His Royal Highness the Prince of Wales has intimated a desire to see Canada's political workshop in operation, and purposes to visit this Chamber a little before one o'clock, when the Speaker will make arrangements for each member of the House to be introduced. It is thought better that after each member is introduced, coming along the aisle and going back in the other direction, he shall resume his seat, and when the ceremony of introduction is over His Royal Highness may be pleased to say a word or two to us while the House is formally assembled.

BOXING GLOVES.

On the Orders of the Day:

Mr. F. N. McCREA (Sherbrooke): Before the Orders of the Day are called, may I ask the Government if it is their intention to provide boxing gloves for the members of this House? The members are so fed up with the session that they evidently require some exercise.

Some hon. MEMBERS: Order, order.

Mr. McCREA: And I thought, perhaps, the Government might provide them with gloves to enable them to engage in some form of exercise.

COMMITTEE ON SOLDIERS' CIVIL RE-ESTABLISHMENT.

DEBATE ON CONCURRENCE IN THE REPORT OF THE SPECIAL COMMITTEE.

Consideration of the motion of Hon. James Calder (Minister of Immigration and Colonization) for concurrence in the report of the special committee to which was referred Bill No. 10 to amend the Department of Soldiers' Civil Re-establishment Act, and the amendment thereto of Mr. George William Andrews, resumed from Thursday, November 6.

Sir GEORGE FOSTER (Acting Prime Minister): Mr. Speaker, I desire to say a few words at this juncture in respect to the matter before the House, and my difficulty is in collecting my thoughts so as to avoid vain repetitions. The subject has been so well put before the House by the committee, with such clearness and in such detail, that really almost all that is necessary to arrive at a proper conclusion is that a member should study that report. But in addition to the report itself, the exhaustive and lucid exposition which was made by the chairman of the committee (Hon. Mr. Calder) renders any remarks thereafter all the less necessary. And when you put on top of that the suggestions that have been made by the various speakers, one comes to the conclusion that pretty nearly all has been said that can be said on this particular phase of the question.

There are one or two general observations I should like to make. Every one finds it a difficult matter in approaching any subject, and particularly a large and important subject, to disassociate himself from his previous point of view and to take as far as possible an all-round view of the subject. We think along certain lines and our mental attitudes are fairly well set, and we approach the study and discussion of almost any question from that settled angle; and the one who can almost entirely disassociate himself from pre-conceived notions is, other things being equal, apt to get at the broadest conception of the question and come

to the best-based conclusions. There is one point that might be mentioned and that is acceded to by almost every speaker, but yet the principle underlying which is clung very closely to by many hon. gentlemen and probably by many of those outside of the House who are interested. No nation in the world has ever undertaken, and I do not suppose that any nation in the world ever will or ever can undertake, to make compensation for the losses incurred in war, it would be an impossible task. There is no measure of worldly compensation for life that is lost in the service of the nation but partial compensation to the dependents of the dead may be given, nor do I believe that any nation can compensate for even the material losses which accrue to individuals in the course of a long and cruel war. We are all at one on that principle. I can see in the statements made by those who discuss the question, I can see in the claims made by the returned soldiers themselves, that they hold the belief that, having engaged in the splendid achievement of defending the country, somehow or other the country ought to see that they start life again on as favourable a basis and with as favourable surroundings as when they left their civil employment plus if possible compensation for the time that they lost in military life. We will, I think, all agree that it will be impossible practically for us to undertake to put every man in the material position in which he was at the time he went to war. Complete restitution and compensation are impossible.

Then there comes this question as to how far we can or will go and that perhaps may be said to be measured by two things: first, the will to do and, second, the ability to perform what the will would impel one to do.

Just here let me remark that, whether inside or outside of this House, the man who would try to create the impression that Canada has not been and is not now sympathetic towards her soldiers is not doing justice and is not helping to the final solution of this question. In proportion as outside or inside grows the impression that sympathy is lacking and that the accordant action that follows sympathy is not present, it is a hindrance to the future amicable and fair solution of the problem.

In coming to the consideration of this subject all our predispositions are in favour of doing everything possible for the men who have defended our country. That is absolutely true. That was shown to be true during the whole period of enlistment and service. In no country in the world did the people follow with more earnest sympathy, interest, and love the men who went to battle than did the people of Canada. They were their own fathers, brothers, husbands, sons; there was a drawing of the heart strings of the men and women who were left behind. All through the war that sympathy showed itself in the prayers of the people, in the comforts that the people contributed, in the great Red Cross movement, in the Patriotic Fund, in those innumerable smaller congregations of women, children and men all through our country who laboured for, and followed with their prayers the men who went to the front. Can that be denied? There was a great national foundation not only for doing for the soldiers everything that could be done during service in the field, for the wounded, for the fallen, for the disabled, to solace the relatives of those who had fallen and to fittingly honour the memory of the dead.

The man who accuses Canada—leave the Government out entirely—of a lack of sympathy and good-will towards our soldiers, their own flesh and blood, is either arguing from ignorance, or from malice.

Translated into this Parliament were the sympathy and good-will that followed the soldiers during the time of war. And where do the members of the House come from? They come out of the societies and homes of this country, from amongst those who have offered sacrifice in this war. Coming out of that atmosphere they brought with them to this House their sympathy for the Canadian soldier. The committee that was appointed was a selected portion of the men of this House from both sides. It was not necessary to engraft sympathy and good-will into the hearts and minds of that committee. They inherently bore it in them when they approached that investigation, and they came to consider the subject with all that sympathy of heart and mind.

Some one said that the human element does not appear sufficiently in the report. The human element is so interwoven in, and so overwhelms the mind, the sympathy and the feeling of the members of this House, of the select committee, and of the people, that it is not necessary to make asseverations of it every hour of the day. That is beyond cavil and doubt, and in that committee all the predispositions were in favour of doing the best that could be done for the soldiers.

I make these preliminary remarks because I think it is well that I should. I come to another point and very briefly I will touch it—and that is as to what Canada has done. I eliminate entirely party names and governmental considerations; I am not saying what the Government has done, I am not saying what the Unionists have done, I am not saying what the Liberals have done; I am saying what Canada has done. And the Government, and the members of this Parliament, are presumably the interpreters of Canada's wishes and efforts. What has Canada done? Not in any spirit of vaunting do I speak of it; I speak of it to meet this impression which it has been attempted to create; that Canada has forgotten her soldiers and her duty towards them, and that she is not treating them with the sympathy and with the accordant action that they expect and that they ought to expect.

When a member gets up in this House and says that the requests of the returned soldiers have been greeted with coldness here, not to mention statements stronger than that, he is not, to my mind, stating what is the fact. Every member of this House ought to remember, when he gets upon his feet and speaks here, that he has been translated from the mass, he has been placed in a representative capacity, he stands towards the people outside, more than the man who is not so selected, as one who speaks with authority. His responsibility therefore is all the greater, and his care should be all the greater that he utters no word which creates a false impression, and especially an impression which hazards and complicates the adjustment and makes the ultimate solution more difficult.

So, for a moment, bear with me while I state very briefly what Canada has done. In the first place, she has stood at the back of her men when they were in service. I just state that—I do not argue it, I do not labour for evidence to prove it. We have followed the course of our soldiers and we know, and we have followed what the armies of other countries have done. The representatives of other countries, have followed our armies in the field; they know and they have expressed their opinion; and it goes without saying, I do not think it is subject to the least cavil, that in all that long period of warfare no soldiers in the field were better supported by the countries which were responsible for them—as regards equipment, as regards medical care, as regards nursing care, and as regards material comforts of every kind—than was the Canadian army supported by the Canadian people. So much for that. That is the duty of the country, and that duty Canada performed.

The second duty of a country when her men fight and fall—fall without life left or fall wounded and disabled—is to care tenderly for these men. Has Canada done her duty in that respect? Follow the splendid work of our medical, scientific and nursing staffs through that war. Contrast it, if you like, with the similar work performed for the soldier by other combatant nations, and without detracting from what others have done, we are proudly conscious of the fact that our wounded, our suffering, and our disabled did not lack for medical and nursing comforts and care to the fullest possible extent.

Then come two lines in which action may be taken. Your disabled men come back. One has lost a leg, another has lost an arm, another has had his brain power impaired—his nerve centres are shocked, and confused, and disturbed. These men are the wrecks of war; they are the survivors who are to put in the span of life that remains to them reaping sorrows and sufferings which the fallen have escaped by a sudden and a speedy death. These disabled, these shocked in nerve and in mind, the country must take care of to the fullest measure within its power. Has Canada done her fair duty in that respect? That is not a subject of controversy; it is a matter in regard to which we have all made up our minds. Granted that you never get the perfection of service and the perfection of aid, no blush should mantle Canada's cheek for the way in which she has treated the disabled who have been put into their different courses of vocational training, and other modes of treatment. We have not done all that Canada means to do. We know that Canadians support any government or any parliament that does for the soldier all that can be done to the very limit of the resources of the country. There is no doubt upon that score.

You now come to the other and the only remaining class: The men who left their homes and fought in service, and who were fortunate enough to come out of that service undisabled. Should Canada do nothing for them? I do not say so. Should Canada do as much as she possibly can for them? I do say so. But I say there is a dividing line, clean, clear, and distinct between the one hundred per cent capa-

bility that is left and the handicapped condition of the wounded and the maimed. We make no mistake when we father and mother and nurse those who are impaired in mind and body. It comes to be a matter of utility, of expediency, maybe, to some extent—although I do not like that word—but in the end it comes to be a matter of the reasonable capability of the country as to how far the country shall put itself behind those that have fought in the war and made sacrifices? Why, of course they have made sacrifices and borne the strain of a terrible struggle, the result of which to a greater or lesser degree they will bear the result of so long as they live. But they are so fortunate, as compared with others, that they are in a class distinct by themselves. What has Canada done with reference to that class becomes apparent as one reads the report of this committee and as one follows the work that has been carried on. I am not going to take up your time describing what the country has done, but I do say that Canada has not been unmindful even of those. Let me state one fact by way of suming it up: $490,500,000 has already been disbursed, or committed for disbursement, by Canada along the lines that I have very briefly traced. That is to say for the treatment of the first three classes—their vocational training and their care in assuming the cost of transport for dependents and otherwise, and in the payment of gratuities which no other country in the world has surpassed, and which I do not think any other country in the world has equalled. All this stands to the credit of Canada in her treatment of her returned men.

Canada works through her Parliament, Parliament works through its executive, and Parliament and its executive disbursed for Canada this great sum of $491,500,000 which the Canadian people put into their hands. My friend beside me does not dig down in his own pocket and necessarily contribute voluntarily to the $491,500,000, neither does any other man; it is raised from the people of Canada. And, further, the people of Canada voluntarily themselves have raised around $100,000,000 outside of what has been disbursed by their representatives here and by the executive of those representatives—$100,000,000 for Red Cross work, for the Patriotic Fund, to help soldiers in the innumerable ways in which they have been helped. You may add that amount, if you please, to the preceding figure, and Canada has then disbursed practically $591,500,000 along those lines. I do not throw that into the teeth of the soldier who returns with his claim, but I simply put that point of view before him and before ourselves, and as widely as possible before the country, in order that well-balanced opinions, and conclusions from those opinions, may be had. All that is a rebuff to the statement so foolishly and sometimes so recklessly made that Canada has done comparatively nothing for her soldiers. She has not done one tithe of what she would have liked to do, she has not done one tithe of what the sacrifice, if we could undertake to make full compensation, has called for; but she has done what she has done with a willing and a sympathetic and a loving spirit, and I want the people of Canada who do not think deeply about these things to bear these points in mind when we are discussing this question.

Now, that committee has made its report; and its report, I may say right here, in so far as the Government is concerned, is a report with which the Government is entirely in accord and purposes to adopt and to carry out. Do not run away with the idea that the Government of Canada—for the time being this Government, at other times it may be another Government belonging to another party—spends its days and its nights in times like these in riotous living and in an entire disregard of the general or the special interests of the country. Men who have formed governments and have laboured in them and have wrecked themselves in the labour, and have died for the reason that they have so wrecked themselves, know what I mean when I make that statement. Long before you members of Parliament set your special attention to this particular problem the Government lived with it in the daytime and slept with it in the night-time. It was ever present before them, and present before them with the endeavour to find that solution which should be just on the one hand and reasonably possible to give effect to on the other hand. Our soldiers form—I had almost made the mistake of saying one class of our people, but there are other classes and so I would like to modify that—our soldiers, by the emergency and temporary work which they are called upon to do become to a certain extent specialized, but they are still citizens of Canada. They are now civilian citizens of Canada; they have never divorced themselves from the country and its activities, its energies and its aspirations; they are not so separated now. They

come back from their temporary work of splendid achievement, and the desire—of all of them I should hope, of most of them I believe—is to incorporate themselves as soon as possible in the activities and energies of the surroundings that they belonged to before they went to the war. The sooner that is accomplished the better. The time taken in keeping the specialized contingents still specialized and distinct in any degree is time lost in the best fulfilment of the ultimate pacifying and readjustment and reconstruction of our country. The sooner we all become civilian citizens, the better it will be and the more successful will be our progress towards the future which we face with confidence.

That committee brings in its report. It does not go as far as some people would like. Why did I make the remark that the Government had thought about this matter long and seriously? For this reason, and I will explain that part of the allusion just now: because, in the first place, the Government was forced by its duties and obligations to cheerfully undertake to look into this matter of finance to the very foundation and guide its policy from two considerations: the magnitude of the wants and the reasonable possibilities of what the country could bear. Looking along these lines, face to face with the facts on one side, with the claims on the other, some months ago, the Government came to the conclusion that in so far as the gratuity granting system was concerned, they could not proceed further along those lines. And they made public, that view—a view come to not on the spur of the moment, but after the most careful and the most assiduous attention had been given to all sides of the question. They stated their policy openly, and the country knows it. Then we formed a committee, of the House and that committee took up the investigation of these subjects. I am not in the habit of complimenting fulsomely, but I must say that I have seldom if ever in my political career had cognizance of the work of a committee which has been done more carefully and more attentively, and which has been more effectively presented to those who gave the committee the authority to make the investigation. That committee had access to evidence and which is still more important evidence had access to the committee. No doors were closed, no gates were shut, the whole Dominion had its access to that committee. That committee deliberated, got its information, collaborated its work, set down its conclusions, and made its findings.

We may send this report back if the majority decide so to do, but I cannot see that you can get more out of that committee than you have already got. I cannot see that that committee missed any opportunities for getting at the bottom of this subject during the time that they were considering and cogitating upon the matter. So that it seems to me that it is time lost to send this report back to that committee and ask them, partly by instruction and partly by inference, to give us another and a different report.

My friend and colleague, the chairman of this committee (Hon. Mr. Calder), very pointedly and very effectively stated what would be the result of adopting the proposed amendment. My friend from the head of the lakes (Mr. Manion), in an address that he made yesterday, very clearly stated the crowning disability involved in carrying out that recommendation and starting the committee off on an entirely new quest, or in an entirely new direction. Time is the essence of the contract in this case; what is wanted is wanted now, before the snow falls, at a time when the need is felt. It is not sufficient that whatever is ground out shall come from the mill six months or more from now. So that on these two grounds I cannot see that anything is to be gained by sending this report back to the committee.

Now, during the progress of this debate we have looked for suggestions. The committee, I am sure, has been interested in learning what alternative plans are offered which are practical and reasonable, if their findings do not coincide with the convictions of hon. members. I am sure that every member of the committee has had that thought in his mind, and it must be a thought which is in the minds of all hon. members of this House of Commons. I have listened to the suggestions and I have tried to weigh them, but I cannot find very much of comfort or assistance in them. That is not depreciatory of the gentleman who made the suggestions. But I have noticed two things: That the suggestions have been, in the main, the expression of the wishes and sympathies of those who offered them rather than a venturing upon concrete methods of adding to or substituting for the financial side of the report of the committee in order to raise the amounts suggested. It surely is not necessary for me to take up the time of the House in going over these. But, with your pencil sharply pointed, just note down what you can get in cold dollar comfort out of these suggestions—what you can get now or within

a reasonably short period, and I am sure that your total at the end will be a mighty small amount. Some have tried to extract sunbeams from cucumbers by saying that it makes the problem easier of solution when a commitment of, say, $700,000,000 is to be expended on capital account. But the trouble is not the expending; the trouble is to get the money to spend. It does not make a pin's difference whether it is expended on capital account or on any other account; you must have the money before you can expend it. So that that suggestion, if it is intended to solve or to clarify, does not have that effect upon me. Does it have that effect upon any member of this House? You are quite as sensible as I am, and I am sure that my experience is your experience.

Hon. gentlemen say, establish lotteries; but you cannot do that in this country. Tax your bachelors, and you would soon have no bachelors to tax if your tax was heavy enough; even my distinguished friend (Mr. Mackenzie King) would be among the missing. Clap a little additional tax on your theatre seats, and still where are you? Run through all these suggestions, and when you have totalled them all up and subtracted the expense of collection, what a mighty small amount you would have to go against a $400,000,000 expenditure.

Well, then, come to the more ambitious schemes, the land tax and the unearned increment. There is a nice bridge built on the Plaza. You can get on one end of that bridge and in two minutes you can cross over to the other side. Where is your bridge that will take you to-day, this month or next month, when you want the money, to the place where you can find a settlement of the questions involved in this suggestion: First, whether the unearned increment or land tax is a proper tax; second, the institution of investigations to provide that no one shall escape you; third, the getting of a proper line of agreement and co-operation with municipal and provincial authorities, which also have that power of taxation; fourth, the institution of the necessary machinery, and fifth, the gathering of the amount. You have all these processes before you; set them going and you then have no bridge built that will carry you over for one year, two years, may be three years. That is the first class of suggestion, there is comparatively nothing in it.

The second class of suggestion calls for the discussion of methods and of principles and the adoption by a majority of the House of one or of the other; then come the valuations, the providing of machinery and the collection of the tax. Why, your disabled or other soldiers, in dire need to-day, would die and pass away before you could build that bridge or cross it to the other side. So that there is not much help for us in that respect.

" Oh, well," another friend says, " Canada is a rich country. She has billions of tons of coal; she has untold resources in nickel; she has mighty forests, great fisheries, and mines which have not yet been plumbed. True, she has great resources. These resources give us hope, inspire in us confidence that we can bear our burdens and come out on top, confidence that in future years we shall, by the proper development of these resources, be able to meet our obligations, pay off our liabilities and come out on the high road to unobstructed progress, but you cannot commute those billions of lignite ore in the West and in the mountains into ready cash for present payment. These are our resources, but they cannot be converted immediately into money. Processes extending over years have to be carefully thought out and carefully applied before you get the beginning of returns. So we do not get much help from the fact that our natural resources are very great, except the hope and confidence it gives that we have a well assured future before us if we use ourselves and our resources properly.

To make a long story short, we come right down against the actualities of the case. We have had two Victory Loans in this country, splendidly launched and more splendidly sustained. We are now in the midst of a third loan, which is going beautifully and will bring us our objective and more, I am well assured. Now a loan of $500,000,000 or $600,000,000 takes just that much of the moneys of the people out of certain lines in which it was active before, and applies it to a different purpose; your second loan adds another $500,000,000, $600,000,000, or $700,000,000 to that, and your third loan, now on, will make another large draft upon the resources of the country. All we need to keep in mind is that within eighteen months we have to raise in round figures between $800,000,000 and $900,000,000 of hard cash to pay our bills and meet obligations already contracted, not a single item of which the House, after scrutiny, has so far said should be eliminated or even materially reduced. Our present loan will raise $400,000,000, perhaps $500,000,000,

but that still leaves another $400,000,000 or $500,000,000 that must be raised within a very short time. These are the facts that confront us, and what the Government had to consider when it went into this matter, and what the committee, too, I have no doubt, considered was the ability of the country to raise and sustain these loans which are absolutely necessary to meet our already undertaken obligations, and follow them by others equally necessary within a few months. Could we fairly with reference to those needs and the capabilities all round incur the further responsibility involved in the propositions placed before the committee and before the Government? Some may say—I have heard it myself from these benches: You can spend money on the railways; what is the reason you cannot give this to the soldiers; you can spend money for shipbuilding and transport; what is the reason you cannot give this to the soldiers? Well, as I said before, the soldiers are a part of the Canadian home and Canadian country, and if the Canadian home and the Canadian country is to be kept functioning, the expenditures I have mentioned are absolutely necessary. They are the hands and the fingers, the legs and the feet of the body politic of the nation, and unless you sustain them and put strength and power into them you cannot develop, you cannot produce, you cannot earn, and consequently you cannot continue to function, and the first man who would feel that disability would be the returned soldier himself. All of us would feel it. So you cannot say that if you are able to spend money to keep the railways going you might surely give $200,000,000 or $300,000,000 to this cause. We must remember that these expenditures are absolutely necessary to our arteries carrying the lifeblood of our country.

The chairman of the committee has been criticised in the House and outside because of his frankness. His frankness went this far: If we were up against little questions, the Government might hide behind the general issues and say nothing, and let people go ahead, but when you are up against what is vital to the country no Government is worth its salt which does not formulate its policy and formulate it upon the very best considerations and the very best investigation it is capable of giving. The Government was up against the problem before the House or the committee was, and it went into it thoroughly, and came to the conclusion that it could not embark on the venture of more cash grants. Was it better or otherwise, was it dignified or undignified, was it proper or improper, was it constitutional or unconstitutional, that the Government, having come to that conclusion, and feeling its conclusion a conviction, should say to the members on both sides of the House: That is the conclusion we have come to, so when you are discussing this matter, you are discussing it with all the cards on the table. Is not that better for you, for the Government, and for the country? I stand behind my colleague (Hon. Mr. Calder) in the fair disclosure he made of what is the Government's mind with reference to this matter. Now the House has the whole matter before it, and I do not think there is need for labouring it further. I have stated the position of the Government with reference to this report. I have stated the difficulties confronting us. I could go more into detail, but you are masters of detail yourselves.

I have only one thing more to say. This report of the committee is not one of the most hide-bound, wrapped up, and enveloped reports that I have seen come down to the House. There is an elasticity about it. Read the recommendations and findings of that committee and you will see that in many cases they did not tie themselves down to an absolute fixed minimum. There is an elasticity under the rules and regulations which may be adopted which allows more maybe than is brought down in the estimate that we have put before you, and which does not shut the door, especially to needy and necessitous cases. Neither does it shut the door on the undisabled man who for reasons that we do not know now, but which may become apparent, and may be thoroughly valid, finds himself with his family without employment, notwithstanding all he could do and has honestly done to get employment. The door is open to that case. It is not open to the man who has settled himself and is getting along in settled civil life as he got along before, but it is open to the man who, unfortunate it may be, or from whatever cause is absolutely in a position of necessity. The committee's report does not shut the door upon aid of that kind.

Now, Mr. Speaker, I think I have said all that I need to say, and I am very much obliged to the House for the kind and careful attention with which it has listened to me.

Mr. D. L. REDMAN (Calgary East): I am sure the whole House has listened with the very greatest interest to the excellent speech which has been deliverd by the Acting

Prime Minister (Sir George Foster). His logic has been very clear, and if in what I say I differ from him in any degree I trust the House will believe me when I say that I do so with the greatest diffidence. However, from my long connection with soldiers generally, I must say that there are some parts of the report which in my opinion do not go far enough. Before I proceed further, I may say that I find myself unable to vote for the amendment which has been submitted because that amendment means cash gratuities which the financial condition of the country, and other urgent and important needs of some of the soldiers, make impossible at the present time. I attended, I think, almost every meeting of the committee at which evidence was taken, and I have carefully studied their report. I have the greatest respect for the ability of the gentlemen who composed the committee, and I have no doubt whatever of their high motive and the frame of mind in which they approached their work. Still, as I say, with some of the conclusions which they have reached I cannot agree. I admit the need of the benefits which they recommend for soldiers in their report and to that extent I agree that they have done well. But I do not think they have gone far enough. One cannot help being impressed with the evidence that is set forth in regard to the financial condition of the country, nor can one find any difficulty in supporting the contention that the country could not possibly raise at this time sums approximating $300,000,000 or $400,000,000 for cash gratuities. This important question after all resolves itself into a matter of common sense, and we must be rational in our suggestions as to how far we can go and how much money we can raise in order to meet the needs of the soldiers. Now, in my opinion, I think we can raise in addition to the amount already recommended in the report about $150,000,000. I do not say that sum could be raised in cash at the present moment to be distributed next month. Under the proposal which I have, that would not be required. I do not intend to enter into a discussion as to the exact means by which it might be raised. That amount is not very large compared with our present and past loans, and I think we could carry it along under our present schemes by a readjustment of our finances. For instance, I think there is a sum of $25,000,000 in our present commitments which we might well divert from the purpose to which we have allocated it, namely, the soldiers' settlement scheme, for establishing men of Imperial units on land in Canada. My opinion in this respect is that if we have that amount of money to spend we should spend it first in the interests of our Canadian soldiers. Another $25,000,000 has been allocated by the Government to housing, a scheme which has been taken advantage of by only three provinces. The province from which I come has not availed itself of it, and as I intend to advocate a housing scheme it seems to me that the balance of the vote might well be allocated to the purpose I shall mention. I believe that all the money given to soldiers who are not in the disabled or wounded class should be by way of loan, and as we should have under these various schemes very good security we can hope for a return of a large part of the money so loaned with a certain rate of interest. So that these loans would not involve so serious a question as that of a straight gratuity, nor would it be necessary that the entire amount proposed should be raised immediately. I do not think I need argue that if we could raise a further sum of money for the soldiers there would be no desire or intention on the part of the House that it should not be raised and loaned, provided that every dollar loaned would tend to the re-establishment of the soldiers. It is not necessary, either, that I should endeavour to establish the fact that soldiers who have returned, even if they are physically fit, are not able to enter into competition on an equal basis with those who did not go to the front.

Now, a great deal has been said in regard to the word "need," and I think that the proposal put forward by the member for Centre Winnipeg largely hinges upon the interpretation of that word. The needs of the human being are varied, and they include necessaries other than those of a financial character. His financial needs will vary with the individual, but if we are to discuss the question of need we must approach it from a different viewpoint. We must consider what needs we as a nation are prepared to supply. I think that if the returned soldiers need housing and assistance in establising themselves in industry, or for education—as they unquestionably do—we as members of Parliament should resolve that to the extent of our financial ability we will attempt to satisfy those needs. Let us first consider the question of housing. I believe that some scheme of housing in Canada confined only to returned soldiers would go far towards solving the problem of the returned man, and pos-

sibly a sum of $75,000,000 or $100,000,000 might be raised towards this end. No one will dispute the fact that in Canada there is a great shortage of housing accommodation as a result of the cessation in building during the war, when the activities of the people were concentrated in the sole effort of successfully waging the fight. Why could we not allocate some such sum of money towards the building of homes for the soldiers? I do not say that we could build a home for every soldier, but we could survey the needs of the various provinces and allocate, to be spent in them, such proportion as appears necessary after a careful investigation of the situation. Let these houses be built, and we shall then have solved the housing problem and incidentally have helped a great many soldiers. Those soldiers who did not have homes would be benefited under this scheme, with the result that the present utterly unreasonable rents which soldiers and their dependents have to pay would be reduced, and thus practically all the soldiers would derive a benefit, while the civilian population would incidentally share in the advantages of the scheme. I am confident that if this were done the housing situation and living conditions in Canada would be improved very materially. A home is an essential part of the equipment of the producer, and in furnishing houses to the soldiers we would help them to become more efficient and place them in a better position to produce to the maximum. The security would in this case be adequate and I think the country could look for the return of a very large part of this amount.

The question of industrial loans is a great deal more difficult. I do not think that any such sums should now, at least, be allocated to that purpose, but if by spending $20,000,000 or $25,000,000 we could help to place on their feet a lot of returned soldiers who wish to get into business of different sorts I think we should do so. Discussion has taken place as to assistance to those who wish to engage in such businesses as fishermen, blacksmiths, garage men, and barbers, and for the purchase of tools of the different trades. It seems a reasonable proposition that we should help these men by giving them small loans to start in business and get on their feet again. The security, I admit, in that case would not be so good. Still, it would be considerable if all loans were carefully given out. It would add to the producing capacity of this country and would help to actually place some of our soldiers on their feet. I believe, therefore, that we could, with safety, loan money to soldiers for housing and for re-establishing themselves in industry.

Then there is a third way in which I think we could safely assist them and that is by helping them in their educational courses. I believe that the committee should have agreed to the suggestion that aid should be given to university students. I know they were most sympathetic towards it and I know the reason they did not agree to it was that they thought that all other classes, or all other young men in the army might object. I do not think that theory is entirely sound. I think it is a fair statement to say that there is no aristocracy of brains, that there is no class, economic or social, from which students are drawn, and the very fact that assistance is needed by them would prove that they did not come from the higher financial stratas in this country. However, I do not see any reason why we should not go further to the extent of helping those who enlisted before they were twenty-one in getting technical or vocational training. Surely this country needs educated leaders in the future; surely we cannot afford not to counteract the results of that four or five years during which the young men of this country were not being educated. There is an hiatus there which will react on this country in years to come. By loaning money to students we will be making a splendid investment for the country, we will be helping to bring forward leaders in industry and thought and I believe that the security or the hope of getting the money back from men who take a university training is excellent.

I have given three ways in which I think money could safely be loaned to soldiers. All these benefits can be substantiated on the ground that they are in the national interests. The land settlement scheme has been substantiated on that basis. The housing scheme is, one might say, the counterpart of the land settlement scheme; it is giving to those who live in cities facilities somewhat on an equality with those given to returned soldiers who are to settle in the country. The question of industrial loans, while they would have to be gone into very carefully and perhaps inaugurated on a small scale, would help to establish our soldiers in industry and education, would make them more efficient in fighting the economic battles of the future. I believe that any money invested in these three things will help the capacity of the country to pro-

duce while at the same time helping the individual soldier. If the committee felt that they were not justified in accepting any of these suggestions on the basis that if they helped any soldiers others would complain that it was unfair to them—if that is their difficulty—let them do this in the national interest and let them say that "we will extend loans and assistance to soldiers when we are certain that these loans will actually help to re-establish them and will actually add to the ability of the country to carry on its work in the future."

In regard to the housing scheme, if I may revert to it, I believe that already we are loaning to countries in Europe money for the lumber that is going from British Columbia. If it be true that we are loaning this year some $106,000,000 overseas to develop and carry on our industries here, could we not loan money to our soldiers in Canada? Would it not bring the same profit to the producers of these commodities and would we not have additional advantage in the establishment of homes in this country that would be part of the producing plant of Canada? I do think that if the Government, in pursuance of its very necessary policy of keeping industries going and obtaining markets for our products, would try to divert as much trade as possible into these channels and at the same time give assistance to our soldiers, they would be not only achieving the object which they had in mind but they would also be going a great distance towards the re-establishment of our soldiers.

I submit these ideas to the House in all deference having regard to the opinion that the committee has formed. But I absolutely believe that this country can raise the money. It does not have to be raised this minute or this year but gradually perhaps in the next twelve or eighteen months. I believe that by carrying out the various schemes which I have suggested a great many soldiers would be assisted and that the national interest would be advanced. I do not think that the question is settled, or that the report which has come down will forever close the question of benefits to our soldiers. Nor do I think the committee intended that it should. The Government should very seriously enter into the consideration of some reasonable plan which would go further to re-establish the soldiers. I do believe that the soldiers in fairness can come to the conclusion that everything has not been done that might be done for them.

I cannot support the amendment because it is an amendment on the question of cash gratuities. I think that before we pay cash gratuities we will have to deal further with our disabled soldiers and that pensions should be increased by fifty per cent if necessary. Our pensions to-day, while they will enable a person to live, will not allow them to live in some cases even in comfort. If we are going to spend large sums of money and to give it absolutely, our duty in all commonsense would be to turn our surplus first towards further aid to the disabled and pensioners.

What I have advocated to-day is the question of loans, in most cases fairly well secured, and every dollar of which will actually go towards re-establishment, every dollar of which will do some good to some soldier. I think the difficulty with respect to differentiation as between soldiers can very fairly be overcome, as it was in the case of land settlement, by declaring that these proposals are in the national interest.

At 12.30 p.m. Mr. Speaker declared it one o'clock, that the House might receive His Royal Highness, the Prince of Wales, and the House accordingly took recess.

VISIT OF HIS ROYAL HIGHNESS THE PRINCE OF WALES TO THE COMMONS.

His Royal Highness the Prince of Wales entered the Commons Chamber and was presented to the Hon. Edgar N. Rhodes, Speaker, by the Rt. Hon. Sir George Foster, Acting Prime Minister, and the Hon. Martin Burrell, Secretary of State.

Mr. Speaker extended, on behalf of the House of Commons of Canada, a cordial welcome to His Royal Highness.

On the entry of the Prince of Wales to the Chamber hon. members rose in their places and greeted him with enthusiastic cheers. The hon. members of the House were then each presented to His Royal Highness who stood on the steps of the Speaker's Throne.

His Royal Highness addressing hon. members said:

Gentlemen: Messieurs: I have had such a wonderful time in Canada and have seen so many interesting things that I feel it would have been a great omission had I not visited the Parliament of Canada. I regard it as a great privilege to have met you all, and I thank you for your kind welcome.

I look forward to hearing some of your debates when I am next in Canada, which

I hope may be soon, and when I hope you will be more comfortably established in your new Parliament buildings. So I say: Au revoir and not good-bye; Au revoir, Messieurs.

His Royal Highness was then accompanied by Mr. Speaker to the door of the Chamber.

At Three o'clock the House resumed.

Mr. H. C. HOCKEN (Toronto West): There are a few observations I would like to make upon this question. First, I want to express my sympathy with the members of the committee who had this matter in charge and to say that I believe they performed their duty with as much earnestness, sincerity and sympathy for the soldier as any group of men in Canada could. In their decision, Sir, against granting a cash gratuity, I think they will have behind them the opinion, not only of the country, but of the great mass of the soldiers themselves. Any plan for the indiscriminate granting of a cash gratuity would, in my judgment, be so full of inequalities that it could not be justified at all; and in many cases a further cash gratuity, such as has been suggested by some of the men who may be classed as agitators, would perhaps be the worst thing that could be done for some of the individual soldiers. I am absolutely against a cash gratuity.

The real problem in regard to these men who have come back to us is not a mass problem, but an individual one. Men have returned from the front who have not lost a week's time; they have gone into their old positions and are just as happy and comfortable now as they were before they went away. In many cases, their training on active service was a physical benefit; and many of these men are better off, both physically and financially, than before they enlisted and went to the front.

I appreciate, Mr. Speaker, all that our soldiers have done. I am grateful to them, individually and collectively, for the service which they rendered to this country; but I do not think they have any claim to an additional cash payment, and I do not think they are the kind of men who want a cash payment. As a matter of fact, Sir, this country cannot pay our men in cash for the sacrifices they made overseas. What amount of money will pay a man for the loss of both his legs? No money payment will compensate him for that loss. If you gave him $5,000 a year for the rest of his natural life he would prefer to have his two legs and for you to keep your money. Sacrifices of all kinds were made that money cannot pay for; and we must find some way, if it is possible to find one, by which the country can express its gratitude in fitting terms to the men who have been disabled. This war convulsion imposed upon the people of our country and the allied countries a task that only one class of our nation could perform. Only the young men of Canada could go to the war, it was a job that the older and middle-aged men were physically incapable of performing; and so this duty devolved upon our young men—it was they alone who, by reason of their physical fitness, could go to fight for us and save the country. I submit, Mr. Speaker, that each one of the men who went out in the spirit of sacrifice—especially the men who went after St. Julien and Festubert and who knew what they were going into—has a right to be regarded as a hero. They went out from comfortable homes and voluntarily entered into a hell to save this country and to save civilization; and my judgment is, Sir, that they now possess something in the way of a feeling of satisfaction with what they have done that is infinitely more valuable to them, and a greater source of pride to their families, than any cash payment or consideration of any kind that could be given to them.

The leader of the Government has pointed out most eloquently that our most sacred duty is to the disabled and to the widows and dependents of the men who have fallen. I would be sorry to think, Sir, that the pensions that have been decided upon are final. I think there is room for a revision of these pensions which may be made from time to time.

Sir GEORGE FOSTER: That is really provided for in the findings of the committee.

Mr. HOCKEN: I think it is something that ought to be provided for. I think that no man who is disabled—and in particular none of those who were totally disabled—should be allowed to suffer from any lack of the best comforts that life can give to a man; and further, I believe it is the feeling of the House and of the country that no matter how much money may be needed for that purpose it must be obtained. I think I am in the judgment of the House in saying that it is incumbent upon us to make that provision.

Now, Sir, the committee was presented with various plans. Mr. Flynn's plan, I think, received just about as much consideration as it deserved. Some other plans also received consideration. But I want to express my disappointment—and this is the criticism that I have to make of the report—that the committee did not go into conference with the members of the Great War Veterans' Association in regard to the plan of that organization. I know that the Great War Veterans' Association plan was submitted to and considered by the committee, but I think it was unfortunate that they did not go further and call the members of the Great War Veterans' committee into conference, sit down with them, and see how far they could go in adopting the plans which they recommended. I want to say, Mr. Speaker, that in my judgment no group of men have rendered greater service to Canada since the armistice was signed than the men who are carrying on the work of the Great War Veterans' Association. I believe, Sir, that that organization has been a steadying influence, second to none, in the Dominion; we had evidence of that during the comparatively recent occurrences in Winnipeg. They are a body of patriots who are loyal to Canada, not only in time of war but in time of peace, and I think they occupy a position, especially with regard to this particular question, that should have led the committee to see the tactical wisdom of going into conference with them with a view to determining to what extent the proposals that were made by the association could be adopted.

Mr. HUGH CLARK: Does the hon. gentleman suggest such a conference did not take place? Does he say that the Great War Veterans' Association was not in consultation with the committee on that question?

Mr. HOCKEN: I was not a member of the committee, but I am informed that such conferences as I have in mind were not held. If such conferences were held and the report of the committee indicates the extent to which they can go towards carrying out the Great War Veterans' plan, then I have made a mistake.

The member for North Bruce (Mr. Hugh Clark) has said that the committee did hold conferences with leading members of the Great War Veterans' Association, but I have been making inquiries and I find that all the conferences that were held with the representatives of the Great War Veterans' Association were those which were held during the taking of the evidence at the public meetings. Now, that is not what I meant, Mr. Speaker; I still argue that it was of great importance that the approval of the Great War Veterans' Association should be obtained to what the Government and Parliament are doing in this regard and that something more than a mere formal public conference should have been held. It would have been a good thing had the committee had some private, heart-to-heart conferences with the leaders of that Association. Whether or not anything had come out of those conferences, those who are at the head of this organization would have been convinced that we were trying to meet them as far as possible, that we desired to deal justly and generously with them.

I do not think that it is possible to adopt holus bolus the plan submitted by the G.W.V.A. In that respect I do not agree with some hon. members, and I am not arguing for the adoption of that plan. But I still believe that as a result of such an intimate conference as I suggest, certain important modifications could have been made and the committee and the veterans brought together so that when the report did come down it would have had the approval of the veterans. If that had been done there would not be the unrest and the dissatisfaction in regard to the report that prevails among returned men to-day.

We are in danger of causing this association, which includes hundreds of thousands of men to whom, everybody in the country feels we are obligated, to come under the leadership of men like Mr. Flynn. Those who are now at the head of that organization have shown that they have a sense of responsibility. They have done everything that men in their positions could do to have the extremists in their organization kept in check. So far as I can judge from what has been done and from the report which the committee presents, a sufficiently earnest attempt was not made to secure that approval of the leaders of the association which, in my judgment, is so desirable. I think, therefore, that the chairman of the committee would be wise if he would have this report referred back to the committee in order that the matter might again be taken up with the leaders of the Great War Veterans' Association with a view to seeing whether some additional concessions could not be made or some greater generosity shown toward the men, and, perhaps, some more definite plan formulated with regard to the loans that are proposed to be made.

The report mentions the sum of $40,000,000 in connection with taking care of needy cases. That might be increased to $75,000,000. We are told, and the report itself bears this out, that even under the report the amount spent for this purpose could be $75,000,000 or $100,000,000. But the report fixes upon a definite figure of $40,000,000; this amount the men who have framed the report—some of them at least—indicate as likely to be exceeded in payments out in respect of needy cases. But the impression is left upon the minds of the returned men that $40,000,000 is the limit. In my view, it would have been wise to err on the other side and to set a very much larger limit and if the money were not expended, why, well and good.

I appreciate the difficulties that the committee had to deal with, and in any criticism which I make of the report I am not at all actuated by any hostile spirit. But if the minister (Hon. Mr. Calder) were in his place, I would ask him to consider the matter of referring the report back and allowing another twenty-four hours for further conferences and further consideration of these matters with the leaders of the Great War Veterans' Association. I do not think that the Government have any reason to object to that suggestion. It does not involve a rejection of their proposal, nor is it in any sense in the nature of a vote of want of confidence. But the following of that course would at least show to the returned men all over Canada that the committee, the Government and Parliament are trying their best to go the full limit in assisting those who need assistance, especially those who need it during the coming winter.

I am not now going to move an amendment along the line of my suggestion; I do not know what I may do at a later stage. In any case, if this report is the best that the committee can do, I propose to support it. It is not entirely satisfactory, but it is better to accept the report than to reject it. I was impressed, and the House must have been impressed, by the remarks of the member for Fort William (Mr. Manion) last night, when he pointed out that the rejection of this report, involving a change of Administration, would make it impossible to get any money for these cases until the middle of next summer. At worst, and apparently at best, $40,000,000 will be voted to assist during this winter those who are in need, and I am not going to do anything that will prevent the expenditure of that money on those needy cases; I think that would be a mistake. The report ought to go through, but I think it ought to be improved and a conference with the Great War Veterans' Association would result, I am sure, in some improvement. I repeat, because I am strongly impressed with this view, that the adoption of that course might result in our securing for our action the approval of the men themselves, and if we could get to that point our difficulties would be largely solved. Like every other member of this House, I want to do the very best I can for the soldier and I want the soldier to be satisfied. If I were dealing, with the individual soldier, and he could not see my point of view, I would do my level best to see his; I would make concessions to the last minute. I would try to get him back to his normal condition; I would try to put him in a position to be able to carry on as happily as he carried on before the war. I am not arguing that every returned man should be placed in exactly the same financial position that he would have been in had he remained at home; that cannot be done. But at least we should show an exceedingly generous and sympathetic spirit.

I ask the minister, therefore, to consider my suggestion that this report be referred back to the committee with a view to the holding of such a conference, in the hope that the report will come back to us changed in some particulars, having the effect of being more generous, perhaps, but in such form as to enable it to receive the support of every hon. member of the House, and at the same time in such form as to be satisfactory to the members of the Great War Veterans' Association.

Mr. A. T. LEGER (Kent, N.B.): Mr. Speaker, before the vote is taken on this question, I desire to say a few words with regard to the report which has been submitted by the Special Committee, and with regard also to the amendment proposed by my hon. friend (Mr. Andrews).

In my opinion there might be a compromise in this matter. The report recommends only slight assistances for the soldiers. On the other hand, the amendment goes, perhaps, a little too far. Why not try and reach a compromise between the two? I appreciate the very fair manner in which the subject was put before the House by the Minister of Immigration and Colonization (Mr. Calder). A great deal can be said, and has been said, against the report of the committee. The Minister of Trade and Commerce has explained to us the financial situation of the country, that it is almost

impossible for the Government to give any further grants to the soldiers. I could not help thinking that if he had spoken in a similar way when the Grand Trunk legislation was before the House that Bill would now be in the wastepaper basket. As it is, it commits us to obligations amounting to about $500,000,000 or $800,000,000. The minister made no complaint of the scarcity of money then, and I am surprised to hear hon. gentlemen opposite to-day, after voting for the Grand Trunk Bill, say that the country has no money to give to the soldiers. When the question of the re-establishment of the soldiers came before the country some months ago, it reminded us all of the noble service rendered by the soldiers for their King and country. They fought for our freedom and liberty, so we can truly say nothing is too good for the soldiers who so nobly defended us. I urge the Government to give a more reasonable recognition to the splendid services our soldiers have rendered. Let us try to effect a compromise on the amount to be granted, and make it understood that this will be the last grant. If it cannot all be paid this year it could be spread over this year and next. I think every member of the House will agree with me that we should do all we can to assist our soldiers in re-establishing themselves. We should give them as much as the country can stand without laying too heavy a burden on the people. It is common knowledge that most of our soldiers have returned home without any money. How could they save anything on $1.10 a day? It was impossible. Take the case of a man twenty-five years of age who enlisted at the outbreak of the war and stayed overseas five years. He had to give up all his plans for a home and a career, and now he comes back and has to start again at the bottom of the ladder, while those who stayed at home have been working themselves up to a better position in life. Many of the young men who fought the battles of the country and risked their lives are back in this country and unable to get employment. Some of them were gassed or wounded. I know one young man who lost an arm. He has returned home and has been trying to get work that he can do with only one arm, but he has not succeeded yet. All he gets from the Government is $7.50 a month. How can any man live on that? It is practically starving a man to death. The men who fought our battles must be looked after, and they must be looked after by the Government.

[Mr. Leger.]

That was my reason for suggesting in the beginning of my remarks that some compromise might be made in regard to the amount of the cash grant so that we might settle the matter satisfactorily. Now, Mr. Speaker, during the debates on the Grand Trunk Bill some one went so far as to allege that there was a nigger in the woodpile, and naturally there was some speculation as to who the colored individual was. I do not know.

Mr. SPEAKER: Order. The hon. member is quite in order in making a reference to the fact that money is called for under the Grand Trunk Bill, but he is not in order in discussing the merits of that Bill.

Mr. LEGER: I bow to your ruling, Mr. Speaker, and regret the transgression. I thought that in view of the tremendous obligation which we shall assume by reason of that legislation I might possibly be in order in referring to the allegation that was made. However, I abide by your decision. In conclusion, Sir, I would appeal to the Government and to the country to do the very utmost on behalf of the soldiers of Canada who represented this nation so splendidly in the terrible war.

Mr. MIDDLEBRO: Did I understand the hon. member to say that a soldier who had lost his arm got only $7.50 a month?

Mr. LEGER: A soldier wrote me stating that he was getting $7.50 a month.

Mr. MIDDLEBRO: For the loss of an arm?

Mr. LEGER: He had lost the use of his arm, and he informed me that he was still suffering from the effects of gas.

Mr. MIDDLEBRO: Did he lose the use of his arm entirely?

Mr. LEGER: I may say that I communicated with the department in connection with the matter last week and have not yet received any reply. Doubtless they will investigate the matter. I do not absolutely vouch for the accuracy of the statement, I have just given to the House the information I have received, but I have every reason to believe that it is true.

Mr. MIDDLEBRO: I understood the hon. member to say that the man in question lost his arm entirely and was receiving only $7.50 a month. If he lost the use of the arm altogether he would receive $36 a month.

Mr. LEGER: He lost the use of his arm; that is the way in which he put it.

Mr. MIDDLEBRO: If he lost the absolute use of his arm, that would be the same as if his arm were amputated, and he would get $36.

Mr. LEGER: Why doesn't he get it?

Mr. HUGH CLARK (Parliamentary-Secretary): The ground has been so well covered, particularly by the Minister of Immigration and Colonization (Mr. Calder) that I do not intend to detain the House at any great length. But a few points have arisen during the course of the debate to which I should like to refer briefly though as fully as I possibly can. I desire to refer especially to the criticism that has been levelled at the minister on his alleged threat that the Government would resign unless the report of the committee were adopted. What the minister stated was that the Government had already announced a definite policy in reference to this question, and that if this amendment were supported by a majority of the House the Government would necessarily under our constitution have to resign as a result of its defeat on this motion. But the minister did not make that a fact by merely stating it. It was a fact before he stated it, and would be a fact if he had never stated it. To say that his statement was a threat is tantamount to haying that a barometer makes a threat when it indicates a storm. The storm would come even if the barometer were out of working order and did not indicate the atmospheric changes, and I venture to say that some of those who are criticising the minister in this respect would, if the Government were defeated on this motion, be the first to ask when it was going to resign in view of the fact that it did not command a majority in the House.

Now, with reference to gratuities, I was somewhat surprised to hear the hon. member for Brantford (Mr. Cockshutt) and the hon. member for South York (Mr. Maclean) advocate that gratuities should be given at once to clean the whole thing up and wipe off the slate. Do these hon. gentlemen think for one moment that by granting this gratuity they are going to wipe off the slate? May I ask to what extent the demand for this gratuity has been modified or qualified or restrained by the fact that we have already given a gratuity? We only started paying gratuity No. 1 at the beginning of this year, and before the year is over there is a demand for gratuity No. 2. Who can say that the granting of gratuity No. 2 may not lead to a demand for gratuity No. 3? Hon. gentlemen are oblivious to the events that are taking place around them if they think for one moment that they will wipe off the slate by granting gratuity No. 2. But suppose that it would achieve that result. Suppose we raised the money and paid this gratuity and it did wipe off the slate, and suppose that the men never came back for more, what about the disabled soldiers? Are you going to wipe off the slate and discharge your obligation to them by giving them a gratuity? Never. As regards the men who are disabled by reason of the war, or whose disability was aggravated by the war, this country has committed itself to give them free medical treatment with pay and allowances so long as they live. For that purpose we must maintain a large number of hospitals in the country, with good equipment and a large staff of nurses and doctors, for fifty years to come. Do hon. gentlemen know what that will cost? How shall we discharge that obligation if we exhaust our resources by one indiscriminate gratuity paid to all ex-members of the forces to-day? It cannot be done. Hon. gentlemen must realize that you cannot possibly discharge the obligation to these men this year or next year, or for ten, twenty or fifty years to come. So long as the youngest man among them lives, that obligation will rest upon the Dominion of Canada. Have you any idea what that will cost? To-day we have 7,000 disabled men taking treatment in our sanatoria. All the time they are there we give them free medical treatment as well as pay and allowances, and hon. gentlemen can calculate for themselves what the cost will be. I believe that when the returned men have these things presented to them fairly and properly, when they realize the effect that this proposal will have upon Canada's treatment of the disabled soldiers in the years to come, they will not insist upon the gratuity. I am positive that the Canadian-born soldier is not going to do it.

Mr. ANDREWS: May I ask my hon. friend what he means by that?

Mr. HUGH CLARK: So far as I have met the native born Canadian I have not found him worrying a great deal over the question of gratuities.

Mr. ANDREWS: May I ask my hon. friend to explain himself a little further?

Mr. HUGH CLARK: My statement stands exactly as I made it.

Mr. ANDREWS: To what other class does the hon. gentleman refer? To what

other class can he possibly refer except the British-born?

Mr. HUGH CLARK: No; not necessarily the British-born. We have a man named Flynn from the United States who asked for a billion dollars. He not only asked for a billion dollars but he came down and told us point blank that he was organizing in this country a lot of men who were going to dictate platforms and policies to all the parties in this country; who were going to make and unmake governments and who were going to turn out the government that would not do what they wanted and put in some other government that would. That man came to Canada and enlisted two weeks before the United States went into the war. He comes back before the war is over and draws his share of the $420 Canadian gratuity from the Government of Canada; whereas, if he had stayed two weeks longer in the United States and joined when the United States came into the war, he would have got just $60 from the United States. That is the gentleman who is at the head of an organization that is going to dictate the platform of the different parties in this country and make and unmake governments.

Mr. H. A. MACKIE: Do you believe that Flynn has the ability to carry out the threat that he has made, and that he is pursuing it?

Mr. HUGH CLARK: He apparently is receiving considerable support in some quarters.

Mr. H. A. MACKIE: Why does not the hon. gentleman apply the criminal law to him as a conspirator against the Government?

Mr. HUGH CLARK: I was rather astonished to hear the hon. member for Brantford (Mr. Cockshutt) say that the committee appeared to be more concerned about finding out why we could not do a thing than about our duty to the soldiers. We took it for granted that the House, and all who read the report, would assume that we recognized our duty to the soldiers. We might have padded that report with platitudes, but if we had it would simply have been nauseating to the members of the House and to the ex-members of the forces who read it. The soldiers want concrete action and they are getting it in so far as this country can give it to them at the present time, having in view the fact that we are not discharging our obligation in full now because we will have to look after these disabled soldiers for fifty years to come. I say: Millions of dollars for the disabled man, for his dependents and the dependents of those who were killed in the war, millions of dollars to prevent distress and unemployment among the soldiers during the coming winter but not one cent in the way of a general gratuity.

As to how the money is going to be raised for these extended cash grants, I did not hear any person except one suggest any scheme that would produce any considerable sum of money and that exception has reference to a land tax—a tax on unimproved land values which, at a ten mill rate, was estimated to raise something like $80,000,000. I understand that some council of agriculture approved of that but if they succeed in the next general election, come down with a large enough number of supporters to be able to form a government for themselves, and they enact that into legislation, I would suggest to them, as a more or less experienced politican, that they go to the country before the tax collector gets there. All the other suggestions that were made would provide only a few million dollars and would not begin to meet the demands that we would have to meet on account of these gratuities.

My hon. friend from Quebec South (Mr. Power) spoke last night rather disparagingly of the report of the committee, of which he himself was a member. He referred to the part of the report which recommends that a uniform scale of pay be given to disabled men who are in our Soldiers' Civil Re-establishment hospitals undergoing treatment instead of the pay and allowances which to-day they receive and which are according to rank. We recommended a uniform scale of pay so that a lieutenant-colonel should not receive any more than a private soldier. The representations that have since been made were not made to us at the time, and, as a matter of fact, the recommendation was made on the suggestion of the Great War Veterans' Association themselves. If you will turn to page 451 of the evidence, you will find that Mr. MacNeil, secretary of the Great War Veterans' Association asks Mr. Robinson, Deputy Minister of the Department of Soldiers' Civil Re-establishment, this question:

Q. With regard to those men on the strength of your Department for treatment, do you give them pay and allowances according to the rank held in the C.E.F.?—A. Yes.

Q. Why is that?—A. The reason is this: When the Military Hospitals Commission was in commission, all men were military patients;

that is they were in uniform when they were in the hospital and under military discipline. It did not matter whether they were men who suffered from a recurrence of a war disability after being discharged here, or whether they were men who had come right back from England directly invalided home and were undergoing further treatment. The Government considered that as all these men were being treated in the same hospital, it would be far better that they all receive the same rate of allowance, and that is carried on at the present time.

At page 454 Mr. MacNeil asks this question:

Q. Is there any possibility of removing the complaint of the men receiving medical treatment that they feel there should be no discrimination based on rank in the Canadian Expeditionary Force? The colonel gets a higher rate of pay than the man in the same institution who is a private?—A. If this Committee recommends that the rate of pay and allowances in that respect set by the Government should be changed and the Government decides to act on that recommendation, we will be only too pleased to carry out the instructions we receive.

I know this is going to work a hardship in some cases and I know that in some cases it will be looked upon as a breach of faith. It is a breach of faith to a certain extent. These men who were removed from the military hospitals where they were getting the pay of their rank, and removed perhaps for the convenience of the department or the Government, to Soldiers' Civil Re-establishment hospitals, continued to receive pay according to rank. If we change that it will be to the disadvantage of those who did not stay in the military hospitals as others did. But I will say that for all cases of recurrence a uniform rate of pay should be given to these men whether they are colonels or privates. Most of us will admit that we made a mistake when we discriminated as to rank in the payment of pension and we do not want to continue that mistake for the next fifty years in treating our disabled men.

The pay that is given to-day, for instance, to a private in our military hospitals is $1.10 per diem, plus the amount that he would receive if he were in military uniform and had dependents. I would suggest to the Government that when they are acting upon this recommendation that the pay and allowances to those men in the hospitals be made uniform as it has been in our other institutions. The hon. member for Quebec South (Mr. Power) last night took his usual fling at the deputy minister of that department because he does not happen to be a returned man. The evidence will show that it is the misfortune of Mr. Robinson, rather than his fault, that he is not in that category. He was rejected after having several times applied for enlistment; but members of the committee who saw something of the work that he had done were in pretty fair agreement that he lacked nothing in efficiency and that the work of the department has been pretty efficiently carried out.

That brings me to the question of vocational training and the expenditures of the Department of Soldiers' Civil Re-establishment. I have heard a great deal of criticism, in the House and out of it, about the large expenditures in this department. Members of the committee themselves were prejudiced against the department simply because they did not have any idea, as they confessed in their report, of the ramifications of the work. Over 7,000 men have already been graduated after taking vocational courses of training, and when the committee was taking evidence, I think on September 27th, it was stated that the number at present taking that training was a little over 17,000 men. Now these men are all receiving pay and allowances on a scale that is not approached by any other country in the world except the United States, and our payments are on a larger scale even than those in the adjoining Republic. Sixty dollars per month is the minimum and it runs up, according to the number of dependents, to $150 a month. The evidence to which I have referred was taken over a month ago. Now let me give you the increase that has taken place in the number of students that have entered these vocational schools since that time. In the following week the net increase was 1,149; in the week of October 11th, 512; in the week of October 19th, 360, and in the week of October 25th, 772. Last week the increase was 1,364, so that to-day we have 19,290 men on the strength of our department taking vocational training and drawing pay and allowances. Do you marvel at the cost of that department? The departmental estimate of the cost of training one man for the average length of the course is $800. Multiply 19,290, the number of men we have under training at the present time, by $800, and it makes the total cost of that training, $15,432,000, and the end is not yet. In the next few months the men will be coming in at a faster rate than they ever did before. Last session I stated that the peak of the load would probably not be reached until next February. I think it probably will be reached then, and after that there will be a sharp decline. Some hon. gentlemen who have criticised the department

on the ground of extravagance have never stopped to think that although the war is over and demobilization practically completed, we have still in Canada an army of 19,290 men being trained not in the arts of war but in the arts of peace at a cost for the classes that are now undergoing training of $15,432,000, not to speak of those who have been graduated and those who are yet to come in. So that hon. gentlemen who are willing to exhaust the resources of our country in one grand effort to make a cash grant to our returned soldiers should pause to consider that we are not by any means at the end of our expenditures in connection with the treatment and training of disabled men—that we will not be through with our vocational courses for some little time yet, and not through with our medical courses for some fifty years to come. I do not know whether or not our critics would say that we have too large a staff. We have a very large staff and they consist mainly of doctors and nurses that have to be fairly well paid. The doctors themselves do not think they are very well paid; I am just as positive as I can be that in private practice a good many of them would earn considerably more than they are being paid to-day. As to our vocational instructors, Mr. Tom Moore, president of the Trades and Labour Council, came before the committee and made the statement that we are not paying them anything like the remuneration they ought to receive. The expenditures of the department are very large. I want to tell hon. gentlemen that they are going to be larger still—they are going to be a great deal higher before they will be very much lower.

I wish it had been possible for all the members of this House to have attended the sittings of the committee and heard the evidence given there by some of these vocational instructors and medical officers. A brighter lot of men—such clear-cut, active, earnest types—you could never find anywhere. Colonel Davis, Director of Medical Service; Mr. Parkinson, Director of Vocational Training, and the vocational instructors, from Montreal and Toronto, all returned men, came before the committee, and I think that every hon. gentleman who was present was impressed, as the hon. member for North Perth (Mr. Morphy) said last night he was impressed, by the evidence which they gave. They did not boast about the work done; but they described in a plain and simple way what they were endeavouring to do and the results they were seeking to accomplish. Of boastfulness there was not a particle in their statements. It was pathetic to hear some of them admit that they did not know what to do when they were confronted with certain of these problem cases. One of them declared that he did not know what to do about such problem cases—they baffled him. Apparently there was nothing physically wrong with the men. It was impossible to find where the trouble lay, and he could not arrive at a diagnosis of it. Not being able to reach a diagnosis he could not prescribe the remedy. This particular officer said that the only way he could describe such a problem case was that the man was "burnt out." Well, there are a large number of "burnt out" men in this country. They are the men who are covered by this recommendation with respect to neurological and problem cases, which cases will have to be dealt with by this Government for a good many years to come. The men in charge, as I have said, are all returned men themselves, sympathizing with returned men, doing the very best they can, working night and day on the problem, and absolutely sympathetic with the patients that come before them,—not boasting, but desiring to do the very best they can for those patients, and sometimes desparing because they cannot do enough.

Now, in connection with this particular matter of vocational training, my own impression is that Canada is doing a very big work. I do not wish to make comparisons, although I could, with what is being done in other countries, but Canada's work along that line is worth while. I think the hon. member for York (Mr. Maclean) tried to make it appear that we had promised certain things to our soldiers and had broken faith with them. I do not think that such a statement is quite fair to the Dominion. The leader of the House (Sir George Foster) has already dealt with one phase of the question, but I want to deal with concrete cases. What man enlisted in this country under the expectation that when he came back he would get a gratuity up to $420 or $600, depending on whether he was unmarried or married and length of service. It was never promised him, and he never expected it. What man was ever promised that if he was disabled so he could not go back to his former occupation, he would not only get a pension, but would be trained for a period averaging seven months and draw pay and allowances during that time? What man was promised or ever expected that

for a year after the war, whether he was disabled in active service, or whether his sickness was caused or aggravated by service conditions, he would get one year's free medical treatment?

And in that connection I would bring to the attention of the House another matter of expenditure. We are to-day giving free medical treatment to 11,000 men who were not disabled or whose sickness was not caused or aggravated by war service, and we are continuing that treatment for one year after discharge.

But I am breaking away from the point. What man among them was led to expect, for instance,—although it is only a small item,—that he would get a clothing allowance of $35, when he came back? Some returned men made complaints before the committee that that sum was not sufficient. Well, it does not go very far in the way of providing clothing these days; but it is $35 more than they were led to expect they would get. So it is not fair to say that Canada made certain promises to her soldiers and did not live up to them. Canada at least did more than Canada promised to do. There are a great many more things that Canada will have to do to properly look after our disabled men, and perhaps look after our "undisabled" men, but it is not fair to say to-day that Canada has been unmindful of the soldiers after they came back.

I was going to say that the work is being done in the way of vocationally training our disabled men who cannot get back to their former employment, and also in training those who enlisted before they were eighteen years of age, is a work of great value to Canada. Those men are taught some line of business that they have expressed a preference for after consultation with the medical and other representatives of the Disabled Soldiers' Training Board as to whether or not it would be a suitable occupation for them to follow. A great many of these men—I could give you the figures—are vocationally trained in such large works as, for instance, the Angus shops of the Canadian Pacific Railway and the Grand Trunk Railway shops, and in other establishments throughout the country. A large number of the men are absorbed in the institutions where they get their training, and many of those who have been trained in other institutions have already received employment elsewhere and are making good. It is possible that if we had not provided such training for those men a great many of them would not have gone back to work at all, and we would have the same situation in Canada as prevailed in the United States for a long time after the Civil War,—disabled soldiers living in old soldiers' homes; and probably we would have had the same complaint made here as was made in England a few years ago when it was discovered that men who had been in the charge of the Light Brigade had been compelled to seek refuge in the work-house, which deplorable state of affairs was pointedly referred to by Kipling in a poem ending:

> "And they left to the streets and the work-house
> The charge of the Light Brigade."

These men will not be content to live on their pensions, for they have been trained in employments in which they are making fairly good money; in fact, the committee were informed by the managers of several institutions that the men were given the union scale of wages after they were graduated. I venture to say that by reason of the vocational training that we are giving to these men Canada is going to emerge with the minimum of impairment from the wreck and welter of this war.

Mr. ARCHAMBAULT: I would like to ask a question of the hon. gentleman (Mr. Calder) if I may be allowed. My mind is not quite clear about this motion, and I would like to get an explanation. The motion reads:

> That the report be received, and that the expenditure recommended therein, or which would be required for carrying out the recommendations therein, be commended to the consideration of the Government.
>
> Que le rapport du comité spécial soit reçu, et que les dépenses qui y sont recommandées, ou qui seront requises pour l'accomplissement des recommandations qui y sont contenues, soient soumises à la considération du gouvernement.

I would like to know if a vote taken on this motion will mean the approval or disapproval of the findings of the committee. It does not seem to me to be that way, but I would like to have an explanation.

Mr. CALDER: As pointed out by the hon. gentleman, the motion is to the effect that the report be received, and that the expenditures indicated in the findings be recommended to the Government for their consideration. As I understand the rules of the House, the committee itself could not ask the House to approve of expenditures; that would be contrary to the procedure. All that can be done is to recommend that these expenditures be taken into consideration by the Government, and that

if the Government approve them, then the necessary resolutions must be brought down to the House approved by the Crown. That has been done in the Estimates which have been brought down this session. I am not absolutely clear myself as to what is the effect of the term "received." The motion is to the effect, that the report be received. Whether the mere reception of the report by the House carries with it the approval of all the recommendations contained therein, I must confess that I am not absolutely certain, but I do not think so.

Mr. ARCHAMBAULT: I would not think so either.

Mr. CALDER: If I may proceed just a little, Mr. Speaker, my own view is that it does not. The report contains certain recommendations. Those recommendations all carry with them expenditures. The Government must commit itself to those expenditures and bring down the necessary votes for them. That has been done, and as was stated by the Acting Prime Minister this morning, the Government as a government approves of the findings of the committee and stands prepared to ask the House to provide the necessary Estimates in order to carry out those recommendations.

Mr. PIUS MICHAUD (Restigouche and Madawaska): Mr. Speaker, there is no doubt about the fact that the Government needs money to carry on the ordinary affairs of the country. Our mines need development; our harbours have to be looked after; we need much money to meet our railway deficits. Where are we going to get that money? We have been raising millions of dollars by means of domestic loans. We had such a loan last fall and another is being floated at this moment. The man who went across the seas and lost his life in the war gave up everything for his country, and it is the duty of the State to care for those who have been made widows and orphans on account of the war. The men who remained at home and who made a fortune out of the manufacture of munitions owe a debt to this country, and it is up to the Government to have that consideration in mind when they are considering the means of raising money to take care of our soldiers.

We need to look after our disabled soldiers better than we have looked after them in the past. The returned man who is unable to make a living at his old job should receive recognition from the Government. Our soldiers, therefore, need to be looked after; but where are we going to get the money? I have a suggestion as to where we can get the money. Let us confiscate part of the fortunes made by those who remained at home during the war and made millions. The money of a man who made two millions during the war does not belong to him; it belongs to the soldiers, to the widows and the orphans. Let the Government do as is actually being done in England; let them confiscate twenty-five per cent—or, if that is not enough, fifty per cent or more—of these immense fortunes. A few days ago the Government found itself in need of money. They seemed not to be embarrassed as to where to get it. They have put through the House a railway scheme which will require more money. Now there is another question before the House in connection with which money is needed; where are we going to get that money? The loan which is now being floated will be needed to pay back debts and to take care of the ordinary affairs of the country. Let us go at this thing in the right way. As I have said, let us confiscate a part of the money of these people who made huge earnings and profits at home during the war at the expense of our soldiers. That money belongs to our soldiers; let it be returned to them.

Mr. J. F. REID (Mackenzie): Mr. Speaker, there seems to be an impression that the soldiers themselves do not want further help. I wish to read a portion of a letter which I have received from a man who was a lieutenant in the army, and with whose views I agree. He says:

> I am of the opinion that if the Government will provide equal assistance for men desirous of indulging in other occupations or professions other than the occupation of farming as they have granted to these returned men of the farming occupation under the Soldier Settlement Board scheme, such majority of the veterans will be satisfied. The Government may be able to substantiate the statement that the country could not bear the burden of a further cash bonus, but I do not think it will be able to substantiate to the satisfaction of the soldiers the discrimination regarding loan assistance to farmers only. It would appear that the same measure should be promulgated whereby the Government will grant loans on proper security to those wishing to engage in other occupations and professions and that a board similar to the Soldier Settlement Board would have control of the making of the advances and the inquiring into from time to time of the method of the disposition thereof and the securing of the protection of the Government on the advances.

I am of the opinion that the Government should arrange for such loans, and the soldiers who obtain the benefit of them ought to be made, in a measure, responsible

for the carrying out of the conditions of those loans.

I do not go quite as far as the amendment which has been proposed. There seems to be some misunderstanding with regard to that amendment. I quote from the report, page 33, paragraph 3, appendix No. 1, where the plan of the Great War Veterans' Association is set out:

> The plan does not provide for an indiscriminate "hand-out" but it does provide for true re-establishment always under the administrative control of the Government as regards every individual case. In addition, every applicant for financial aid under this plan will be required to demonstrate that State assistance in re-establishment is a real necessity for the welfare and future security of himself and his dependents.

I am convinced that a loan arrangement would be satisfactory, and that if such an arrangement were made a gratuity would not be asked for. I would like to see this report referred back to the Committee. I agree with the member for West Toronto (Mr. Hocken) that if the Committee would spend twenty-four hours in a further effort to solve this problem and to bring in a supplemental report, making such provision for loans as I have suggested, our soldiers would be satisfied. I agree with the member for Qu'Appelle (Mr. L. Thomson) that the money is in Canada, and it is up to the Government to find a way of getting hold of it. I think I make a fair estimate of myself when I say that I am an average taxpayer of this country, and as such I would be perfectly willing to pay my share of a tax which will have the purpose of further establishing our returned soldiers.

It is the duty of the State to provide for students whose educational careers were broken into by the war. We know how readily they enlisted from our collegiates, high schools and universities; now they come back and their finances are gone. Canada will need these professional men of the future and it is up to us to give them such financial assistance as will enable them to complete their education.

I have on a previous occasion stated my opinion that it is the duty of the Government to provide a life insurance scheme for those men who did not carry insurance before they went to the front and who to-day, because of their disabilities, cannot be insured by any old-line company except at a very exorbitant rate. I believe that in these advanced times, when public ownership is gaining in popularity, the Government should establish a life insurance bureau especially for the benefit of the returned soldier.

I wish to say just a word about the work of the medical boards. A case was brought to my notice a short time ago of a young man who appeared before the medical board and was granted a pension, if I remember correctly, of $8 a month. He was told by the board to take it easy for a few months. Now, how in the name of common sense can a man sit down and take it easy on $8 a month?

As to the different methods of raising the money, the hon. member for North Simcoe (Mr. Currie) suggested that we start a wheel of fortune, or some lottery scheme. In the first place, I think that would be against the law. Then I do not think our soldiers would care about trying the wheel of fortune any more; they had too much of that at the front. Some better scheme should be suggested. Before sitting down I wish to say that if the minister in charge of the Bill will state to the House that the Bill will be amended and this loan made available for returned soldiers I shall support the recommendations of the committee. Otherwise, I must vote for the amendment.

Hon. W. S. FIELDING (Shelburne and Queen's): I am reluctant to give a silent vote on this important question, and yet I do not feel it necessary to occupy the attention of the House for any length of time. If there ever was a question engaging the attention of the House on which it was desirable we should endeavour to reach something approaching unanimity it is this question which we are now discussing. I suppose the main question, after all, is the payment of the cash gratuity. A dozen other questions arise but the main question seems to be the cash gratuity. At the very first stage of the discussion, not on the present motion, but at an earlier stage of the session, at the very first opportunity of speaking on this question I frankly stated that I was against the proposals made by the Great War Veterans' Association for a large and indiscriminate distribution of cash gratuities. I desired, however, they should have the opportunity of presenting their case. A step had been taken by the Government; I am not complaining of it, but in the exercise of their wisdom they had practically told the War Veterans that the matter was settled. Even after an intimation was given that the matter might be further considered on a Bill which was to be submitted to a committee, I remember the Minister of Justice said that the question of gratuities could not then be considered because the Bill would not relate to

gratuities. I ventured to express the hope that notwithstanding that possibly technically accurate point the whole question would be reviewed by the committee which was to be appointed. I am glad to know that that view prevailed, that the committee did open up the whole question. Everybody who had suggestions to present had the opportunity, and the whole question is now before the House. I say without the slightest hesitation I am satisfied the committee gave to this question the utmost care and consideration. They approached it, I am sure, every member of them, with a sincere desire to do the very best they possibly could for the soldiers of the country. I am no more and no less sympathetic with the soldiers than any other member. I believe, however we may differ on some things, that there is an undoubted unanimity among the members of this House in an appreciation of the splendid services rendered by the Canadian soldiers and of a desire to do everything that is fair and reasonable for them.

My own constituency is not a large one. It is not a constituency in which there was much of the military spirit before the war. In the two little counties of Shelburne and Queen's there were hardly any of the militia organizations which sometimes keep alive what might be called the military spirit. My people were too busily engaged in the stern realities of life to spend much time on that which in other portions of the Dominion kept, perhaps, the military spirit alive. Yet when the call to duty came I do not believe any portion of the Dominion responded more loyally and more readily and more promptly. I have not sought statistics; they are not necessary, but I believe it can be shown on examination that in proportion to our not large population these two little counties have contributed their full share. They have sent overseas a great many men. A large number of them did not come back; they are sleeping in Flanders fields. The memory of the men who have departed is as fondly cherished down on that south shore of my province as in any other part of the country. There is no other part of the Dominion where there is greater reverence for the memory of the dead and a greater desire to do honour to those who have returned. The men who have come back to these little villages have everywhere been received with open arms, with high honour. They were acclaimed, as they should be, as heroes who have done great honour to our country. Yet with all that, I am sure they are fair and reasonable. They like one to be reasonable and just as respects themselves; they like to be reasonable and just as respects their fellow men; and I am inclined to think that the greater part of these men will feel that to press in the largest degree the demands that were made on the Government by the Great War Veterans' Association would not have been just to the mass of the people of this country. The sums called for were very, very large indeed, and I think we have practically reached unanimity of opinion that these sums could not be provided. But we are told that much could be done with less expenditure of money. The original application called, I think, for about $700,000,000 or $800,000,000. We are told to-day that perhaps a less sum, $400,000,000, $300,000,000 or $200,000,000 might accomplish a great deal. We are so accustomed to talking of millions now that perhaps even $200,000,000 may seem very little; but when we remember that $200,000,000, which is about the most modest sum mentioned in the way of meeting the wishes of the soldiers, is more than half the total net debt of Canada before the war, we will realize that to add this one item of $200,000,000 to our already very large expenditure is a very grave and serious problem.

There are some features of the report which I have seen with a little regret. I find myself very much in sympathy with the remarks made to-day by the hon. member for Calgary (Mr. Redman). There are some things in respect to which I would have been pleased if the report had gone a little further. I was particularly interested in his statement—the matter had also been engaging my own attention—respecting the claims of the university men, and my hon. friend from Mackenzie (Mr. Reid) has just spoken of the same thing. We have no aristocracy of birth in Canada, for which the Lord be praised; we have no aristocracy of wealth to which any of us need bow down, but there is an aristocracy of education that we should all be willing to honour. These young men, the students of our universities, have a particular claim upon the consideration of this House. Four or five years taken out of a young man's life at almost any period of his youth is a grave and serious matter, but it is a particularly grave and serious matter with the young men of the university. It is to these young men we must look in the future for the light and leading which our nation requires. It is to them we

must look for the teachers and the preachers and the statesmen and the men with scientific knowledge who in the fields of industrial life are needed more than ever to-day. We must look to these young men in the universities in a larger degree, as having a great influence on the future of the country. I realize the force of the argument advanced by the committee that if we do this for the university student we must do it for the fisherman, the farmer, and for every one else. I cannot argue strongly against that contention, but speaking for myself, and expressing my personal feeling, I would say that even at the risk of being accused of advocating class legislation, I should like to do something for the men of the universities, for undoubtedly they are the hope of the nation. It would therefore have been perfectly agreeable to me if the committee had been able to make some recommendation in that direction. Then we are told that the pension system is not all that it should be. Every one of us, I am sure, can mention cases which have come under his own observation in which the pension system has appeared inadequate. Such cases have been brought to my attention and I have always replied that I was quite sure that whatever was done was the result of sound consideration on the part of the department, and that I thought the department was doing the best it could. But if it is possible for us to do something better in regard to the pension system I should be exceedingly delighted to see it done. I have one particular case in mind, of a widowed mother who receives an inadequate pension because of the fact that her son was not her sole support. I do not wish to enter into details, but I suggest that anything that can be done to improve the pension system, and also to afford more generous treatment to all disabled men, will have my heartiest and warmest sympathy; if the Government could do something better in these directions, even if it does cost us more money, I for one would be quite willing to support them.

Now, Sir, there were differences of sacrifice in the war, but we must always bear in mind this supreme moral fact, that our men did not go to fight for pay. That was not the primary motive that impelled them, and the great mass of our returned soldiers surely would be shocked at the suggestion that these sacrifices should be looked upon merely from a commercial standpoint. Any such consideration is sordid. Our men were not mercenaries, and if we think of these questions only in terms of money that the men might have earned and of their possible gain or loss, then for heaven's sake let us cease to talk of the glory of Vimy, Passchendaele, and Courcelette, and of every other battle in which our men heroically did their duty. These men would not take any gratuity you could offer them as a substitute for the record they made for themselves, and for the honour they won for their families and for the nation. Therefore, do not let us talk too much about the money aspect of this subject. Wherever it is possible to do anything that is better than what we are doing at present in regard to pensions, the proper care of disabled men and so forth, I am anxious that the Government should be even more generous than it has been. But we must not measure the sacrifice of our men purely in terms of money.

With regard to the suggestion that this matter be referred back to the committee, I ventured to suggest last night to one of the ministers in conversation that this might be done, and it seemed that there were reasons why it did not appear to be wise to do it. But I did hope that, after the discussion that has taken place,—a discussion which, I rejoice to say, has been absolutely non-partisan in character—some new light might be shed on the subject which would influence the committee to come to a different conclusion. If the committee frankly say that they have made up their minds in the matter and do not think they can go further, I am going to stand by the report, because I do not feel able to support the amendment of my hon. friend from Winnipeg (Mr. Andrews). But while I am prepared to stand by the report of the committee if nothing better can be done, I would second the suggestion, made more than once in the course of the debate, that the committee themselves might seriously consider whether they could not properly, without any loss of self-respect or any suggestion of resignation on the part of the Government—an element which I am loth to introduce—take the matter back for further study, doing so of their own motion. They might not be able to reach a different conclusion, but at all events they would show to the country that they had a sincere desire to meet the claims of the returned soldiers as far as possible.

In short, Mr. Speaker, to sum up my position, I am unable to support the amendment of my hon. friend from Winnipeg. If the committee adhere to their determination that this report shall be irrevocable, I will support it in preference to the amendment.

Mr. ANDREWS: If I may be permitted, Mr. Speaker, I may say that I will withdraw my amendment right now if the committee will adopt the suggestion of my hon. friend (Mr. Fielding).

Mr. CALDER: Mr. Speaker, I have exhausted my right to speak on the amendment, having spoken yesterday. But if the House approves, there is a statement which I should like to make before the vote is taken on the amendment, and which I think would help to clear up the situation.

Mr. DEPUTY SPEAKER: Is it the unanimous consent of the House that the minister shall have the right to make a statement before the vote is taken on the amendment?

Some hon. MEMBERS: Yes.

Mr. McKENZIE: Mr. Speaker, there is no vote on the amendment. I understood the mover of the amendment to crave leave to withdraw it.

Some hon. MEMBERS: No, no.

Mr. DEPUTY SPEAKER: Do I understand that the minister desires to reserve his statement until immediately before the vote is taken, that he prefers to make it at present?

Mr. CALDER: A suggestion has been made, and I think it would be advisable for me to make a brief statement at the present time as to where we stand. I think it would help to clear the situation. The hon. member for Centre Winnipeg has just intimated that under certain conditions he is prepared to withdraw his amendment, and that intimation naturally calls for a reply from myself as chairman of the committee. In addition to that, there is a general misunderstanding as to where we actually stand in reference to this question, and I think it is desirable that some one should make a statement to the House before the vote is taken.

Mr. DEPUTY SPEAKER: It is understood that, by unanimous consent of the House, the minister is given the right to make a statement which will in no way close the debate, and hon. members who have not spoken will have the right to do so after the minister has concluded.

Some hon. MEMBERS: Hear, hear.

Mr. CALDER: I desire to intimate as clearly as I can to the House just where we stand after all the discussion that we have had. The motion is that the report with all its recommendations be received by the House, and that whatever expenditures are suggested in that report be referred to the Government for their consideration, with a view to providing ways and means to meet those expenditures. As I understand the situation, our committee does not ask the House to approve of all the suggestions contained in the report. Those recommendations are made to the Government, and it is for the Government to decide as to which of them shall not be accepted.

Mr. FIELDING: If the report is adopted, that is practically approving of all its suggestions and it virtually means that the Government will accept them.

Mr. CALDER: I think that is right. Now, so far as the findings of the report are concerned, the Acting Prime Minister this morning stated very clearly and definitely that the Government accepted those findings and was prepared to carry them out. On the question of policy involved there has been only one specific and definite statement made, namely, that the Government was not prepared to accept the principle of a further general distribution of cash grants or gratuities. That is all and nothing more. Some hon. gentlemen have suggested time and again that some provision should be made for loans. As the Acting Prime Minister said this morning, the door is not shut; it is not at all jammed. No conclusions have been reached in that respect by the Government. The committee have reported to the House that so far as they could see it would not be advisable to make provision for a general scheme of loans along the lines indicated. But that door is not closed by any means. As many members of the House have said, this problem of re-establishment is going to continue with us for some time. It is bound to. I am sure that this general discussion which we have had, and which has embraced the whole problem of the re-establishment of the soldier, has been exceedingly helpful not only to the members of the Government but to all the members of the House, to the returned soldiers themselves and to the public generally. I am sure that we all view it in a somewhat different light from what we did a week ago. It is only by the discussion of a problem of this nature that the air can be cleared in order that we can more readily understand the problem in all its aspects. It seems to me that the proper thing to do is for the Government itself to take into consideration all that has been said during the course of this discussion during which

suggestions have been thrown out as to the desirability of undertaking re-establishment work along certain lines.

Take the last suggestion referred to by the hon. member for Shelburne and Queen's (Mr. Fielding). I am sure there is not a member of this House who is not thoroughly sympathetic with the university student, the young man who jumped out of college, went across there and spent three or four years of his life—the years when he should have been preparing himself for his life's work. That young man is back and he has nothing to start in with. We know where many of these young men come from in this country of ours; they do not come from the aristocracy of the land. I suppose we can say that sixty per cent of these young men were working to put themselves through college as has many a member of this House. They have come back from the war and if they have anything at all it will only be the money that they would have earned during the war itself. We can all realize that in many cases these young men, not having anything assured ahead of them, would not have much of a desire to save. When they came back many, if not most, of them had absolutely nothing. What were they to do? In order to save up enough money to resume their course they must first go and earn it, spend another six or eight months at work and lose another college year. There is not a member of this House who does not sympathize with the idea that some provision should be made by the State to enable these young men to complete their courses. But, as has been pointed out time and again, our difficulty in the committee was this: We found it a most difficult thing to draw the line between one grade of soldiers and another. Even while we had the matter under discussion, as I said the other day, we received a telegram conveying a protest. A report appeared in the press of the country that we were going to make provision for university students and no sooner had that appeared in the press than we received a telegram from one of the branches of the Great War Veterans' Association protesting vigorously that we could not make any provision of that kind without providing for other classes of soldiers as well. The House will realize the nature and the difficulty of the problem we had before us.

Just before the House met this afternoon, some of the members came to me and said: "Now, Mr. Calder, can you not make provision whereby loans may be provided for men who wish to establish themselves in business provided these men can get backing, or some person will guarantee them?" I said: "It might be done." But if you are going to provide for a man who wants to establish himself in business, what are you going to do with the young man who came back from the war with a wife that he did not have when he left and two children, and who has no home for himself and his family? There are thousands of that class. Can you provide for the man who wants to establish himself in business and not provide for the man who wants to make a home for himself? He has no home, he wants to get a home and he wants to furnish it. That shows the problem that the committee had to deal with. Again, you have another case in which a man, when he went away, left debts and a mortgage on his house. In the meantime the interest has accumulated. If you provide for the man who wants to start in business and for the man who wants to establish his home, what are you going to do in the case of a man who wishes to lift that debt? Then, I mentioned the case the other day of the fisherman down by the sea, the man who left his boat and tackle on the seashore. If you are going to provide for the other classes, you must provide for him also.

That is the very crux of the whole problem. Can we in a country such as ours distinguish between all these different classes? Some hon. gentlemen may think so. Our committee, after considering that problem for hours and days, came to the conclusions that it could not be done. The amount of money required to carry on re-establishment along these lines would approximate anywhere from $250,000,000 to $500,000,000. Then, where are we? We are right back at the point at which we started. You ask that we send this report back to the committee. For what purpose? How are we going to settle that problem? This House can settle that problem as well as the committee can. You have the matter before you now. You know exactly what the problem is. Instead of giving a cash grant is the State going to provide means whereby we can loan money for the purpose of re-establishing all these various classes, a sum of money aggregating anywhere from $300,000,000 to $500,000,000?

This need is urgent. All the representations made to us were to the effect that this must be done at once—immediately—that it would not admit of delay. The money ought to be got at once, and the machinery put in motion now. This is not

a question to be taken hold of six months or a year from now; it is urgent, it is pressing, it is upon us now. If things are to be done they must be done at once. These were the views expressed before the committee by the soldiers themselves. The problem of reconstruction is up to us right at the present moment. I have endeavoured to put the problem we had to deal with before this House. The members of this House are just as capable of dealing with it as are the committee.

Mr. CAMPBELL: This House is tied down by procedure. The committee could get much farther in an hour than this House could in half a day.

Mr. CALDER: I think we could very quickly brush away the procedure in a matter of this kind if the House has any serious wish to tackle the problem. We can very readily get rid of all the red tape that surrounds Parliament and get at the question.

I have been very close to this whole problem from the time that the armistice was signed and I want to say as a member of the Administration that I am exceedingly glad this discussion has taken place on the floor of the House. It has been helpful to every member of the Government and of Parliament. I say again that the door is not closed. It will be our duty as a government to sit down and consider everything that has grown out of this discussion. If we find that there are claims—proper claims—and if there are suggestions thrown out whereby we can assist in this work of re-establishment, then we will consider it the duty of the Government to advise those policies and carry them out and I am sure that the House will support the Government in any reasonable steps it takes in that direction.

Personally, I do not consider it is necessary to send this report back to the Committee. I think, in view of the discussion that has taken place here and the sentiments that have been expressed during that discussion,that the matter can very well be left to the Administration itself. I do not think there is any doubt as to what the real sentiment of this House is. The real sense of the House, after all the discussion we have had, is that if any means can be found to assist the returned men in this question of re-establishment, the Government should find it and put it into operation.

Mr. H. A. MACKIE: Do I understand the minister to say that at any time in the future further representations may be made by the Great War Veterans, or anybody who may be interested in a particular case, and that the Government will take those representations into consideration?

Mr. CALDER: Yes. And I go further than that. I think it was the member for West Toronto (Mr. Hocken) who suggested that we should have a further conference with the Great War Veteran's Association. I may say that we have had Mr. MacNeil, General Secretary of Great War Veteran's Association, who is a very able, very sincere, and very energetic young man at our meetings right along. Mr. MacNeil is one of my own constituents, whom I know well and he is a very capable officer. He has been in touch with this matter continously and he has done valuable work here in connection with the returned soldiers' organization. I simply wish to throw out the idea—so far as the Government is concerned I have no opportunity of discussing the matter with them —that after all the discussion we have had every member will agree that further conference should be held with the members of the organization referred to. These questions cannot be settled in a day; they are most diffcult, most complex problems. Send them back to the Committee with the idea of trying to work out some satisfactory scheme and where will you get to? Parliament will be in session another week, or ten days, or two weeks—we cannot tell how long. I would simply throw out the suggestion that the House leave this problem with the Government, outside of the question of cash grant or gratuity. After all, the responsibility after what has taken place in the House rests largely with the Government. If I understand the situation at all, it is that the House would support any reasonable measure taken by the Government in connection with this problem of re-establishment. I have said nothing that is binding. I am not making any definite promises at all as to what can be done, because I am not in a position to make those promises. At the same time, I do assert that the question does not end here in so far as other features of re-establishment work are concerned, and that it will be the duty of the Government to take into consideration all that has been said and all the suggestions that have been thrown out—to take the real sentiment of the House into its consideration, with a view to seeing what else can be done in

order to assist in the re-establishment of the returned men in the civil life of this country.

Hon. W. L. MACKENZIE KING: Mr. Speaker, while not desirous of taking up any more time than is necessary, I am anxious that my position shall not go unrecorded in this matter. The hon. gentleman (Mr. Fielding) has, I think, stated the view which is held, not only on this side, but, I believe, by the House generally; he has certainly expressed very clearly the feeling which I have in this matter. I am somewhat surprised at the way in which my hon. friend's remarks have been received by the minister. The minister has urged two reasons why the report cannot be referred back to the committee, and they are the only two which I heard him advance. One was that we might as well fight the matter out here. I confess, Sir, that when the House is sitting in formal session I see great difficulties in the way of considering any suggestions in the careful and full manner in which they should be considered. A good many interesting and valuable suggestions have been presented in the course of this debate, and no inconsiderable number have come from hon. gentlemen supporting the Government. The minister said he wished that all the members of the House could have been present at the sittings of the committee and heard the proceedings. No doubt most of us would have liked to have been present but we were obliged to be here in this chamber attending to other matters which were under discussion. If there is one thing that has been stated over and over again in the House it is the great injustice that is done members by the rushing through of legislation at the pace at which the Government has rushed it during this particular session. We have had no time to consider these great problems with the care with which they should be considered. The Grand Trunk railway measure, the most important financial transaction which this country has ever had to consider, was jammed along here day after day. From one stage to another, the Government pressed that measure without the opportunity for any mature deliberation; and those of us who were trying to protect the interests of the country and following that measure closely, were unable to snatch time even to read the proceedings of the committee, let alone attends its meetings. The report of the committee was laid on the table of the House, I think on Friday night last, when we were discussing the legislation referred to. At the time I drew attention to the undue haste with which we were proceeding and urged that the Government give us a little more time for the discussion of these important matters. Well, Sir, I think in the face of that, hon. members have a right to say to the Government that not having been in a position to attend the sittings of the committee, but having given thought to this subject, and having openly and frankly expressed their views here, they ought to be permitted to have those views go before the committee for further consideration. Now it seems to me the minister answered that very fair and reasonable request simply by saying: The House is a better place than the committee in which to give this report further consideration. He had also another reason—

Mr. CALDER: I said to discuss the principle, not the details.

Mr. MACKENZIE KING: The other reason which the minister mentioned was that we might be here for another week or ten days. Let me say in regard to that observation of the minister, that if it is going to help the returned soldier to get justice, gentlemen on this side are prepared to stay here until after Christmas. We are prepared to stay here just as long as hon. gentlemen opposite are ready to stay with us and help debate this question.

Mr. CALDER: If the hon. gentleman will allow me. I did not wish to intimate that in so far as the committee was concerned, or in so far as I was concerned, that I was not prepared to stay here just as long as he is—that was not my intention at all. I simply wished to throw out the idea that although we might get the committee to deal with the question of principle and spend two weeks and more in doing so that when their report came back we would be in practically the same position that we are in now. Let us decide the principle right in this House.

Mr. MACKENZIE KING: I think the remarks of the minister were perfectly plain at the time they were made. I do not think I have misunderstood or misinterpreted them, and I would like to be allowed to continue without interruption.

Mr. CALDER: I do not think it is fair that the hon. gentleman should impute to me a motive and in order to do so credit me with remarks that I did not utter.

Mr. MACKENZIE KING: I have no desire to impute any motive to the hon. gen-

tleman, and if my remarks are capable of such construction I will withdraw entirely any that are in the nature of an imputation. All I wish to say is that one of two arguments which the minister presented as to why the suggestion made by the hon. member for Shelburne and Queen's should not be accepted, was that it might keep us here for a week or ten days. My answer to that is that we are ready to stay here until the New Year is ushered in if it is going to help the settlement of this question in a manner that will be satisfactory to the returned soldiers in this country.

That being the position, and inasmuch as the hon. member for Centre Winnipeg (Mr. Andrews) has indicated his willingness to withdraw his amendment, should that suggestion be carried out I should like to move, Mr. Speaker, as a sub-amendment to the motion and the amendment already before the House:

That the said motion or amendment be not concurred in, but that the said report now under consideration be sent back to the said committee for further consideration.

Hon. A. K. MACLEAN: Mr. Speaker, I should like to direct your attention as to whether the last amendment is not included in the first.

Mr. SPEAKER: The hon. leader of the Opposition I think would have his purpose met by so revising his sub-amendment as to strike out from the amendment the specific instructions. Otherwise it appears to me that his sub-amendment is comprised in the amendment of the hon. member for Winnipeg Centre (Mr. Andrews). That amendment is broader, it is true, but it nevertheless comprises what is proposed to be done by the hon. member of Shelburne and Queen's (Mr. Fielding). I would suggest therefore that the hon. member revise his amendment in the manner I have indicated.

Mr. ANDREWS: Mr. Speaker, may I be permitted to state that I accept the statement of the hon. minister, the chairman of the committee, and withdraw my amendment?

Mr. SPEAKER: Is it the pleasure of the House that the hon. gentleman should have leave to withdraw his amendment?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Amendment withdrawn.

Mr. MACKENZIE KING: Mr. Speaker, I would move as an amendment:

[Mr. King.]

That the said report now under consideration be sent back to the said committee for further consideration.

Mr. SPEAKER: The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Carried.

Mr. J. A. CURRIE (Simcoe North): I do not think I have exhausted my right to speak further on this matter, Mr. Speaker, before the amendment is put. I have listened with a great deal of attention to a statement made by the hon. minister, the chairman of the committee, and I would like, before voting on this amendment, to ask him whether he has withdrawn from the position he took in regard to clause C. at page 48 of the report, which is in this form:

In reference to the question of making further provision for cash grants, gratuities or other financial assistance to be distributed generally on any basis to all ex-members of the C.E.F., your Committee desire there should be no misunderstanding as to their views.

Your Committee having fully discussed and considered the financial position of Canada including the further large sums of money that must be borrowed to carry out the work to which the country is committed cannot see their way clear to recommend to Parliament any proposal that would provide for a further general distribution of grants or gratuities either in cash or credits.

While the minister did not state so directly, he led the House to believe that the Government would recede from the position it took in respect to that clause.

Some hon. MEMBERS: No, no.

Mr. J. A. CURRIE: If this report is endorsed by the House as it stands now, and we accept that recommendation of the committee, without any doubt that settles the matter, and all the kicking and arguing that has taken place in favour of granting gratuities or loans to soldiers will have been in vain; the House will have thrown that question aside and approved of the report.

Some hon. MEMBERS: No, no.

Mr. J. A. CURRIE: There is no doubt about that. I want to know exactly what we are voting for. I have been too long a member of this House to be led astray by statements that are not definite.

Some hon. MEMBERS: Oh, oh.

Mr. J. A. CURRIE: I want to know distinctly whether the Government recedes from that position, that they will make no

further distribution of grants or gratuities either in cash or credits. If the Government does not recede, I intend to support the motion of the hon. leader of the Opposition to send back this report to the committee again, to have them strike out that clause. Then the question will be clearly before the House, and the House and the Government can at any future time take it up again. But if we accept the report, and later again bring the question before the House, we will be met by the statement that once having voted not to give any further credits or gratuities the matter is settled. Let me assure every member here that he will have to meet that position in the country. However, if the minister is prepared to say that the Government does not intend to follow out that recommendation, but is going to leave the door open, then of course it has receded from the position taken from the beginning, and the War Veterans can continue their fight. The hon. gentleman said something about credits. I understand the English language very well, and I can assure him that he will have to state distinctly now, before the vote is taken, that the clause in the report to which I have referred is not going to be binding on the members of this House or on the Government. He has his opportunity to make that statement now. If the vote is to be binding, then I say there is nothing left for those of us who want to see fair play for the soldiers but to vote for the amendment of the hon. leader of the Opposition. That is the question fair and square, and I want an answer from the minister Yes or No. I am waiting for the minister to answer.

Mr. SPEAKER: It must be understood that the hon. member has concluded his speech.

Mr. J. A. CURRIE: Oh, no, Mr. Speaker; I am just asking a question.

Mr. SPEAKER: The hon. member having the floor is not entitled to interrogate hon. members in their seats.

Mr. J. A. CURRIE: I am quite willing, Mr. Speaker, to take a categorical answer from the minister and not a long appeal to his followers to support his views. I want a straight Yes or No.

Mr. SPEAKER: The minister is entitled to speak on the new amendment, and can do so after the hon. member has taken his seat.

Some hon. MEMBERS: Question.

Mr. CALDER: Mr. Speaker, the answer is a very brief one. During the course of this debate the Government has repeatedly stated very distinctly what its policy is on this question of a general distribution of cash grants or gratuities. Nothing I said in my previous remarks would indicate in the slightest degree that the Government had changed its position on that question.

Mr. J. A. CURRIE: All right.

Mr. CALDER: Have I answered the hon. gentleman's question?

Mr. J. A. CURRIE: We know which way to vote now. That settles it.

Mr. FIELDING: I wish respectfully to urge my hon. friend the Minister of Immigration and Colonization (Mr. Calder) to accept the motion made by the hon. member for Prince (Mr. Mackenzie King). We have heard too much in this discussion of "Government" and "Opposition". May I point out that there is no Government measure before the House? The Government, as a Government, at this moment are not called upon to do anything. We have before us not a report of the Government, but the report of a Committee composed of gentlemen from both sides. That Committee has made certain recommendations. I am not asking the Chairman of the Committee, the Committee itself or the Government—much less the Government, because they are not in the matter as yet; they will come in at a later stage—to recede from anything. I am not asking them to strike out any passage of the report. I simply ask the Committee to say, in the light of all that has occurred, in the light of the hundred and one suggestions, good, bad and indifferent, that have been offered: We are not going to be obstinate in this matter; we have expressed our views to the best of our judgment, but if the House wishes us again to talk the matter over, why should we not do it?" The mere suggestion that the report be sent back to the Committee for further consideration reflects on no one; it simply expresses the desire that if any new light has come to us, it be heeded and considered. I hope that the Minister of Immigration will see the matter in that light.

Mr. LAFORTUNE (Jacques Cartier) (translation): Mr. Speaker, I could not let this motion pass without expressing my views concerning its merits.

In the county which I have the honour of representing—

Mr. SPEAKER (text): Order. I appeal to hon. members to indulge in less conversation in their seats.

Mr. LAFORTUNE (translation): We shall give the hon. gentlemen time to get out.

In the county which I have the honour of representing, there are a great many returned soldiers and I should not be doing justice to my electors did I not address the House upon such an important matter.

No doubt, the hon. members who took part in the proceedings of this committee have fairly dealt with, considered and pondered over the matter and its different aspects before coming to conclusions and submitting the report which is now before us. Neither have I any doubt that the hon. gentlemen who were members of that committee were actuated by their sympathies and devotedness towards the soldiers. Unfortunately, nobody can thrive upon sympathy; debts are not paid with that coin. According to my humble opinion, what they offer to soldiers is what at home we call the crumbs, in common parlance. I deem it insufficient and I agree with the hon. member from North Simcoe (Mr. Currie) and say that our soldiers deserve a greater measure of help.

I have listened with pleasure to the remarks made by the hon. Minister of Trade and Commerce; he thoroughly understands financial matters. A former Minister of Finance, he is well posted on such subjects and when he deals with them he speaks knowingly. However, I was surprised, I must admit, when I heard him talking about the bad financial situation of this country. Lately, when it was my privilege to address the House and when I was asking hon. members on the other side: "Why are you a party to that transaction for the taking over of the Grand Trunk, a transaction which is certainly going to destroy the credit of the country, they said: Never mind, let us make the deal and those who can shall pay."

Mr. Speaker, when the welfare of the soldiers is at stake, hon. gentlemen look further ahead, they cautiously inquire about the state of our finances and express fear at the outcome.

What was well yesterday is equally well today. If yesterday the financial affairs of the country could stand the Canadian Northern and the Grand Trunk deals they can stand today our helping the Canadian soldiers and our protecting them in a more efficient manner.

The hon. ministers assert that Canada is in dire financial distress and they admit they cannot meet the commitments of the country. Such a confession vindicates your humble servant; it corroborates upon every point what I was saying in this House the other day when I dealt with the question of the acquisition of the Grand Trunk.

An hon. MEMBER: Hear, hear!

Mr. LAFORTUNE (translation): Mr. Speaker, it is not a wise policy to have two weights and two measures, one for to-day and another for to-morrow; one ought not to do today what one cannot do to-morrow.

An hon. MEMBER: Hear, hear!

Mr. LAFORTUNE (translation): The hon. gentlemen opposite say that they are at a loss as to how they can ever bridge over the chasm towards which we are being led by the present Administration. Let me repeat what I said the other day: "Give the farmers what is necessary; give them the protection they ask for, and this country will shortly be in a position to pay the national debt, however large it may be. Give the farmers the means to increase production, give them all that which they have been demanding for years and years, and never mind the national debt. It is only by giving agriculture the necessary protection and encouragement that our great Dominion will finally be able to pay off its debt, whether it be up in the millions or billions of dollars.

It is clamed, Mr. Speaker, that the sum requested by the soldiers is an enormous one. But we must not forget that they are not asking assistance for themselves, but for the heads of family who have made the supreme sacrifice; they are requesting it in behalf of the widows and orphans and pay off debts which have accumulated during the war. The amount asked for is substantial, it is true, but I say that we shall never be able to repay the great debt of gratitude we owe those heroes who have given up their lives for the defence of Canada. I know that our country is not in such a flourishing state as it was under the old Administration; I know that while under the old regime we used to close our yearly accounts with millions to our credit, this Government can do no better than close its yearly records with deficits amounting to millions of dollars, and the cause of this is that we no longer have the guiding hand of the old leader at the helm.

Mr. GAUVREAU: Hear, hear!

Mr. LAFORTUNE (translation): The hon. member for North Bruce (Mr. Clark) says that the Government may be compelled to resign. Such a resignation can never come too soon—we would have had it long ago. He says so because such legislation as that brought down to this House would never be supported by the followers of the Government. He thinks he is going to scare us by hints at resignation; let me tell him, Mr. Speaker, that he is wrong, because we are not afraid to go before our electors; we have no qualms of conscience, for we have done our duty, and we do not fear to account for our conduct before those from whom we hold our mandate. Yet, I could not say as much about our hon. friends opposite, and a great many of them are not ready indeed to receive absolution from their electors. As far as I am concerned, I do not care whether their resignation is tendered today or tomorrow; I shall stand before my electors and show them that in every way I have discharged my duty, and if these right-thinking people judge that I can no longer represent them in this House, I am ready to abide by their verdict; I shall retire into private life with the full knowledge that I have acted in their behalf according to the dictates of my conscience and that I have told the present Administration what I thought of them whenever the interests of my electors were at stake.

The hon. member for North Bruce stated the other day that he did not know in what way he could provide for our disabled soldiers, for the cripples, the lame and the blind. I agree with him in that; but, when one is in a financial difficulty, one need not borrow trouble. If the gentlemen opposite were in such financial difficulties when they brought down the Grand Trunk deal, why not say to their shareholders: "Gentlemen we should be pleased to be able to help you, but we have a sacred obligation to discharge which stands foremost, and that is the protection we owe to our disabled soldiers; and as to you, gentlemen shareholders of the Grand Trunk, we shall take care of your interests when we shall have provided for the men who have left all for the defence of their country." They had forgotten all about our disabled Canadian heroes, but I notice with pleasure that the hon. gentlemen have sought advice of their pillow.

Suppose, Mr. Speaker, that the Government had said: "We are unable to live up to all our obligations and we have decided to carry out a policy of economy; we will spend only what is most necessary and accordingly we do not intend to take up any other enterprise.

In that case I would concur in their opinion, but instead of practising strict economy in order to readjust the finances of the country they keep on deepening the abyss by ruinous transactions. Last night, at one o'clock, I was listening to the hon. members of the Senate, the friends of the present Administration. They very seriouly disapproved this proposition of buying the Grand Trunk. I said to myself that I was not the only one to think the way I did, and a number of Conservatives have stated in the Senate what I did state myself, here on the floor of this House. Hon. ministers admit: "It is true that the speech from the Throne had no reference at all to those matters and you were given no time to talk them over with your electors, but how can we help it, the matter is pressing, it must be settled?" Such is the truth of what I am now saying, Mr. Speaker, that no later than Friday last, I was packing my trunk to go back home, when I was told—

Mr. SPEAKER (text): The hon. member has a perfect right to say that the Government are plunging into the Grand Trunk proposal, but he is not within his right in proceeding to argue the merits of that proposal; nor should he refer to the proceedings in the Senate.

Mr. LAFORTUNE (translation): I quite understand your ruling and I bow to it willingly. I shall take care not to give you the trouble of calling me again to order. Mr. Speaker, what would you think of a business man whose financial condition being not satisfactory because he had suffered losses, would say to the members of his family: On account of losses incurred, we shall have to cut down our expenses and to practice economy", and would, at the same time, buy silk gowns for his wife and daughters, pianos, gramophones and things of that kind? Would you not think, and would not the members of his family think, too, and rightly so, that such prodigality was out of place? Well, now I say to the Government that they were not acting in accordance with the principles of economy, when they tried to force the acquisition of the Grand Trunk upon us. I do not believe them when they say that the country is not in a position to protect our soldiers in a more efficient manner,

Why, Sir, the Government just told us that they cannot give our soldiers more substantial help, because they have no money, and yet what do we see? Large sums of money are being squandered every day for hunting up and arresting the defaulters, and bringing them to trial, though they be brothers of the soldiers who fell on the battlefield; those young men are thrown within the four walls of a penitentiary or of a jail because they had the misfortune or the imprudence of doing otherwise than they were bid, in order to remain on the farms and help their old father and mother while the elder brothers were gone to the front. In a word, large sums of money are being expended without advantage to the State, and deficits are being piled up to that extent. Instead of sending the farmers' sons to jail as is now the case, why should we not pass a law granting them amnesty? This would bring back a great number of young men who went away, fearing that they might be imprisoned. In other countries the defaulters have been pardoned. Canada, a colony of the British crown, and ruled by the fair play Government, is the only country where——

Mr. SPEAKER (text): If as I understand, the hon. member is discussing the policy of the Government respecting military defaulters, he is certainly speaking far beside the question.

Mr. LAFORTUNE (translation): I wonder if I have made myself understood. It is because the people's money is spent.

Mr. SPEAKER (text): It would be quite proper to say that money should not be advanced for that purpose, but it is not proper to enter into a discussion of the prosecution of defaulters.

Mr. LAFORTUNE (translation): I am of the same opinion as the hon. member for Queen's and Shelburne (Mr. Fielding) who would like the report to be submitted to the committee and more carefully considered. I fully approve the statement made by the hon. member, because if this report were again referred to the committee, we would have time to go to our respective constituencies, we would be at leisure to hold public meetings, to discuss the question with our electors, and we might find out what stand they are desirous that we should take with respect to the returned soldiers.

How can you expect us to decide this matter with a thorough knowledge of it, when it was submitted at the last moment? We have had no time to consult anybody, and the electors have a right to be consulted. Were this request granted, we should come back to the House, next session, with an opinion moulded into better shape, more prepared to discuss the question, and in a position to follow the course which would have been pointed out to us by our electors.

For all these reasons, Mr. Speaker, I concur in the request made by my hon. friend from Queens and Shelburne that this report should stand. Why, I may perhaps come back here next session ready to approve this report, if my electors wish me to do so. But it is impossible for us to proceed in this manner, just at present.

Let me remind you, Mr. Speaker, that this session had no other object than the ratification of a peace treaty; the speech from the Throne which was submitted to us did not foreshadow the measures which were recently submitted for our consideration. In view of those facts, why take the members of this House unawares with such an important proposal as this one?

The hon. minister (Mr. Calder) who introduced this Bill told us that we need have no fear, that they would inquire into the matter and see to it that the soldiers be given a square deal. The profuse promises held out to the members of this House, and to the electors whom we represent, have remained unfulfilled, and that is the reason why we feel somewhat diffident as to what we are now told with respect to this Bill.

Hon. members on the other side suggest that we resort to a wheel of fortune in order to pay off our national debt. We, on this side of the House, have that wheel of fortune, which is represented by our cows, our sheep, our swine, and by all the farm products; but if we want it to be efficient, we must be protected by the proper authorities. If the Administration yielded to our request and concluded with the United States such an arrangement as would allow us to get American corn duty free to feed to our cows, our swine, our hens, our turkeys and our ducks, you would see wheels of fortune on every farm throughout the country. In fact we now have to pay $75 a ton for corn meal, $65 a ton for middlings, $60 for bran, $4 a bushel for wheat and $4 a bushel for buckwheat. We are unable to give our farm animals the feed necessary to make them yield large profits. It would be otherwise if we had the corn which is sold in the United States at 50 cents a bushel; it would then be easy to import the

necessary supplies, and so there would be wheels of fortune on all the farms of Canada to help paying off our national debt.

I agree with the hon. member who has preceded me, that the young university students represent the future of our country, but we must bear in mind that if those students have a right to our help there is also another class of young men who should be taken care of, I mean the young farmers. However, they are far from being protected; they are being rounded up, arrested and imprisoned. Now, I ask the hon. gentlemen what are they instilling into the minds of those young men, if not spite, hatred, anger, vindictiveness a yearning for revenge.

Mr. Speaker, every state the world over rests on four pillars: The throne of the sovereign whom you now represent, the altar of the priest, the bench of the judge, and the connubial chamber. Now, the farmer's family is of all the most prolific. You want the nation to produce, but to realize this aim you must not hamper the future of our country, and the young farmers of to-day will succeed only in proportion to the protection they get from the Government. Then, and then only shall the nation prosper and happiness be found in the country, which is after all the cradle of prosperity, because the majority of our people live there.

Mr. Speaker, a good deal has been said about sympathy. The hon. minister is most sympathetic, but as nobody can live on sympathy any more than on love, we must have something else in addition.

Our soldiers should be provided with adequate means of sustenance, in order to become good citizens, and procure all that is essential to the solid foundation of a "home", quite appropriate for themselves and their dependents.

It is alleged that the soldiers are pressing the Government, that they insist on their demands being complied with at once. Yes, gentlemen, our action should be prompt, lest they become exasperated; they may do regrettable things, and when we make up our minds to tender assistance, it may be too late.

The hon. minister says that the door is not yet closed. No, it is not, but it is just about to be, and when it is closed, it will be no use talking, for, as was said by an ex-minister, once the door is closed it will be padlocked, riveted and bolted forever.

The hon. minister stated a moment ago—and the hon. leader of the Opposition so understood him—that it might be necessary for us to remain here another week or two. Well, what of the soldiers who left for the front? Did they inquire how long a time they would be under the menace of the German bayonets or of the German machine guns? Did they haggle about the time? They went beyond the seas and remained there until victory was achieved. Even if the hon. minister remained here another week or two, his work would not be a tittle of what the soldiers have accomplished for him and for us.

As was so well said by the hon. leader of the Opposition, you are not doing justice to hon. members who are away. In fact, many of them have left because they relied on the statement purporting that the session was over, and that is why they are not at their seats to represent their constituents. To pass such important legislation in their absence is doing them a great injustice. For all those reasons, I am opposed to the motion asking that this report be concurred in.

Mr. Speaker, I agree with the proposal made by the hon. member for Queens and Shelburne, that his report be referred back to the committee for further investigation, the result of which would be submitted to us at a later date, so that we might take communication of the findings and talk them over with our electors, and then come back to this House in a better position to do them justice.

The House divided on the proposed amendment of Hon. Mackenzie King, which was negatived on the following division:

YEAS.

Messrs.

Archambault,	Leger,
Baldwin,	McKenzie,
Boivin,	Marcile (Bagot),
Cahill,	Michaud,
Casgrain,	Molloy,
Currie,	Murphy,
d'Anjou,	Papineau,
Déchêne,	Pedlow,
Devlin,	Pelletier,
Euler,	Prevost,
Fafard,	Proulx,
Fielding,	Robb,
Fortier,	Ross,
Gauvreau,	Savard,
King,	Smith,
Lafortune,	Tobin,
Lapointe (Quebec East),	Truax, Turgeon.—35.

NAYS.

Messrs.

Anderson,	Arthurs,
Andrews,	Ball,
Argue,	Best,
Armstrong (Lambton),	Blair,

Bolton,	Mackie (Renfrew),
Bowman,	Maclean (Halifax),
Boyce,	MacNutt,
Brien,	McGibbon (Muskoka),
Buchanan,	McIsaac,
Burnham,	McLean (Royal),
Burrell,	McQuarrie,
Calder,	Maharg,
Campbell,	Manion,
Casselman,	Marshall,
Charters,	Martin,
Clark (Bruce),	Meighen,
Clarke (Wellington),	Middlebro,
Clements,	Morphy,
Cockshutt,	Mowat,
Cooper,	Munson,
Cowan,	Myers,
Crowe,	Nesbitt,
Cruise,	Nicholson (Queens, P.E.I.),
Davidson,	Nicholson (Algoma),
Davis,	Paul,
Douglas (Strathcona),	Porter,
Edwards,	Redman,
Finley,	Reid (Grenville),
Foster (Sir George),	Reid (Mackenzie),
Foster (York),	Richardson,
Fripp,	Scott,
Griesbach,	Sexsmith,
Guthrie,	Shaw,
Halladay,	Sheard,
Harold,	Sifton,
Harrison,	Simpson,
Hartt,	Steele,
Hay,	Stevens,
Henders,	Stewart (Hamilton),
Hepburn,	Sutherland,
Hocken,	Thompson (Weyburn),
Johnston,	Thompson (Hastings),
Keefer,	Thompson (Yukon),
Kennedy (Glengarry and Stormont),	Thomson (Qu'Appelle),
Knox,	Tweedie,
Lalor,	Wallace,
Lang,	Whidden,
Loggie,	Wilson (Wentworth),
Long,	Wilson (Saskatoon),
Mackie (Edmonton),	Wright.—100.

PAIRS.

(The list of pairs is furnished by the Chief Whips.)

Messrs.

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Stewart (Lanark),	Sinclair (Antigonish and Guysborough),
Mewburn,	Verville,
McCurdy,	Chisholm,
Spinney,	Sinclair (Queen's),
Drayton, Sir Henry,	Lavigueur,
Fraser,	Gladu,
Blake,	Jacobs,
Crothers,	Ethier,
Allan,	Lesage,
Charlton,	McCoig,
Glass,	Bureau,
Cronyn,	Bourassa,
Hughes, Sir Sam,	Cardin,
Boys,	Denis,
Chabot,	Demers,
Ames, Sir Herbert,	Cannon,
Armstrong (York),	Boyer,
Ballantyne,	Delisle,
Bonnell,	Desaulniers,
Bristol,	Fortin.

[Mr. King.]

Butts,	Fournier,
Chaplin,	Gervais,
Clark (Red Deer),	Duff,
Crerar,	Pacaud,
Elkin,	Parent,
Fulton,	Seguin,
Maclean (York),	Trahan,
McGregor,	Hunt,
McLeod,	Mayrand,
Merner,	McGibbon (Argenteuil),
Peck,	Lapointe (St. James),
Rowell,	Lapointe St. James),
Tremain,	Deslauriers,
Tudhope,	DuTremblay,
Wigmore.	Kay.

Main motion that the report of the committee be received agreed to.

VISIT OF THE PRINCE OF WALES.

Sir GEORGE FOSTER (Acting Prime Minister): Mr. Speaker, with the consent of the House I move, seconded by the hon. member for Prince (Mr. Mackenzie King):

That the gracious visit of His Royal Highness the Prince of Wales to the House of Commons be recorded in the Journals of this House and form part of the permanent record of Parliament, and that the Address delivered by His Royal Highness be inserted in Hansard.

Mr. SPEAKER: Is it the pleasure of the House to adopt the motion?

Some hon. MEMBERS: Hear, hear.

Motion agreed to.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

SOLDIERS' CIVIL RE-ESTABLISHMENT.

House in Committee on Bill No. 10, to amend the Department of Soldiers' Civil Re-establishment Act; Mr. Boivin in the Chair.

On section 1—section 5 of the Act repealed; and new section 5 substituted—Power to make regulations:

Mr. CALDER: There is one clause in the Bill as it came down from the committee that should be struck out. That is subsection 3 of new section 5, reading as follows:

In the event of the appropriation made for this work for the fiscal year 1919-20 not being sufficient for the purpose of carrying out the provisions of the Act, the Governor in Council may order that any further moneys required, not exceeding in the aggregate the sum of fifteen million dollars, shall be paid out of the appropriation for demobilization purposes.

Since the committee made its report, estimates have been brought down to the House providing for a sum of $40,000,000 for

whatever expenditures are required to carry out the recommendations of the committee. Consequently, this clause is not necessary. I would therefore move that subsection 3 of section 5 be struck from the Bill.

Mr. McMASTER: Do I understand that this should be moved before we consider clause 5a?

Mr. CALDER: No; we can do it when we come to subsection 3.

Mr. H. A. MACKIE: Mr. Chairman, I wish to get some information on this subject. The report, at page 53, says this:

> Regarding their proposals generally, apart from the financial considerations involved, your committee cannot see their way clear to recommend any form of financial assistance for any particular class or group of ex-members of the forces who were not disabled. Your committee are convinced that the great majority of the men themselves would be the first to resent any such distinction.

I skip over to page 54, second paragraph, which goes on as follows:

> While the special claims of university students were pressed in the strongest possible way, your committee, after the fullest consideration of the problem as a whole, finally reached the conclusion that the State could not justly and equitably provide for them without making equal provision for the mechanic, the fisherman, the miner, the business man, the industrial worker, and all others who through war service suffered serious loss or hardship in reference to their training, occupation, business, property, equipment, or homes.

This afternoon I, as a supporter of the amendment, agreed tacitly to its withdrawal on the undertaking of this House that in the event of representations being made to the Government affecting any number of men who might constitute a class the Government would entertain these representations and hear those who were making the same. I do not believe that the undertaking was in exactly the same verbiage as I am using at the present time but the statement which I have made is substantially the same thing. Now, the Bill says this:

> The minister shall have the management and control of all such matters as are assigned to him from time to time by the Governor in Council, relating in any way to the re-establishment in civil life of all persons who, since August 1, 1914, served in the Naval or Military Forces of His Majesty or any of His Majesty's Allies, and to the care of the dependents of such persons.

The leader of the Opposition (Mr. Mackenzie King) presented an amendment which was covered by the declaration made in this House by the minister himself and I feel, like all others, that we should have confidence in our ministers, until such time as we are absolutely convinced that their word of honour in the House of Parliament means nothing. To give consideration to what will be needed to re-establish in civil life of all returned soldiers is going to involve a great deal of work and time, and the minister in control of these matters is going to be overtaxed. If it is true that certain representations are to be made, we will say, by the mechanics, all over the Dominion, by the medical students, and by the law students—because the Government has decided not to enter into the general proposition of granting gratuities—it is utterly impossible for the minister to give consideration to every one of the representations that may be made to him. Therefore, I have an amendment to suggest. I would like this clause to be amended in such a way as to make provision for the appointment of a commission consisting of returned soldiers, members of Parliament, and a member of the Government, to receive and hear all these various complaints which may be made, to determine as to the necessity which exists in each and every case, and to provide for cases that may be passed upon as necessitous or actually deserving of consideration. I submit if the minister in charge of the department is to make that department a success he has already sufficient duties that require his best attention. If he should also be called upon to meet the wants and needs of the various people throughout the Dominion who may wish to present their several cases, his task will be rendered altogether too great. The report of the Special Committee gives, under the title of "Vocational Training," an illustration of the large number of classes who may apply. Is the minister going to be the sole person interested in this matter? I take it from the observations that were made here this afternoon that the Government will be held responsible, and that all sorts of recommendations and suggestions may be made to them to be adopted or rejected, as the case may be. Furthermore, I gather the impression from the statement made by the minister (Mr. Calder) this afternoon that it was the intention of the Government to consider every scheme that may be submitted.

Mr. GAUVREAU: Stick to the question.

Mr. H. A. MACKIE: If the hon. gentleman and his friends would not interrupt malapropos I would adhere to the question; but inasmuch as they choose to interject matter which is not relevant to the question

I feel that I am not bound to be a target for them.

I submit frankly and candidly that the Bill should be amended in such a way as to afford the proper redress to the men in this country who are affected. As the clause now stands it is entirely too limited in its scope to secure that consideration which should be given to the men as a whole throughout the Dominion. Therefore, I move to add the following as subclause (2):

2. The Governor in Council shall appoint a commission consisting of two members of Parliament, two returned soldiers and a minister of the Crown for the purpose of making a thorough investigation of the returned soldiers' needs and devising a plan whereunder all the soldiers who have taken part in the war would be given all the assistance they may require.

Amendment (Mr. Mackie) negatived.

Section agreed to.

On paragraph (b)—Minister authorized to engage technical and special temporary staff, notwithstanding Civil Service Act:

Mr. FIELDING: This paragraph certainly requires an explanation. We have passed amendments to the Civil Service Act requiring that appointments to the public service shall be made by the Commission, and here we are deliberately proposing to set that law aside. There may be good reasons for doing this—I know the matter is referred to in the Committee's report—but I should like to have an explanation as to why the Civil Service Act is to be ignored in this instance and not in the case of the other departments.

Mr. CALDER: In reference to this proposed amendment, which was not in the Bill as originally introduced, after we had taken evidence, and during the course of that evidence, every member of the Committee was impressed, I think, with the necessity of enabling this department to get its expert and technical staff just as quickly as it could get it. Under the ordinary routine in the Civil Service it takes, we will say, from a month to six weeeks, and sometimes more, to have an appointment made. At the present time, as was explained by an hon. member this afternoon, this work is increasing very rapidly, peak loads, it is expected, will be reached sometime in February, and some of the men employed in this department—and there is a very large number of them—knowing that sections of the work will cease within a year or two, whenever they get an opportunity for permanent employment in the outside world take advantage of it. As a consequence the department feels that it should be placed in a position to get this technical expert staff quickly. There is another factor, and a very important one, which came out repeatedly in the evidence. It was represented, and, I think, correctly, that, in addition to the work being largely of a temporary character —that is, these men are not appointed permently, for large sections of this work will cease in a year or two—there is an element in the work of this department that does not appear in the work of other departments, the human element. The department has to take into consideration the character of these experts, their attitude towards the work, and whether or not they will be sympathetic in their relationship with the returned men, because these experts are dealing with men who require special care and treatment. For that rason the department is anxious that it shall be allowed to take into consideration, not only the ability of a man to pass certain examinations, that is only one feature of it, but also the question whether he posseses those traits of character which are necessary in order to carry on this work successfully. Therefore the department wishes to be in a position either to promote suitable men already in the service, or to be able to get men of the right type just as soon as possible, more especially because the work has been increasing very rapidly and the conditions are such that there should not be any delay. You cannot delay where you are dealing with disabled men, you cannot afford to take time to look around and choose men in the ordinary way as in the other departments of the service. That was the viewpoint presented to our committee, and after fully discussing the matter every member of the committee came to the conclusion that this exception should be made in so far as this department is concerned, particularly in view of the fact that as regards a large number of these appointments they will not be permanent. Let me illustrate. If I remenber the figures, there are now about 13,000 men undergoing vocational training. The average length of the course is eight months, and as soon as those men complete their training it is estimated that another batch of 8,000 or 10,000 men will succeed them to go through the same course. But when that training is completed the experts remain no longer in the public service. So that this department in that respect is not on all fours with the other departments of the service, and I think the

recommendation here is one that will commend itself to the good judgment of the House.

Mr. FIELDING: What other classes of technical service are contemplated by this section? For instance, medical service is technical.

Mr. CALDER: Yes. I think that would be included.

Mr. FIELDING: The Civil Service Act has its disadvantages, one of which is delay, and delay is no more agreeable in other departments than it is in the department in which my hon. friend presides. I tried to live loyally up to the Civil Service Act, but one of the misfortunes of working under it is the long time it takes to do anything, so that people become impatient. The departments try to get over that by making temporary appointments, and although it is embarrassing, it results in the Civil Service Commission eventually making the appointments. This does not contemplate temporary appointments to be confirmed later by the Civil Service Commission. Although the hon. gentleman tells us they are not meant to be permanent employees, I am inclined to think that under the wording of the section they would be. Our experience has been that wherever any loophole is left efforts will be made to push some person into the Civil Service. What my hon. friend says about the need of appointments being made promptly would be said by the minister of any other department, and I am a little afraid that after all our boasting about the Civil Service Act, our boasting that a member of Parliament above every one else in the world must not have anything to do with appointments, the ministers are trying to have something to do with them in this particular matter.

Mr. CALDER: I think in so far as the department itself and the Government are concerned, if the committee considers it advisable that the appointment of these officers should be left in the ordinary course to the Civil Service Commission, it will accept that view. But after hearing all the evidence and arguments, insofar as this department is concerned, personally I am convinced, and I think I voice the opinion of every member of the committee on both sides of the House, that where you have a department dealing with disabled men, with men who are sick, you cannot afford to have delay in appointing technical experts to take care of them. When those sick men need attention they must get it, and the work cannot be blocked, there must not be any cessation of it. What the hon. gentleman says with reference to the necessity of having appointments made in the other departments is true; but all these appointments are practically temporary, and the wording of the section itself indicates that. Paragraph (b), subsection 2, new section 5, provides for the employment "of such technical and special temporary staff"—not permanent staff. These men are all regarded as being taken on temporarily, because large sections of this work will not continue beyond a certain period.

Mr. FIELDING: Temporary service may mean quite a period.

Mr. CALDER: Yes, twelve or eighteen months.

Mr. FIELDING: In any other department you could not make an appointment of that character without the Civil Service Commission intervening. In all departments where there is urgency I would give the minister power to make a temporary appointment, but with the condition that the Civil Service Commission should get busy immediately and the appointment should be confirmed in the regular way. There is nothing in which we are more likely to get into trouble after passing the Civil Service Act than by making loopholes in this form or in the form of a vote in the Estimates whereby men may be appointed without complying with the Civil Service conditions.

Mr. MOWAT: I quite agree in a general way with what my hon. friend (Mr. Fielding) has said. But my experience in regard to appointments for soldiers' civil reestablishment is that we are only looking to young surgeons and vocational officers who do not intend to take up the Civil Service as a profession. It is really war work continued, and the delay in making appointments which must occur under the Civil Service Act would be almost fatal to the director of the department getting the best men quickly and making special arrangements with them so that they could remain for a certain time.

Mr. FIELDING: How long?

Mr. MOWAT: I do not know. But some of them would be willing to stay away from their professions for six months, special arrangements being made with them. You could not do that through the Civil Service Commission. The Civil Service Com-

mission has a great deal to do at the present time in licking the Act into shape and making it workable, and it seems to me it would be far better if the minister would stick to the Bill and not, as I understood him, accept any suggestion that these appointments should come under the Civil Service Commission. We all know the sacrifices that have been made by the medical profession, by expert instructors and mechanics in the other branches of vocational training, in order to carry on this patriotic work. I should not think it wise to bring these officers under the technical and rigid rules of the Civil Service Commission in the matter of appointments. They are here one month and there the next; being professional men, they can do their work under a temporary tenure. I think it would be far better to let the clause stand as it is.

Mr. P. McGIBBON (Muskoka): I hope the minister will allow the clause to stand as it is. The first thing to be regarded here is efficiency. The Civil Service Commission cannot be a judge of everything, much less can it be a judge in the matter of the appointment of scientific men and of officers to carry on this work of technical education. I am strongly of opinion that to get the best men you must put the responsibility upon the head of the department and give him the power to build up a staff which will be efficient. The whole thing comes back, as I have said on previous occasions in the House, to the impossibility of having three men run the country from the Atlantic to the Pacific; of having three men be the final authority and judgment upon everything. The thing is absurd, it is preposterous; and I do not think the country will stand for it.

Mr. FIELDING: I admit the difficulty in the matter, but any argument my hon. friend (Mr. McGibbon) has used would apply also to the employment of technical officers in any other branch of the service; yet in every other branch of the service the Civil Service Act must be complied with.

Mr. P. McGIBBON (Muskoka): I would extend the same principle to all.

Mr. FIELDING: That is another question.

Mr. EDWARDS: In certain cases a departure has been made from the rule or regulation that the Civil Service Commission shall make all appointments. For instance, when experts were required by the Finance Department in connection with the Victory Loans and the income tax, work not of a permanent character, the appointees were selected not by the Civil Service Commission but through the head of the department, the Minister of Finance. The same thing has been done before in the case of work of a temporary nature, for just the reason that is stated here.

Mr. COWAN: For another reason I think that we should stick to the recommendation that has been made by the Committee. If we go back to the Civil Service Act, delay will be involved in the appointments, and that will necessarily result in delay to the returned soldiers themselves. If there is one thing that has irritated and annoyed returned men in connection with the work of this department it is the numerous delays which have occurred, delays which were unavoidable simply because the necessary technical assistance could not be properly obtained to put into working order the particular branch of the department in question. If we add to that delay we shall simply add to the irritation of these men. I want to see that source of irritation removed, consequently I want to see these appointments made as quickly as possible so that the work may be carried out promptly and efficiently.

Mr. FIELDING: It is another form of repealing the Civil Service Act.

Mr. DAVIS: Can it not be said that the whole staff of the department is, in a sense, temporary? Another thing: although I have read this report with considerable care I do not find that the committee went into the question of the administration of the department of Soldiers Civil Re-establishment. I have heard that there is considerable abuse in that department in the matter of moving the soldiers from place to place. I cannot give the details, but that has been suggested to me from different quarters. If, then, the whole staff is temporary, why not say frankly that the technical staff shall be appointed by the minister?

Mr. McKENZIE: What is meant by "technical and special officers"?

Mr. HUGH CLARK: The officials of the department are employed temporarily, because the department itself is a temporary one. The vocational training staff are employed on the understanding that they may be retired on a month's notice. Applications for vocational training must all

be in by February 1 of next year. Courses commencing on that date will last from seven to ten months, so that by the end of next year the department itself will go out of business so far as vocational training is concerned. Suppose a man is required as an instructor in the vocational school at Vancouver. If the usual procedure is had through the Civil Service Commission, weeks and months elapse before an appointment can be made. I quoted figures this afternoon to show that over four thousand extra men came in during the last month to take vocational training. As the member for Regina (Mr. Cowan) said, it is necessary that these appointments be made promptly. Returned soldiers, particularly disabled soldiers, are naturally impatient, and if there is delay we are apt to get into considerable trouble.

Mr. McMASTER: Is there not in the Civil Service Act a provision for temporary employment by ministers?

Mr. HUGH CLARK: I think there is.

Mr. McMASTER: Why does that not meet the case, then?

Mr. FIELDING: There is a provision in respect of temporary employees, but it covers only cases of employment for a short period.

Mr. McKENZIE: My hon. friend has not answered my question. Vocational training covers a great variety of subjects. The training of men to be carpenters, shoemakers, automobile mechanics, and followers of many other trades is called "vocational training," but you would not call the instructors in some of these trades technical men. I do not want to disparage any trade, but I never heard of a shoemaker being called a technical man; he would not come under the high-sounding designation of a man who would get into the service under the old section 21, which was so famous in the history of the Civil Service. What I was asking was: Who gets in under this phrase "technical and special?"

Mr. HUGH CLARK: The Government is empowered under the recomendations of the committee to take all necessary steps to deal with what we call "problem cases." Neurological experts will be required, medical experts and psychiatrists will be required. These would come under the head, I take it, of technical men.

Mr. CALDER: I quite see the point of the leader of the Opposition. The term "technical and special expert" would not apply to the clerical staff. Vocational training is divided into two branches, as it were. The men are first trained in educational institutions, and in connection with that work there must be instructors.

In our technical schools, for example, which the ordinary high-school boy attends, there are instructors in carpentry, blacksmithing, and so on, and they are all experts in the trade they are teaching. That is one side of the work. After the men have taken a few weeks or months instruction in some trade, during which time they are gaining a knowledge of its underlying principles, they pass out into the industrial world and go into the shops. There are no instructors there except their fellow-workers. I think the term would apply to all instructors used by the department in connection with the educational side of their work. It would also apply, I would think, to the men classed as inspectors, follow-up men, and industrial survey men. In Toronto or Montreal, for instance, the department has a number of men who are constantly going over the different industries for the purpose of finding opportunities for employment. This fitting in of the proper man for the job is a very interesting and very delicate piece of work, and requires, perhaps I should not say a technical man, but certainly one of considerable experience and with a knowledge of human nature. Then, as regards the medical institutions, hospitals and sanitoria of different kinds, practically every man employed outside of the clerical staff might very well be regarded as a technical man in the sense in which that word is used in the Bill.

Mr. COWAN: There is another feature on which I should like enlightenment. In connection with the hospitals there is a medical service and there is a dental service, and a great many of the medical men and dentists work only part time with the Government, attending to their practice in the other part of the day. Would it be possible under the Civil Service Act to take these men into the Government service if they are only giving part time to the Government? I do not think there is any clause in the Act which would enable us to do that.

Mr. McKENZIE: As I understand the minister's answer, every single person the department requires could come in without any examination.

Mr. CALDER: Oh, no; the clerical staff could not, for instance, and it is an enormous staff.

Mr. McKENZIE: Take the case of a man who is working in a store and has a sufficient knowledge of book-keeping to act as an instructor. Suppose, besides acting as a salesman in the store, he undertakes to teach single entry book-keeping to a man taking vocational training, would not he at once become a technical man? I think he could be hired under this provision. Or suppose a man is going to try an examination for mining engineer or mine manager and requires coaching in mathematics. We will suppose that a man in a certain store is a good mathematician, and besides doing his ordinary work around the store takes a soldier under his wing under the advice of the department, to coach him in mathematics for the examination. The moment he becomes an instructor in mathematics he will be a technical man under this section. So the section has the widest possible scope. Certainly a doctor or a lawyer or the highest class of engineer would be considered technical men, and under this section you could go down the list and include almost any kind of worker; a blacksmith, for instance, who undertakes to teach a man horseshoeing, which I regard as one of the highest arts in life, could be included under this provision. I do not see where you are going to stop, and we might as well say that anybody can be employed by this department notwithstanding anything contained in the Civil Service Act. It has that wide scope whether the minister intends it or not.

Mr. FIELDING: In the Canada Gazette we have some examples of how the technical service is dealt with in other departments. Here are some men who are wanted and who are required to make application to the Civil Service Commision and comply with the Civil Service Act: an Instructor in Physics, salary $1,000 per annum; an assistant to the Dominion Poultry Husbandman, Department of Agriculture, salary $1,800—that is certainly a technical position; Plant Pathologist, Department of Agriculture, salary $2,160; a District Seed Inspector, Department of Agriculture,—also a technical position; Assistant to Superintendent, Experimental Farm at Rosthern, $1,320; Assistant to Superintendent of Experimental Farm at Charlottown; Assistant to Superintendent Experimental Farm, at Kapuskasing. These are all technical officers for the various departments, and they all have to go through the Civil Service mill. But if any one desires to appoint a friend to a position in the Soldiers' Civil Re-establishment Department he does not have to comply with the Civil Service regulations.

Mr. HUGH CLARK: In the cases mentioned by the hon. gentleman there does not exist the same necessity for haste in the appointments.

Mr. MOWAT: The persons referred to by the hon. gentleman in his citation from the Canada Gazette are men who are making up their minds to enter upon a Civil Service career. They take a small initial salary, with a maximum in view. I gather from my hon. friend's remarks that he is of the opinion that patronage will play a part in the work of the Soldiers' Civil Re-establishment. He must see, however, that this is a special department and there is no opportunity for patronage. The department has to go out and persuade surgeons to come in and help for a short period, which is the reverse of patronage. You could not get these gentlemen to come in at small salaries. They must be paid at the proper rate for professional services. They are all looking forward to professional careers and any time they spend in the department will be simply time given to the department and the country, as it were war work in a special service. In addition to that, it is almost certain that nearly all of them will be returned men who have acquired experience at the front. The idea of patronage does not therefore enter into the matter.

Mr. FIELDING: My hon. friend has not as large an experience as I have in the appointment of officials. From my observation, it is ordinarily an easy matter to get a man into the public service—at any rate, it will be so in this department—but it is not so easy to get him out again, no matter in what branch he may be.

Mr. CALDER: What the hon. gentleman says is quite true. It is one of the curses of the Civil Service that once a man gets in he is there for life. At least everyone thinks he is. I want to emphasize one important feature, and that is the human element. We must have had before us in the neighbourhood of fifteen or twenty of the officers in charge of this work, and one thing that struck us forcibly in our inquiry was the type of man that is doing that work. Their character was apparent in the evidence they gave before the Committee. Their mentality and their relationships with their comrades fit them especially for their work. How in the world is the Civil Service Commission, by any method it may employ, going to be able to secure the type

of man that is wanted? That can be done only by those directly connected with the work and possessing the necessary qualifications in order to carry on the department. It is not like putting men in the Finance Department or the Department of Immigration and Colonization. The Department of Soldiers' Civil Re-establishment is dealing with the human element, and it is most essential that when they require men there should be no delay in getting them. It is also highly important that the right type of men with the proper qualities should be selected. It was largely for that reason that the Committee favourably viewed the suggestion that the selection of these men should be left with those who are directly connected with the work. Personally, I am firmly of the opinion that that should be done.

Mr. McKENZIE: If any latitude is necessary to obtain speedy appointments it should be given to the Civil Service Commission, who are in touch with the whole of Canada, and know where officials are obtainable. They have long lists of men who have passed civil service examinations, and they are certainly more in touch with the country at large than any single department could be. If a technical man were required in this department the Civil Service Commission could obtain him as speedily as the department could, and there would still be centralization in the matter of appointments. I do not think you should spread this power of appointment all over creation. There is some responsibility on the shoulders of the Civil Service Commission, and they are sensible of it. I repeat that that Commission should secure these men instead of leaving this work to the hundred and one departments that we have. If a deputy minister wants a man he telephones to the Commission and they can secure him much more expeditiously than can any individual in a department.

Mr. EDWARDS: Suppose a man were required at short notice for some particular work in Vancouver, what would be the procedure of the Civil Service Commission to obtain him? Would they not have to advertise or have some one acquainted with the place make inquiries in order to obtain that man? In my opinion it would be an easier matter for this department to get the man they needed than to leave that work to the Civil Service Commission.

Mr. McKENZIE: I may mention something that came under my observation the other day in regard to that very province. In some department in British Columbia a man was required and they wired to the chairman of the Commission who looked up his list. I had a conversation with the head of the department himself; I had nothing to do with the appointment. The chairman of the Commission looked up his list, and found the very man that was required, and immediately wired back. The man had passed an examination and was qualified to take the place and he was immediately appointed. A department would not have any information as to who had passed examinations. If the appointment is left to the deputy minister in any department he will not know who have and who have not passed the necessary examinations, and he may take any man whom he thinks fit. Some other man may have passed the examination after long preparation, and might feel a cause for grievance if he were not given an opportunity of appointment. I repeat that the Commission, having a wider knowledge of the country and knowing those who are qualified, is best fitted to find employees, and can do so as quickly as can a department, if not more quickly.

Mr. COOPER: The hon. gentleman suggests that the Civil Service Commission with its lists can select the men. Does he suggest that the men who are on the lists are going to remain incessantly out of employment until they are employed by the Civil Service Commission? I think it is hardly likely.

Mr. McKENZIE: I am not saying so, but there are many cases in which men may be otherwise employed in the meantime. A man may be working in a store; he has passed the examination for a higher position; he is not waiting but he is ready. He is working at something else. When the time comes, he is qualified and when he is called he steps in. He is not idling about the street.

Mr. GRIESBACH: I would like to draw the attention of the hon. gentleman (Mr. McKenzie) to an aspect of the case which perhaps he is not aware of. Last summer I saw two carloads of men—lunatics and men who had been shell shocked—being taken to an institution. They were in charge of some six or eight men from this department. One of these lunatics insisted, whenever he moved at all, on riding on the back of one of these attendants. I observed that every time he wanted to move anywhere for any useful purpose or for no purpose at all, this attendant was called up;

he came, the man got on his back and he carried him around. These attendants were supplied by this department by reason of the powers which they have, or have had, or have exercised, of selecting on the spot the men that are required for a particular job. I cannot understand how the Civil Service Commission could, upon short notice, supply half a dozen men for positions of that sort. The department has men in its employ and is constantly training men for this service. It is desired to give employment to men who are trained, men who have sympathy and understanding, and I think it would be a very great mistake if the hands of the department were tied so that they could not immediately avail themselves of the services of such men as they required for that particular work which calls for the exercise of that sympathy and understanding which exists between soldiers who have served together and are usually to be found in the immediate neighbourhood of these institutions.

Mr. McKENZIE: Does the hon. gentleman say that a man of this class would be a technical man?

Mr. GRIESBACH: He would be special, he would be temporary, and he might even be technical if he developed himself along those lines.

Mr. McMASTER: The problem that is before us is apparently not unsolvable. Hard cases make bad law, and where you find a difficult case the tendency is away from good law. I can understand the desire of the minister not to hamper the men who are in charge of a hospital. A doctor in charge of a hospital for subnormal cases wishes to have the power to pick his own staff. There may be practising in the neighbourhood some young doctor of sympathetic mind and heart who has made a study of insanity or subnormal cases. The man in charge of the hospital would like to get such a man as that and, of course, would like to have more or less of a free hand in the choice of such a man. I think it is desirable that that should be allowed in the selection of the technical members of the staff. Neither the minister nor the deputy can make the choice personally. This choice that is confided to the minister under the Bill will be exercised at perhaps a score of different places throughout Canada. How would it do, in order to prevent abuse, to give the right of appointment subject to confirmation within a certain time by the Civil Service Commission? There is a great deal to be said for giving the person in charge of a department a free hand, but against that the people in their wisdom have come to the conclusion that there should be a controlling force, and that force the Civil Service Commission. My suggestion would be that, if the power under the Civil Service Act to make a temporary appointment is not wide enough to cover such a case as I have spoken about, wider power might be taken by the minister, but it should always be subject to confirmation by the Civil Service Commission within a reasonable time.

Mr. GRIESBACH: How long a time?

Mr. McMASTER: I would say perhaps nine months. I think that under the ordinary law the minister has six months. That is not sufficient and I would give a longer time. But if the minister is allowed to have a free hand in connection with this department it will constitute an exceedingly unwholesome precedent if other ministers come forward and ask the same power in connection with their departments. There should be some control of a power of this sort, that is as far as technical men are concerned. As far as the special temporary staff is concerned, I think the case I have made out in regard to technical assistants is still stronger here. If it is necessary to have a special temporary staff—and I can quite understand that when you are dealing with sick people you cannot wait—The minister must have the power, (I think the minister now has the power under the Civil Service Act) to obtain what he requires immediately. I would not have these people appointed without reference sooner or later to the Civil Service Commission, in order to prevent the creeping in of abuses. Let me give an instance. In the part of the country I have the honour to represent there has been a farm offered for sale for years for $2,200. Recently the department of Soldiers' Civil Re-establishment bought that farm for $4,000 and some poor, unfortunate soldier is being put upon it and is undertaking to pay back in a term of years the price of $4,000.

Mr. HUGH CLARK: That is the Land Settlement Board.

Mr. McMASTER: The Land Settlement Board. I do not know whether the minister responsible for the Land Settlement Board is here or not.

Mr. HUGH CLARK: No.

Mr. McMASTER: Well then the minister will bring this striking instance to his attention in order that he may have an opportunity of correcting this fault, because it is a fault. Land is being purchased at far more than its market value and men being put on this land with an obligation to pay for it within a term of years; but the fact that it has been purchased at far more than its market value is something that, I fear, will make it impossible. I suppose the man who valued that farm for the Board did not make a proper valuation. These are the reasons why I would urge the minister to consider the inadvisability of getting away altogether from the Civil Service Commission.

Mr. CALDER: Personally I am inclined to accept the suggestion of the hon. gentleman (Mr. McMaster). As a matter of fact the committee had that in mind when they inserted in the Act that this authority was to be given to the minister subject to rules and regulations to be approved by the Governor in Council. The committee had it in mind that the rules and the regulations would call for the eventual ratification by the Civil Service Commission. If the committee think that the clause itself should set that forth clearly we can amend it in that respect. One of the members of the committee has called to my mind the discussion that we had. We clearly had in mind at the time the idea that this power should not be exercised except under rules to be made by the Governor in Council and that these rules should embody the idea that the commission should finally approve of them.

Mr. FIELDING: It does not say so because it distinctly declares that you shall not be interfered with under the Civil Service Act.

Mr. CALDER: If the committee agree with the idea, we will have an amendment prepared and the clause modified. Probably if we have that understanding and we get through with the rest of the Bill this evening, we might let it go and have the amendment made in the Senate because, they are anxious that we should get through with the Bill so that it could go to the Senate in the morning.

Mr. MACKENZIE KING: The hon. member for Frontenac (Mr. Edwards) asked how in the event of an appointment being made in British Columbia the Civil Service Commission could act. May I ask how the minister would propose to act under this clause in a case of that sort? How would he make an appointment in British Columbia?

Mr. CALDER: In Vancouver they have certain technical officers now on the job probably handling about 1,500 men in that city. They have the best officers that can be got for that work. I think that, beyond question, when a vacancy occurs the minister would give the district vocational officer full power to select a qualified man for that vacancy. He makes the selection on the spot and forwards the recommendation to Ottawa.

Mr. MACKENZIE KING: Would the minister think of communicating with the member for the constituency before making the appointment?

Mr. CALDER: In connection with this work? I do not think so.

Mr. MACKENZIE KING: I would like to make sure on that point. As I read the clause it seems to leave the door open to that possibility.

Mr. CALDER: The evidence that was given to us, and I think it is correct, is that the department has the greatest difficulty in getting men and holding them, because the work is looked upon as temporary; there is no future in connection with it. There is, therefore, not very much opportunity for what you might call political patronage in connection with the work of the department. Furthermore, the great majority of the men in the employ of the department are returned men. Even the technical officers are practically all returned men and many of them are making very considerable sacrifices to stay with this work. I have spoken to them, and one told me he would like to get back to his practice just as quick as he possibly could. He is an expert, but is giving up his time to this work and is sacrificing a great deal. Men of that class are found all through this department, so that there is not very much opportunity for the exercise of ordinary political patronage.

Mr. McKENZIE: One of my difficulties is that I cannot quite understand the class of men the minister has in mind. Would the minister give us an illustration of the class of men he is employing and that he has to provide substitutes for when they leave? What class of men are they and what are they doing?

Mr. CALDER: Take the medical men who are in charge of sanatoria and hospitals. They are medical practitioners and most of

them have served in the war. Many of them are back and are carrying on this work. But they know it is not going to be permanent and they are anxious to get back to their practice. That is one class. Then take the technical instructors who are established throughout the country. There is one in Ottawa, several in Toronto, and others in Winnipeg, Calgary and Vancouver. They possess technical qualifications and are carrying on technical education. The return men come in and are given a short course, according to the class of work they take. They are given, say, two or three months' instruction in these schools and the instructors would probably have five, six, seven, or eight departments in these various schools, handling anywhere from 100 to 200 men daily in those departments. The men who give that instruction are all technical men. Then, take the men who take charge of the industrial service. They go into all the industries in our largest cities and keep in touch with them all the time with a view to finding places for all returned men who are being temporarily trained. I would call a man of that class a highly technical man, as far as this work is concerned. Then we have men who follow up the returned men after they get positions and keep in touch with them. Once a man gets into an industry they go to see that man once a week. They keep in touch with the employer as well as with the man and see how the latter is getting along; they get a report from the man himself, and from his employer, or from the shopman. That work is going along all the time and there is a fairly large staff of men of that class. There is another staff of men called "after-care" or "follow up" men. That is, after a man is trained, has completed his course, and is certified to, we have a certain type of man that follows the disabled soldier who has been retrained for a period of three, four, five months, or more, to make certain that he has been really established and that he has got back into civil life. The man who is looking after that work must have peculiar qualifications in order to carry out the duties that are cast upon him. I have forgotten how many employees there are but there are many hundreds in various parts of Canada carrying on this work. There is no doubt at all that these men know there is no future for them in that work, but they are making, as I say, real sacrifices in staying with it and assisting in the training and placing of these disabled men.

[Mr. Calder.]

Mr. McKENZIE: I am not going to complain any further, but I am more convinced than ever that these men are not at all a technical class.

Mr. CALDER: They are not, in the ordinary sense.

Mr. McKENZIE: The minister is speaking of the man who is an employment agent.

Mr. CALDER: No.

Mr. McKENZIE: He is an employment agent, that is all he is. He looks around for places for the men who are trained in the vocational schools. He does not require to have a previous training of any kind; he is a man of good deportment, and good manners, and can talk civilly to people, and he goes around and looks for a position for some man whom he has in mind. He gets a position for him and he places him. Therefore, what is he but an employment agent? The man who has a little office in connection with some of the big industries of this country and who employs men on the spot is not a technical man by any possibility. He is a man who is necessary and must be a good man, but he is not in the ordinary sense a technical man. My hon. friend the minister might as well strike out the word "technical" because if he is going to be at all strict in applying the provision he will not find that word very much to his advantage.

Mr. CALDER: Would you call a doctor a technical man?

Mr. McKENZIE: Certainly.

Mr. CALDER: Very well then, we must leave the word in.

Mr. McKENZIE: He is a professional man.

Mr. CALDER: The word "special" is in the paragraph as well.

Mr. McKENZIE: But the men to whom reference has been made are not technical men.

Mr. CALDER: We will give to that class the title of "special."

Mr. McKENZIE: Technical men are those who have received a high professional training or a scientific training of some kind. A special training of that kind is needed before one can be designated a technical man. The fellow who goes around to the boss of an industrial establishment and asks him how the returned soldier employee is doing cannot by any means be regarded as a technical man.

Mr. CAHILL: I would like to ask the minister how many employees, speaking generally, there are in the department?

Mr. HUGH CLARK: I have not the information at hand, but I will secure it for the hon. gentleman in a moment.

On paragraph (d):

(d) For the disposal of any moneys payable by the Crown to the estates of deceased or insane officers, soldiers or other persons, or any properties or moneys in the possession or control of the department belonging to such officers, soldiers or other persons, or otherwise;

Mr. DAVIS: Is not this a duplication of the powers that are now exercised by the Estates Branch of the Militia Department?

Mr. CALDER: If while a man is a soldier he should die, his estate has to be dealt with, and then I imagine the Militia Department would be the branch to deal with it. The Soldiers' Civil Re-establishment only take hold of men after they have been discharged from the army, and consequently they must have a branch to look after the estates of such men.

Mr. McMASTER: But this clause deals with the disposal of any moneys payable by the Crown to the estates of deceased or insane officers, soldiers or other persons, or any properties or moneys in the possession or control of the department belonging to such officers, soldiers, or other person, or otherwise. I remember having in my office within the last few months a soldier's estate to wind up, and it was the Department of Militia that sent us a cheque.

Mr. DAVIS: The wording of the paragraph makes it plain that the matter is within the Militia Department.

Mr. CALDER: It says here that this department is only to have the disposition of any property that happens to be in the possession or control of the department. I do not know how it would get there.

Mr. McMASTER: The beginning of the clause reads "for the disposal of any moneys payable by the Crown to the estates of deceased or insane officers," "Estates" there means that the heirs-at-law or legatees under the will of a deceased soldier may have a claim for sums of money, deferred pay, or other claims of the deceased soldier against the Government, in which case under the present practice, certainly up to within a few months ago, you applied to the Department of Militia and Defence, which had a special branch for looking after the matter, and you got your money from that branch.

Mr. DAVIS: I would suggest to the minister that that clause should be more thoroughly examined, because it is sure to lead to conflict as it stands.

Mr. G. B. NICHOLSON: Is it not true that neither an officer nor a soldier can enter the Department of Soliders' Civil Re-establishment until he is discharged from the Militia Department?

Mr. McKENZIE: Whatever the practice may be now, this is no way of disposing of estates. I have had a good deal of experience with the Militia Department, and they always insist upon guardians being appointed for youngsters under age, or letters of administration being obtained if there is no will. The practice in our province is to probate wills in the regular way, and if there is no will we comply with the law of the province, and the Department of Militia recognizes that proceeding. I think it would complicate matters very much if two distinct authorities were established.

The CHAIRMAN: Shall paragraph (d) carry?

Mr. McKENZIE: No, Mr. Chairman. It seems an extraordinary thing to create a court which is virtually a court of probate to deal with estates in conflict with the laws of the different provinces. Hitherto the course has been for the department at Ottawa to communicate with the representatives of the estate, and for these representatives to put themselves in a position under the law of the province by getting letters of administration or letters of guardianship, or whatever else was necessary, to obtain payment of the money owing to the estate. Now we are doing away with that practice and creating regulations of the department. It is always better that the local authorities should deal with these matters, because they have personal knowledge of the heirs and can see that the law is observed.

Mr. DOHERTY: I think the hon. gentleman gives too wide an interpretation to the subsection. It is not a matter of enacting new laws, but of making regulations for the disposal of any moneys payable by the Crown to the estates of deceased or insane officers, soldiers or other persons. What moneys are payable by the Crown, or what are the rights of the persons to whom those moneys are payable, are matters which are determined by law. This paragraph is only for the purpose of making regulations prescribing the man-

ner in which the officials of this particular department shall handle cases of that kind. I do not think there is any reason to apprehend that in virtue of that paragraph the department will undertake to make new laws to govern the transmission of estates or the creation of rights in estates.

Mr. DAVIS: What has been the practice in this respect in the past? Has there been a branch of the Civil Re-establishment Department dealing with these matters, or have they been referred to the Militia Department for disposal?

Mr. CALDER: I understand from one of the officers of the department that this work has been handled by a branch of the Militia Department, but as there are only a few soldiers now to be demobilized, and the Militia Department intend to do away with that branch, some other department must take on this work. As practically all the men will be out of the army very shortly we must have some branch to carry on this work.

Paragraph agreed to.

On paragraph (e):

(e) For prescribing the payments, grants or allowances, if any, to be made to persons or their dependents whenever such persons are being cared for under the provisions of this Act, either by medical treatment, training or otherwise;

Mr. CAHILL: I think the minister now has the information which he promised me a short time ago.

Mr. HUGH CLARK: The number of employees on the 31st of July—this is the last record I have here—was 5,609.

Mr. CAHILL: Would that be about the average number of employees?

Mr. HUGH CLARK: I think it is large enough.

Mr. MICHAUD: What is the number employed in the city of Ottawa?

Mr. HUGH CLARK: I have not the information here. I did not expect it would be asked for.

The CHAIRMAN: These questions concerning the number of employees are certainly not in order when considering the different clauses of this Bill, for discussion must be strictly relevant to the clause under consideration. I would point out to hon. members that certain Estimates are now before the House, some of which concern this department, and when those are being dealt with these questions will be perfectly in order.

[Mr. Doherty.]

Paragraph agreed to.

On paragraph (f):

(f) With respect to reciprocal or other arrangements with the Government of the United Kingdom of Great Britain and Ireland, or the Government of any British Dominion or the Government of any of His Majesty's Allies in the said War, or the Government of the United States of America, for the treatment, care and training and the issue of payments, grants or allowances to persons who have served in the Forces of any such Government when cared for under the provisions of this Act, either by medical treatment, training or otherwise, or to their dependents;

Mr. FIELDING: Is the United States not counted as an ally? I observe a distinction is drawn between the Allies of His Majesty's Government and the United States. There may be a reason for that distinction.

Mr. DOHERTY: I think the United States was always described as an associated power, not an allied power. I do not know why that distinction was made.

Paragraph agreed to.

On paragraph (h):

(h) For imposing penalties recoverable upon summary conviction for the violation of any provision of any such regulation.

Mr. MACKENZIE KING: It is provided that a number of regulations may be made by the Governor in Council. Would it not be well to add to the section, that copies of these regulations should be presented to Parliament, within, say the second week of the opening of each session?

Mr. CALDER: There is no objection to that. This is only section 5 of the Act. It is possible that the Act may provide for that. However, if not, I would suggest that we have that amendment inserted.

Mr. FIELDING: To a layman the paragraph imposing penalties seems rather broad. Is the nature and the character of the penalties prescribed by some other statute?

Mr. CALDER: I think not. This Bill provides that subject to the approval of the Governor in Council the minister may make such regulations from time to time as he may deem necessary and advisable for all these various purposes. If regulations are to be made it will be necessary to provide the penalties to be imposed if those regulations are infringed, and that is the purpose of this sub-clause (h).

Mr. FIELDING: Is it deemed wise to give the Governor in Council unlimited power to impose penalties? Should the Governor in

Council have power to provide that some of us should be hanged if we happen to differ from the minister?

Mr. HUGH CLARK: That clause has special reference to clause (c) in the Act.

Mr. DOHERTY: In view of the nature of the regulations we might perhaps restrict the possible penalty to be imposed to a fine of, say, $200 or imprisonment for six months.

Mr. FIELDING: My only idea was that there should be some limitation.

Amendment agreed to, and section, as amended, agreed to.

The CHAIRMAN: Shall I report the Bill?

Mr. CALDER: Before the Bill is reported, in order that the work of the House may be expedited, I suggest that we have amendments made in the Senate to cover two or three suggestions which have been made. The first is to make provision that the Civil Service Commission shall ratify these temporary appointments. The second is that there shall be a limitation in the penalties imposed under this law; and the third that any regulations made under this Act shall be submitted to Parliament within a certain number of days after the opening of the next following session.

Mr. McKENZIE: I did not understand the alterations suggested by the member for Brome (Mr. McMaster); perhaps he would explain them?

Mr. McMASTER: I suggested that if the period of six months provided under the Civil Service Act for cases in which appointees to temporary positions might be named by the minister was quite sufficient—

Mr. CALDER: I think six months is quite sufficient.

Mr. McMASTER: Then there is no need for the minister to take power to employ for a longer period. If the minister says that six months is sufficient, so much the better.

Mr. McKENZIE: How soon after the appointment is made will the approval of the Civil Service Commission be obtained? There is no use in getting that approval nine months after the appointment is made and after the employee has left the service.

Mr. CALDER: I am thoroughly in accord with the idea that in the working out of these provisions the Civil Service Act should be complied with as far as possible. I think we can make provision under which the Civil Service Commission shall within thirty days at the outside, approve of these temporary appointments as covering certain periods. I think we have the judgment of the House on this matter; we shall endeavour to work it out.

Mr. FIELDING: Did I understand my hon. friend to suggest that these amendments were to be made in the Senate?

Mr. CALDER: Only to save time.

Mr. FIELDING: What is the great hurry? We are not exceptionally busy here, but the Senate is very busy. Why can we not do our own amending?

Mr. DOHERTY: I understand that the Senate have passed the Railway Bill, and possibly they have no work to do.

Mr. FIELDING: Is the date of prorogation fixed?

Mr. DOHERTY: No.

Bill reported and read the third time and passed.

Mr. H. A. MACKIE (East Edmonton): I think under the rules the Bill should be printed with the amendments, so that we may have an opportunity of seeing it. I do not see any reason for haste for giving the Bill its third reading now.

Mr. DEPUTY SPEAKER: I might point out to the House that the amendments add nothing whatever to the Bill, but simply consist in the striking out of sub-clause 3. When it was proposed to read the Bill a third time now there was no objection taken. The House consented to the third reading and I do not think any hon. member would be in order in raising an objection after having consented that the third reading take place.

Mr. MACKIE: We haven't had a chance to understand what was said in the House.

CANADA SHIPPING ACT AMENDMENT.

On the motion of Hon. Mr. Doherty, the House returned to the order, Introduction of Bills:

Hon. A. K. MACLEAN (for the Minister of Marine and Fisheries) moved for leave to introduce Bill No. 40, to amend The Canada Shipping Act.

Motion agreed to and Bill read the first time.

RAILWAY ACT, 1919, AMENDMENT.

Hon. C. J. DOHERTY (Minister of Justice) moved for leave to introduce Bill No. 41, to amend The Railway Act, 1919.

Mr. D. D. McKENZIE: Explain.

Mr. DOHERTY: The whole purpose of this Bill is to repeal subsection (c) of section 6 of the Railway Act as passed at the last session of the House. That section provides, in effect, that any railway which is controlled or operated by a railway which is under the legislative authority of Parliament, and any railway which controls or operates a railway which is under the legislative authority of Parliament, shall be under the legislative authority of Parliament, and all such railways are in general terms declared to be works for the general advantage of Canada. It has been found by experience that the clause overshot the mark at which it was aimed, and that it has produced the result that in certain instances tramways running in cities have come within the wide terms of that article, and have consequently been declared to be work for the general advantage of Canada, with the result that the fixing of their fares becomes a matter for the Railway Commission, and they are withdrawn from the control of provincial utilities boards and so forth, and in a large measure from municipal control. A special instance that brought attention to this was the case of the British Columbia Electric Railway Company, which has been running a tramway in the cities of Vancouver and Victoria. The particular nature of the contract is not material, but the company does control and operate two very short roads, one of which was originally constructed by the Canadian Pacific Railway Company and the other under a Dominion charter. That state of facts brings the tramways under the legislative authority of this Parliament, and declares them to be works for the general advantage of Canada. There has been very strenuous objection on the part of the provincial authorities as well as on the part of the municipal authorities of these cities. I think it is fairly obvious that it is undesirable that by an omnibus clause of that kind we should get tramways running in particular cities declared to be works for the general advantage of Canada and subject to the control of the Railway Commission. Perhaps the wiser way, and probably even the only legal way, to make works which are purely local in their nature works for the general advantage of Canada, would be by specific declaration with regard to each work, although I do not want to commit myself absolutely on that proposition at the present time. This Bill is to repeal that section because it is considered that it was not contemplated to produce the results which it has produced, and which are open to serious objection.

Mr. FIELDING: Was the section referred to a new one in the recent revision, or an old one?

Mr. DOHERTY: It was a new one in the revision of 1919. If my information is correct, what was principally in the mind of those who introduced it was the case of a regular steam railway in the province of Quebec which had come to be operated in connection with the Canadian Pacific Railway Company, which it was considered highly desirable, and I think probably correctly so, to bring under the legislative authority of the Dominion and declared it to be a work for the general advantage of Canada. But, instead of proceeding by dealing with a particular railway, the method was taken of defining the whole class of railways as being for the general advantage of Canada, and subject to the legislative authority of Canada, with the result that in the net that was thrown out there were caught a good many fishes for which the fisherman was not looking at all.

Mr. McMASTER: The net for railways has been pretty broad.

Motion agreed to and Bill read the first time.

PACIFIC COAST PILOTAGE.

On motion of Hon. A. K. Maclean (for the Minister of Marine and Fisheries) the House went into committee on the following resolution, Mr. Boivin in the Chair:

That it is expedient to amend Section 477 of the Canada Shipping Act, chapter 113 of the Revised Statutes, 1906, by adding a provision that ships registered in Canada, employed in voyages between any port or ports in the province of British Columbia and the Port of San Francisco, or any port of the United States of America on the Pacific, north of San Francisco, shall be exempted from the payment of pilotage dues.

Mr. A. K. MACLEAN: I desire to amend the resolution by inserting after the word "San Francisco" in the second last line, the following words, "and between any port in the province of British Columbia and any port in Alaska." The purpose of this amendment is to extend the privilege to vessels sailing between British Columbia and Alaska.

Mr. ROBB: Will the minister explain the purpose of the resolution?

Mr. A. K. MACLEAN: Its purpose is to extend to the province of British Columbia a privilege which has for many years been accorded to the eastern provinces, namely, to exempt Canadian shipping from pilotage within its own waters. Legislation of this nature in the first place was applicable to the Maritime Provinces and afterwards extended to Quebec.

Mr. McKENZIE: I am not familiar with such a law affecting the harbour of North Sydney. I am not aware that a ship built in Nova Scotia and registered anywhere in Canada is exempt from pilotage dues, coming into the port of Halifax or any other port in that province. If there is such a law I am not at all familiar with it, but the minister mentions it as one reason for this proposed legislation. In the county of Cape Breton for many years there was a large fleet of steamers owned by the Dominion Coal Company, carrying coal from Sydney to Montreal. It was regarded as a hardship that every time they entered the harbour they should pay pilotage dues, and a regulation was passed whereby the Dominion Coal Company paid a lump sum annually and carried what was known as the "white flag", by which pilots would know they were not to go out to the ship. That is the only regulation I ever heard of in connection with shipping in Nova Scotia in which any exemption was made. This seems to be largely a question affecting the pilotage authorities in British Columbia, but I think it would be desirable to know whether the pilots in that province have agreed to this legislation, which no doubt, affects them materially. They are, no doubt, paid by dues.

Mr. A. K. MACLEAN: No, they are paid by salary.

Mr. McKENZIE: Still, it would be well to know if they are consenting to this.

Mr. A. K. MACLEAN: The amendments proposed by the resolution originated from the report of a commission which was appointed some years ago to investigate certain matters of this nature in regard to which they made certain recommendations. In reference to the first point spoken of by my hon. friend, the Pilotage Act was passed in 1873 by which ships propelled wholly or in part by steam were exempt from payment of pilotage dues, if trading or employed on voyages beginning in any port in Nova Scotia or New Brunswick and ending at the port of New York. Vessels engaged in that trade are exempt to-day. Later, vessels engaged in trading between Canadian ports and Newfoundland were exempted. Then, at another date, vessels trading between Quebec and any American port as far south as New York were exempted. The purpose of the present measure is to give to British Columbia the right to exempt from pilotage dues any Canadian registered vessels engaged in trade between that province and points on the American Pacific coast as far as San Francisco. I am not aware of any opposition to the Bill from the pilots.

Mr. CURRIE: Are the motor boats that ply for trade subject to pilotage dues in British Columbia? I ask this question because I believe hon. members have been bombarded with letters from motor boat owners on the Pacific Coast complaining of a regulation that is being enforced there. The letters are couched in very strong language and make certain charges against the inspectors of the department, and I wondered whether the pilotage dues formed the basis of their complaint. Why are those men being put out of business

Mr. A. K. MACLEAN: I really cannot answer that question, but this Bill has no relation to the matter mentioned by the hon. gentleman. The gasolene boats are not subject to pilotage dues. I understand that the agitation in connection with the particular matter to which my hon. friend refers has relation to a regulation to insure safety in the operation of gasolene boats. Some one in British Columbia is a very strong and persistent correspondent on this subject, and every one in the House, so far as I know, has received a letter, although I do not recollect having received one myself.

Mr. F. J. PELLETIER: The minister says that he is not aware of any opposition from the pilots in regard to this legislation. During last session I called upon the Minister of Marine and Fisheries (Mr. Ballantyne), accompanied by two of my friends, the hon. member for Bellechasse (Mr. Fournier) and the hon. member for L'Islet (Mr. Fafard), together with representatives of the Quebec and Montreal pilots.

Mr. A. K. MACLEAN: I was not talking of all the pilots in the world. I was speaking of the pilots in British Columbia.

Mr. PELLETIER: It was understood at the time, between the Minister of Marine and Fisheries and ourselves, that nothing

would be done in the matter at this session, but that the question would be taken up at the session of 1920. I fail to see why it should be taken up now. Why the rush? The navigation season is about over now.

Mr. A. K. MACLEAN: Not in British Columbia. This merely refers to ships plying in Pacific coast waters as far south as San Francisco and as far north as Alaska. It has nothing to do with the Quebec pilotage district.

Mr. PELLETIER: The understanding with the Minister of Marine was that the pilots from all over the Dominion were to send delegates or representatives to meet the minister and take up this question of pilotage, after which the minister would draw up a Bill to amend the Shipping Act. It seems to me it would be just as well to postpone this proposal and let the word of the Minister of Marine be respected. That was a fair understanding. He told me himself, sitting in his seat, that he would not do anything at this session, that it would only be done at the coming session. If he intends to hear representatives of the pilots from all over the Dominion, the Bill should not be taken up until he has heard them.

Mr. J. A. CURRIE: Referring to the British Columbia matter, while it is not exactly pertinent to the Bill, I may say that the charges contained in those letters were of a very serious character, reflecting on the officers of the Department of Marine to such an extent that anybody reading them must say that they were libellous. I think the Government should have an investigation to try and clear the department and see if there is anything wrong in the case of the inspectors, who are charged with having taken money for the purpose of putting some of these men out of business. I think the Government would be well advised to send some eastern man out there to straighten this matter out, because it is a great scandal on the coast and all over Canada.

Mr. A. K. MACLEAN: I shall direct the attention of the officers of the department to the remarks of the hon. gentleman.

Mr. McKENZIE: We might perhaps show a little more care and scientific thought if we said "within Canadian waters," or "Canadian ports." This might cause some criticism or ridicule on the part of the authorities in San Francisco and other American ports who might allege that this would be saying that a ship would not pay any pilotage anywhere on these voyages. We have no business to say that she shall not pay pilotage when going into the harbour of San Francisco.

Mr. A. K. MACLEAN: That is not the intention.

Mr. McKENZIE: Would it not be well to say "while in Canadian waters?"

Mr. FIELDING: Does the exemption apply only to foreign trade or does it apply, for example, to a vessel going from Vancouver to Prince Rupert? What would be the effect?

Mr. A. K. MACLEAN: It would not apply.

Mr. FIELDING: Read it through carefully and see. I do not suppose that it is intended but the expression is: "between any port or ports in the province of British Columbia." Prince Rupert and Vancouver are both ports within the province of British Columbia. I think the intention is to apply it to foreign trade only but it is capable of another meaning.

Mr. A. K. MACLEAN: Do you mean that the words "or ports" should be struck out?

Mr. FIELDING: I am not suggesting what should be done; I am merely drawing attention to it.

Mr. McMASTER: As the resolution is drafted it would appear to me that the exemption from payment of the pilotage dues only applies to ships registered in Canada and on a voyage between any port or ports in the province of British Columbia and the port of San Francisco.

Mr. FIELDING: To foreign trade.

Mr. McMASTER: A ship may start at Prince Rupert, call at Vancouver and go on to San Francisco. That ship would not pay any pilotage dues. But I do not think it is quite clear that if the voyage ended at Vancouver the boat which started at Prince Rupert and came to Vancouver and stayed there would not be exempt from pilotage.

Mr. A. K. MACLEAN: We do not intend to cover cases of that kind.

Resolution reported.

Hon. A. K. Maclean moved for leave to introduce Bill No 42 to amend the Canada Shipping Act (Pilotage).

Motion agreed to and Bill read the first time.

CIVIL SERVICE ACT, 1918—POSTMASTERS AND ASSISTANT POSTMASTERS.

House again in committee on Bill No. 31 to amend the Civil Service Act, 1918, with respect to the salaries of certain postmasters and assistant postmasters.—Hon. A. K. Maclean.

On section 1—revenue from war stamps not to be included in postage collections when determining salaries of city and assistant city postmasters:

Mr. McKENZIE: I think I should call the attention of the minister to the fact that the hon. member for New Westminster (Mr. McQuarrie) is not here and that the Bill was held over the other night because the minister was not here. The minister is here now but I do not see the hon. member for New Westminster and I thought it would be well to try to have a combination of the two in the House at the same time before we passed this Bill.

Mr. A. K. MACLEAN: I can assure my hon. friend that I am not guilty of the absence of the hon. member for New Westminster.

Mr. McKENZIE: Neither was the member for New Westminster guilty of the absence of the minister the other night.

Mr. A. K MACLEAN: The hon. member for New Westminster informed me that he did not intend to take any further part in the discussion of this Bill, that he was not going to oppose it. In any event I do not think his opposition was well founded.

Bill reported, read the third time and passed.

THE OPIUM DRUG ACT.

Consideration of an amendment made by the Senate to Bill No. 34, to amend the Opium and Drug Act.—Hon. Mr. Rowell.

Mr. DOHERTY: This Bill has been reported with an amendment made by the Senate, which amendment consists simply in adding to it the provision that the Act shall come into force on a day to be fixed by proclamation of the Governor in Council. It does not appear to me that there can be any objection to accepting that amendment, and I beg therefore to move:

That the House do concur in the amendment made by the Senate.

Motion agreed to, and amendment concurred in.

PATENTS OF INVENTION BILL.

Consideration of amendments made by the Senate to Bill No. 25, respecting patents of invention.—Sir George Foster.

Mr. DOHERTY: This Bill has been reported by the Senate with two amendments. The first is an amendment to section 3. That section was by its terms made applicable to certain orders made by the minister under the authority of the "last preceding section." It certainly was an error to have inserted the "last preceding section," because there are two preceding sections, both of which provide for orders to be made by the minister which are on the same footing and should be subject to the provisions of section 3.

The Senate has amended it by striking out the adjective "last" and substituting "sections" for "section." The second amendment consists in striking out a word in line 23 and adding a word in line 24 in order to make abundantly clear what I think the section previously was intended to convey—and I think did convey—that the provisions of the section apply as well to orders made by the minister heretofore as to those that may be made hereafter. Both amendments carry out what was really the intention of the Bill when it was passed, and I beg to move that they be concurred in.

Motion agreed to and amendments concurred in.

NAVIGABLE WATERS PROTECTION ACT AMENDMENT.

Consideration of a message received from the Senate insisting upon their amendment to Bill No. 11, to amend the Navigable Waters Protection Act.

Hon. A. L. SIFTON (Minister of Public Works): This Bill was for the purpose of making an amendment to the Navigable Waters Protection Act of Canada. The Senate amendment lessens the effect of the measure by making it apply only to part of Canada. I regret the fact, but I feel unable to concur in the amendment.

TREATY BETWEEN FRANCE AND CANADA.

On motion of Hon. C. J. Doherty (Minister of Justice), the House went into committee on the following proposed resolution:

Whereas the French Government has denounced the Convention respecting Commercial Relations between Canada and France dated the nineteenth day of September, 1907, and the Supplementary Convention respecting Commercial Relations between Canada and France dated

the twenty-third day of January, 1909, the notice of such denunciation running from the tenth day of September, 1918; and whereas the French Government proposes that the said Convention and Supplementary Convention should, notwithstanding such denunciation, continue in force subject to termination upon three months' notice on either side.

Be it therefore resolved that it is expedient to bring in a measure to provide that the Convention respecting Commercial Relations between Canada and France dated the nineteenth day of September, 1907, and the Supplementary Convention respecting Commercial Relations between Canada and France dated the twenty-third day of January, 1909, shall as from the tenth day of September, 1919, be deemed to have continued in force, and shall continue to be binding, until the expiry of three months from the day on which either of the two parties shall have denounced them, and the provisions of The French Convention Act, 1908, chapter twenty-eight of the statutes of 1908, shall apply, extend and relate to the said Conventions as continued in force by the Act to be based upon this resolution.

Mr. DOHERTY: The Bill is really in the hands of the acting Prime Minister, but I am making the motion now so as to permit of the measure being introduced. Any discussion which may be desired can take place when the Bill itself is under consideration, because I am not, perhaps, sufficiently familiar with the subject to be able to explain it. In any event it would be desirable that the acting Prime Minister should have the opportunity of dealing with the matter. The passage of the resolution now will make it possible to proceed with the Bill to-morrow, if that will be convenient. If there is any objection I will not press the motion.

Mr. FIELDING: I do not imagine there will be any objection. The resolution which amounts to this: the French Government, I believe, gave notice to Canada of their intention to denounce the Treaty, but they asked that the Treaty be allowed to stand so that it shall continue in effect subject to the general provision that it may be terminated later on after due notice. The object of the resolution is practically to continue the Convention with France and, as I say, I do not imagine there will be any objection to it.

Resolution reported.

Hon. Mr. DOHERTY thereupon moved for leave to introduce Bill No. 43, respecting a certain Convention between His Majesty and the President of the French Republic, dated the nineteenth day of September, 1907, and the Convention supplementary thereto, and the French Convention Act, 1908.

[Mr. Doherty.]

Motion agreed to and Bill read the first time.

PUBLIC PRINTING AND STATIONERY ACT AMENDMENT.

Hon. HUGH GUTHRIE (Solicitor General) moved the second reading of Bill No. 36, to amend the Public Printing and Stationery Act. He said: This Bill has been prepared by the Board of Civil Service Commissioners and is introduced at the instance of that board for the purpose of carrying into effect certain recommendations made by the committee which has examined into the working of the Printing Bureau and the Stationery Department of the Government. As the House is aware, a special committee was appointed some time ago to investigate that branch, and that committee has made an elaborate report containing some radical recommendations, one to reduce the staff by some 402 employees, which recommendation will be dealt with in an estimate to be submitted to the House, I believe, to-morrow. The other recommendation is in regard to the purchasing power now invested in the Printing Bureau and in the Stationery Branch. Under the present Act, which is chapter 80 of the Revised Statutes of Canada, by section 19 there is authorized the appointment of a superintendent of printing, who is empowered:

—with the approval of the minister to purchase such material required for printing, electrotyping, stereotyping, lithographing and binding and other work of a like nature, except paper.

Then by section 22 the appointment is authorized of a superintendent of stationery who:

—shall, under the direction of the minister, have charge of the purchase and supply of all printing and other paper and of all other articles of stationery required for the use of members and employees of the two Houses of Parliament and of the several departments of the Governmen of Canada.

It seems that a system has grown up whereby another official in that department has been in the habit of making extensive purchases both of print paper and of other stationery. He holds the position of superintendent of outside printing. That position was never authorized by the Act, but it has been in existence for a number of years. Therefore there are really three purchasing branches in that department, and three officials with power to purchase; the superintendent of printing, the superintendent of stationery and the superintendent of outside printing. Under the recommenda-

tion of the reclassification committee it is proposed to appoint one officer who shall be known as superintendent of supplies.

Mr. FIELDING: A new appointment?

Mr. GUTHRIE: The position will be new and all purchasing power in that department will be vested in the Superintendent of Supplies. I am instructed by the Civil Service Commissioners that that does not involve any new appointment; it is merely a re-arrangement of the present offices and the duties pertaining thereto. The purchasing power now vested in the Superintendent of Printing, the Superintendent of Stationery and the Superintendent of Outside Printing will, when this Bill passes, be vested only in a Superintendent of Supplies.

Mr. FIELDING: What will become of the other two officials?

Mr. GUTHRIE: They have their duties as described in this Bill and in the Act. They will be custodians of the supplies and will have the disposal of them, but the purchasing power is taken away from them.

The other clauses in the Bill are merely by way of amendment to the present Act in order that the provisions of this new Act may be made properly applicable. In the printing of the Bill two subsections were omitted which should be inserted. The Bill provides that section 24 shall be repealed. Section 24 should be re-enacted to provide for the introduction of the name of the new official that I have mentioned. In the committee stage I shall move to add two new subsections to 31A.

Motion (Mr. Guthrie) agreed to, and Bill read the second time, and the House went into committee on the Bill, Mr Boivin in the Chair.

On section 3—Superintendent of Supplies to have charge of custody and supply of stationery.

Mr. McKENZIE: What becomes of this Outside purchasing agent? Does he take this new position, or does he go out of office?

Mr. GUTHRIE: He continues in his position as Superintendent of Outside Printing, but he is deprived of any power of purchase.

Mr. McKENZIE: What is the meaning of "Superintendent of Outside Printing"? I understand it to have reference to the supervision of Government printing done outside the Bureau—in Winnipeg, for instance, or Halifax. Is that his work?

Mr. GUTHRIE: Yes, that is the work he does now and will continue to do. But as I have said, he has been in the habit of making purchases. Under this Bill the purchasing power will be placed in the hands of a single official; the Superintendent of Stationery will lose any power to purchase which the former Act gave him, as will the Superintendent of Printing.

Section agreed to.

On section 4—section relating to requisitions repealed.

Mr. GUTHRIE Section 24 of the present Act reads: "All purchases made by the Superintendent of Stationery." As the power to purchase has been taken away from the Superintendent of Stationery, section 24 should be re-enacted as section 30a, subsection 2, and in its new form will read: "All purchases made by the Superintendent of Supplies."

Mr. ROBB: At the last session we voted the money that the Government considered necessary to carry on the business of the Printing Bureau. This session we are to be asked to vote $276,000. In view of the proposed changes, the minister should make a full explanation of what is involved in this proposed expenditure.

Mr. GUTHRIE: The item that appears in the Estimates is for the reorganization of the Printing Bureau to carry out the recommendations of a special committee which made an investigation into the conditions prevailing in that department. The committee has reported that the services of 402 persons employed in the Bureau may be dispensed with and an annual saving of approximately half a million dollars thus effected. The question arises what to do with the 402 employees. The scheme which the committee has reported involves an expenditure of $276,000, the amount which appears in the Estimates. The proposal is to superannuate these men for a period of five years. The employees are divided into several classes. Those who are under 45 years of age and who have worked in the Bureau for three years are entitled —I am speaking from memory—to a month's notice and a month's pay. Those between the ages of 45 and 55 are more liberally dealt with; and those between the ages of 55 and 65 more liberally still. Those over 65 who have been in the Bureau over ten years are entitled to a pension, equal, I believe, to half their wage or salary. To release these 402 employees involves the expend-

iture of the amount mentioned in the Estimates. Basing the figures on an actuarial table, the committee estimates that at the end of five years the total amount which the country will have had to pay is $276,000, the amount to be spent in the coming year being about $80,000. The saving effected will be half a million a year, and more when these payments cease. But this is a matter which can better be discussed when this item in the Estimates is taken up.

Mr. FIELDING: The scheme is not before us and we cannot really discuss it now, but when we reach it I am afraid the chief objection will be that we are going to create a superannuation system for one branch of the Government service while neglecting all the other branches. With regard to the puchase of supplies, may I inquire whether it is contemplated that the Superintendent of Supplies shall buy printing machinery?

Mr. GUTHRIE: I should think it would include presses, electrotyping machinery, and the like. Section 24, which is to be re-enacted, sets forth in what way the purchases are to be made.

Mr. McMASTER: The section says: "All materials and supplies required for printing, binding" and so on. I would say that that does not include machinery.

Mr. GUTHRIE: Presses and type would be required for printing.

Mr. McMASTER: Yes, but they are not supplies or materials required for printing. When you are dealing with an industrial exploitation you have the matter of machinery, supplies and materials to consider; each would be in a separate category.

Mr. FIELDING: Why not insert the word "machinery" if that is the intention?

Mr. GUTHRIE: I really cannot say definitely whether the idea of the Commissioners was that this agent should have the power to buy machinery. I am advised by one of my colleagues that that was not their idea; I thought it was. However, I would rather not change the language of the Bill; it is just as it was drawn by the Commission.

Section agreed to.

On section 5—Superintendent of Supplies to purchase stationery, etc. and be responsible for outside work.

Mr. GUTHRIE: I move that the word "one" in line twenty-one be struck out, so that the sentence will read, "after section thirty thereof", and that "30A" be substituted for "31A" in line 22.

Amendment agreed to.

Mr. GUTHRIE: I move to add two subsections, 2 and 3, to 30A. Subsection 2 is a re-enactment of section 24 of the Act embodying the appropriate changes of language. It will read:

(2) All purchases made by the Superintendent of Supplies shall be so made upon requisition approved by the minister or as he directs, and, in the case of printing paper for parliamentary printing, the Canada Gazette, and departmental reports, in accordance with contracts entered into with the like approval after tenders have been called for.

Subsection 3 will be:

(3) All such purchases made on the authority of requisitions duly approved by the minister or as he directs shall be paid after audit by the accountant.

There has heretofore been no provision for the auditing of the Printing Branch. While the Auditor General audited the Stationery Branch, he did not audit the Printing Branch, holding that he had no authority to do so. Subsection (3) is to provide that the Auditor General shall audit both the Printing Branch and the Stationery Branch.

Mr. FIELDING: The section my hon. friend has read makes it clear that tenders must be called for in the matter of printing paper but in nothing else.

Mr. GUTHRIE: Yes, that is it.

Mr. FIELDING: Is it wise to have reform in the matter of printing paper, but go on in the old way with everything else?

Mr. GUTHRIE: Printing paper is the largest item. Other articles are purchased in very much smaller quantities and do not involve anything like the amount involved in the purchase of printing paper. There is also a general law in regard to purchases.

Mr. FIELDING: Then we do not need this.

Mr. GUTHRIE: I am informed it is only a departmental law.

Mr. FIELDING: My hon. friend is right in saying printing paper is a large item, but pretty nearly all items are large these days. Ink, for instance, is a large item. Suppose we take my hon. friend's assumption is right, and that this covers machinery. The purchase of a new printing press might run into a very large sum of

money, higher than the cost of printing paper. The purchase of type and type material and a lot of other things well known to those who are familiar with the newspaper business also involves a considerable expenditure. Printing paper is a large item, but there are several others, and I can see no reason for the system of tender and contract for printing paper and not for anything else.

Mr. McKENZIE: Why not extend the system of tender and contract to all supplies of the departments? Would that be embarrassing?

Mr. GUTHRIE: I think there should be some limitation. You would not ask for tenders, for instance, in a small purchase of lead pencils or mucilage.

Mr. FIELDING: I would suggest that the minister advance the Bill as far as possible but leave it in committee, so that he may discuss the matter with his experts. Certainly I think there ought to be some limitation to buying other things than printing paper without tender and contract.

Mr. A. K. MACLEAN: There is a regulation now in force, which affects all departments, requiring the minister's sanction where the purchase is in excess of $500. That may have been by Order in Council. Then in the case of public works in excess of $5,000 tenders, must be asked for. I do not know whether it refers to materials or not.

Mr. FIELDING: If there is a general rule covering everything there is no need for this provision, and if we are going to deal with printing paper we should deal with other items at the same time.

Mr. McKENZIE: The minister will understand that as far as we on this side of the House are concerned our opinion is that the general rule should be tender and contract. Of course, we do not want tenders called for in case of a small purchase of lead pencils or anything of that sort.

Section stands.

Progress reported.

IMMIGRATION ACT AMENDMENT.

On motion of Hon. J. A. Calder (Minister of Immigration and Colonization) Bill No. 38, to amend the Immigration Act was read the second time and the House went into Committee thereon, Mr. Boivin in the Chair.

On section 1—free transportation of Immigration officers:

Mr. FIELDING: Has there been an explanation of this Bill? It might be called a deadhead Bill.

Mr. CALDER: No, it is a live one. The explanation is this: Our immigration offcers board the trains crossing the border in order to see that the provisions of the Immigration Act are carried out. Under the law, if we chose we could stop every train at the border until that work was done, but by agreement with the railway companies our officers board the trains and travel for a certain distance in order to avoid delaying the train. When our Immigration Act was amended last session, the section providing for the transportation of these officers was cut out, or it was cut out of the Railway Act. The result is that we must pay for the transportation of our officers when they travel on these trains, and that will mean a very great expense. If we do not provide for free transportation, the only thing left for us to do will be to stop the trains at the border.

Mr. FIELDING: Is the term "transportation" defined by the Railway Act or some other act?

Mr. CALDER: It is defined in the Immigration Act.

Mr. FIELDING: It refers to railway transportation only?

Mr. CALDER: I think it covers steamboats.

Mr. FIELDING: There might be some reason for this legislation in the case of trains crossing the boundary, but there is no limit to this. All immigration officers can deadhead all over Canada under this provision.

Mr. CALDER: That is not the intention.

Mr. FIELDING: The intention of all statutes is gathered from the documents themselves, as my hon. friend's legal advisers will tell him. The course covered by this measure does not seem to me a very dignified proceeding. I think it is one of those things that might better be done by arrangement in a friendly way than by legal enactment, if the Minister says it is very important. We have gone a long way when we make the railway companies deadhead members of Parliament, and to make them deadhead a lot of our officials strikes me as not a very dignified proceeding.

Mr. CALDER: The Act passed last session precludes any friendly arrangement.

Mr. FIELDING: Another case of defeating our own laws.

Mr. CALDER: In the Railway Act last session provision was made for free transportation to certain persons, and the section did not include immigration officers. This is intended to apply only to immigration officers who are working along the border and have to travel back and forth.

Mr. FIELDING: Could you not define that in the Bill? The clause is very ugly as it is.

Mr. CALDER: It reads, "in connection with their official duties."

Mr. McMASTER: Though I suppose we could not ask a company to carry a Canadian citizen over an American railway line, still, as far as Highwater on the Boston and Maine, I imagine he could be carried free of charge. I agree with the hon. member, (Mr. Fielding), that it does not look well for us to state that, as a matter of law, transportation companies shall have the right to carry Canadian officials free of charge.

Mr. CALDER: We might stipulate "in connection with their official duties along the international boundary line."

Mr. FIELDING: Some such provision would do.

Mr. A. K. MACLEAN: What about entering ports?

Mr. CALDER: The only places where this is necessary are along our rivers where ferries run internationally and trains cross the border.

Mr. McMASTER: A man might get on at Highwater on the Boston and Maine and stay on perhaps until he reached Cowansville twenty or thirty miles further up the line, and your amendment would have to be sufficiently wide to cover the transportation.

Mr. CALDER. In the case of ships on the St. Lawrence, our officers very often go down stream a considerable distance. They used to get on at Rimouski and go to Quebec. On the Pacific coast, some of our officers go to Victoria and then cross to Vancouver. It seems to me that the matter would be a little difficult to cover. It is not the intention to apply this to inland travelling. So far as the other departments are concerned it has been eliminated. I do not think the railway companies should be required to transport Government officials on Government business free of charge, and I can assure the hon. gentleman that that is not the intention in this case.

Mr. FIELDING: I accept the ministers's statement in regard to the intention, but a stranger reading our Act would consider this a strange provision.

Mr. McKENZIE: In travelling on the Grand Trunk would a Government official, say a Customs officer, have to pay his way between Montreal and Windsor, for instance, after the railway becomes our own?

Mr. CALDER: Yes.

Mr. McKENZIE: On our own railway? That is strange.

Mr. FIELDING: Is there anything to show that this applies to local border traffic?

Mr. CALDER: I am not sure of that.

Mr. CURRIE: Do American officials who travel on our road on the border pay their fares?

Mr. CALDER: They all have transportation, which is a great convenience to the railway companies. The American officers have the right to stop a train crossing the border, but instead of doing that an arrangement is made with the railway companies on both sides whereby the officers travel on the trains and do their business.

Mr. CURRIE: Do our officers travel on American trains?

Mr. CALDER: Yes.

Mr. A. K. MACLEAN: It is in the interests of the transportation companies that everything should be done to facilitate the work of the customs and immigration officers, and on that principle this provision is necessary.

Mr. FIELDING: I quite agree with that, but I had hoped that a friendly arrangement could be arrived at. The minister, however, says that owing to the strictness of the Railway Act of last year we practically prohibit such an arrangement. If that is the case I think he has to amend the present law.

Mr. CALDER: Perhaps this provision might be made: "Transportation companies shall furnish immigration officers such free transportation as may be required in connection with the examination by them of persons entering Canada."

Mr. McKENZIE: I think it is better as it is.

Mr. KAY: This would apply to American officers coming to Canada on their official business?

Mr. CALDER: Yes.

Mr. McMASTER: If in another Act there is a definite prohibition to the granting of free transportation to all persons except certain classes mentioned, should not you say in this Act: "Notwithstanding anything contained in"—such and such an Act?

Mr. CALDER: This is the more recent legislation and overrides the other.

Mr. McMASTER: On that principle it is not necessary. But is it not expedient, in order to show that it is not a mere contradiction, but that in drafting this provision the legislature had clearly in mind a certain enactment in spite of what had been previously enacted?

Mr. CALDER: If the committee desires it, that addition might be made.

Mr. McMASTER: On that point I would put myself in the hands of the Minister of Justice.

Mr. DOHERTY: The effect would be absolutely the same. By putting in "Notwithstanding" you would get the advantage of directing public attention to the fact that this Parliament knew what it was doing and wanted to tell every one that it knew what it was doing. But if you left it just as it is the legal effect would be absolutely the same, and perhaps the public would assume that we knew what we were doing when we did it, and were in effect repealing or modifying the provisions of a preceding law. I think there is more occasion for the "notwithstanding" when you are making some special provision that runs counter to some other provisions of the same Act with which you are concerned. But every provision of law that modifies pre-existing legislation takes effect, "notwithstanding."

Bill reported and read the third time and passed.

GRAND TRUNK RAILWAY COMPANY.

On the Order being called:

House in Committee of the Whole to consider the following proposed resolution:

Resolved, that the resolution in respect to the acquisition by His Majesty of the Grand Trunk Railway Company of Canada be amended by adding thereto the following proposed resolution:—

"12. That the Government may make, out of any unappropriated moneys in the Consolidated Revenue Fund, any expenditure necessary in the preparation for, and conduct of, the arbitration proceeding herein provided for."—The Minister of Railways and Canals.

Hon. C. J. DOHERTY: I move, Mr. Speaker, that Order No. 10 be discharged.

Motion agreed to.

GRAND TRUNK RAILWAY SYSTEM.

BILL PROVIDING FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

Mr. DEPUTY SPEAKER: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill No. 33, an Act respecting the acquisition by His Majesty of the Grand Trunk Railway system, with amendments. It is not customary to read the amendments, but to meet the wishes of certain hon. members and with the unanimous consent of the House, I shall do so. The amendments are as follows:

1. In clause 6, page 3, line 19.—After "Canada" insert the following:—

"The value, if any, so determined shall not be greater than an amount on which the annual dividend at four per cent per annum on the aggregate face value of the present guaranteed stock and the new guaranteed stock taken together would exceed $5,000,000. The fixing of this limit shall not be taken by the arbitrators as any admission or indication that the value to be determined is the amount so fixed, or any other amount."

2. In clause 10, page 4, line 46.—For "stocks" substitute "stock."

3. Page 5. After clause 11.—Insert the following as clause 12:—

"12. For the purpose of the valuation provided in this Act, the obligations of the Grand Trunk as guarantors of any indebtedness of the Grand Trunk Pacific Railway Company or of the Grand Trunk Pacific Branch Lines Company or otherwise and the claims of the Government of the Dominion of Canada against either of the above mentioned companies or against any company forming part of the Grand Trunk Railway System shall not be treated as extinguished or affected by anything contained in this Act."

HOUSE OF COMMONS ACT AMENDMENT.

House again in committee on Bill No. 9 to amend the House of Commons Act, and to provide that polling days at elections shall be public holidays—Mr. Jacobs—Mr. Boivin in the Chair.

The CHAIRMAN: This Bill has already been considered in committee as amended by the Select Standing Committee on Privileges and Elections and as further amended by the committee of the whole House.

On section 1, paragraph 11a,—on vacancy occurring writ to issue within six months:

Mr. FIELDING: Could this Bill not be reprinted in its amended form?

The CHAIRMAN: The entire Bill as amended may be found in Hansard, page 1433, unrevised edition.

Mr. DOHERTY: If my memory serves me, the Bill had been dealt with in its entirety by the committee but was held for consideration of the suggestion that paragraph 11a as amended by the Privileges and Elections Committee should be amended by striking out the words which limit the application of the clause to vacancies occurring by reason of the death of any member, or by reason of his accepting any office. Then the clause will be applicable in the case of a vacancy however occurring. We have considered that suggestion, but as the Bill is not a Government measure I do not desire myself to move the amendment. This is the Bill presented by the hon. member for George Etienne Cartier (Mr. Jacobs), who is presently represented, I understand, by the hon. member for Brome (Mr. McMaster). As far as the Government is concerned it is quite prepared to abide by the decision of the committee as to whether that amendment should or should not be made.

Mr. McMASTER: In the absence of the hon. member for George Etienne Cartier (Mr. Jacobs) I would ask the committee to consent to this amendment mentioned by the Minister of Justice. It would appear to me to be wise that this provision, ordering a by-election to take place within a certain time, should operate no matter how the vacancy occurred. I would therefore move that the words " by reason of the death of any member or by reason of his accepting any office " should be stricken out.

Mr. J. A. CURRIE: Excepting any office under the Crown.

Mr. McMASTER: It says " any office." The clause would then read:

In the event of a vacancy occurring a writ shall be issued within six months after the receipt by the Clerk of the Crown in Chancery of the warrant for the issue of a new writ for the election of a member of the House of Commons.

No matter how the vacancy occurred the writ for the new election must be issued within six months after the vacancy occurs.

Mr. FIELDING: Is that quite clear?

[Mr. Boivin.]

Mr. McMASTER: I think so. It may be possibly necessary or advisable to put in after the words " in the event of a vacancy occurring " the words " in the membership of the House ". I would think that as we are amending the House of Commons Act, when we say " in the event of a vacancy occurring " it would be taken to mean that it was a vacancy in the membership of the House.

Mr. FIELDING: Six months after what?

Mr. McMASTER: Six months after the receipt by the Clerk of the Crown in Chancery of the warrant for the issue of a new writ.

Mr. FIELDING: It does not say six months after the vacancy occurs but it says six months after——?

Mr. McMASTER: After the receipt by the Clerk of the Crown in Chancery—

Mr. FIELDING: Of what?

Mr. McMASTER: Of the warrant for the issue of a new writ. Just as soon as the member dies, or resigns, the Clerk of the Crown in Chancery issues his writ. But his writ is not acted upon until the Order in Council for the new election is passed by the Cabinet. As I understand it, the purport of the law as amended is that within six months after the issue of the warrant ordering a new election the issue of the writ shall take place.

Mr. FIELDING: It says nothing whatever about the issuing of the warrant; it says within six months of the time that the Clerk of the Crown in Chancery receives something. What does he receive?

Mr. DOHERTY: He gets the Speaker's warrant. I have sent for the Elections Act. This clause is to be inserted in the Elections Act, and I think if we had the Act here and read this as following immediately after what precedes it in the Election Act, it would become perfectly clear that the vacancy referred to is a vacancy in the membership of the House of Commons. We would also find there a provision as to the Speaker's issuing his warrant to the Clerk of the Crown in Chancery.

Mr. FIELDING: If the amendment is worded properly and the six months dates from that, I can understand it.

Mr. DOHERTY: I think it will be so found, but I have sent for the Act to be certain. The last time I had it, it seemed to read clearly.

Mr. FIELDING: I am content if the Minister says it is all right.

Mr. DOHERTY: I do not want to be too positive but to me it seemed to be clear.

Mr. FIELDING: If it is clear that the Speaker's warrant is referred to, that is all right.

Mr. CURRIE: I would suggest that as the whole Elections Act is to be revised within two or three months there is no use in cutting chunks out of it now and wasting the time of the House. As soon as the war is over the Wartime Elections Act expires and it is possible that within a few months the whole Elections Act will have to be overhauled and amended.

Mr. DOHERTY: I might point out to the hon. gentleman that we are not now dealing with the Elections Act or any amendments to it. What we are considering is an amendment to the House of Commons Act.

THE CHAIRMAN: Clause 2 of the Bill has been struck out entirely.

Mr. McMASTER: I think paragraph 11 (b) has yet to be dealt with.

The CHAIRMAN: That was adopted when the Bill was before the Committee on a previous occasion.

Mr. DOHERTY: We adopted it the other evening. The Bill merely stood in Committee so that the point in doubt might be cleared up. I might perhaps say that if it should be found that the language is not perfectly clear, although my impression is that it is, I will see that such wording is made in the Bill in the Senate as will remove all doubt. But I will be surprised if my opinion is not correct on that subject.

Mr. FIELDING: Perhaps the Senate may have a little hesitation in undertaking to amend the House of Commons Act, although the Upper House does remarkable things now.

Bill as amended reported.

Mr. DEPUTY SPEAKER: When shall the said Bill be read a third time?

Mr. CURRIE: If there is a possibility of changes in the Bill being made by the Law Officers of the House, I would suggest that the third reading go over to another day. It would certainly be irregular to make any changes in the Bill after it has been read a third time.

Mr. DEPUTY SPEAKER: I had understood that if changes were to be made they would be made in the Senate, but if the hon. member insists the motion for the third reading must stand.

Mr. CURRIE: I think that will be preferable.

Mr. McMASTER: May I address you on that point, Mr. Speaker. With all due modesty and deference I suggest that the hon. member for North Simcoe (Mr. Currie) is wrong if he maintains that the third reading cannot be had at the same sitting of the House at which a Bill has been discussed in Committee. It is true that such procedure is not usual, and it is discouraged by writers on constitutional and parliamentary law, but it is not, as a matter of fact, illegal or unconstitutional.

Mr. CURRIE: I have no desire to discuss the point at all, but what I am arguing is that we shall adhere to what has always been the custom of the House. The point I raise is this: If we permit the Law Officers of the House, or any other person, to make an amendment to a Bill after it has been read the third time, we are going to open the door to very many abuses. That is the only reason I have for holding the Bill up. That is a bad practice to start here, and I do not think the Government should permit it.

Mr. DOHERTY: I must correct the hon. gentleman on one point. I did not suggest that the Law Officers or anybody connected with this House should make any alterations in the Bill after the motion for the third reading had been adopted. What I did suggest was this: That if it should be found that the wording of the Bill is not perfectly clear, then in the Senate that wording should be placed beyond all doubt. That would not involve a change by the officers of the House. Furthermore, if the Senate did amend the Bill that amendment would have to come back here and we would then have an opportunity to consider it. The hon. gentleman, as I understand it, is within his right if he thinks there is any good purpose to be served by preventing the expediting of business to the extent proposed; but if he rests his case simply upon his apprehension that any alteration would be made in the Bill by any officer of the House, I might assure him that it is not contemplated at all and certainly will not be done.

Mr. CURRIE: With your permission, Mr. Speaker, I would point out that the

proper procedure in respect of all House of Commons Bills is that they should be amended in this House. Before they are finally passed they are supposed to be reviewed by the Law Officer of the House to see that the language is proper and that there is nothing of a wrongful character in the Bill. An officer is employed specially for that purpose and he reports on all these Bills. Of late years the practice has grown up of introducing Bills to correct some error in other Bills—I think we have had one or two of that character this session. Now, I think it is well to adhere to the procedure that has prevailed for many years past, and that is for the Law Officer of the House to pass upon all Bills between the second and third reading and if any verbal errors are discovered they should be corrected. Our legislation should go to the Senate in proper form and not have the Upper House sending Bills back here in order to have verbal amendments made to them. That is my object in the stand I am taking. I have no desire to hold up legislation, but I think my suggestion is a proper one and is in accord with the usages of this House. If the minister is satisfied that the Bill is correct I am quite willing to let it go, but the Senate is constantly making changes in our Bills on the ground that they are not worded in good English or that they contain errors. I therefore thought it right to make sure that this Bill was correctly worded and was in proper form before sending it to the Senate.

Mr. FIELDING: I believe it is a well understood rule that unless very grave urgency exists the third reading of a Bill ought not to be proceeded with at the same sitting as the committee state. I think there is no great urgency in this matter. The world will wag on even if we have to wait for the third reading of this Bill until to-morrow.

Mr. DOHERTY: Even if there is no urgency, some of us would like to wag away so soon as we conveniently might without any detriment to the public business. However, if the hon. gentleman insists upon his objection, I do not want to press the matter.

Mr. DEPUTY SPEAKER: When shall the said Bill be read a third time?

Mr. FIELDING: At the next sitting of the House. Then the Minister of Justice can have a chance to look into the point which is in doubt.

[Mr. Currie.]

On the motion of Hon. Mr. Doherty for the adjournment of the House:

Mr. McKENZIE: May I ask what business will be taken up to-morrow?

Mr. DOHERTY: All that now remains on the Order Paper are two Bills that are connected with prohibition. The Bills which were read a first time to-day will also be taken up to-morrow. They will be on the Order Paper for second reading. We have perhaps no assurance, but we would like to entertain the hope, that we will be able to dispose of all of these measures to-morrow.

Mr. McKENZIE: Then the Minister of Justice is really going on with the Temperance Bills to-morrow?

Mr. DOHERTY: Yes, I think I can say we are really going on with those Bills to-morrow as we have always really intended they should be gone on with.

Mr. FIELDING: May we expect that the Grand Trunk Bill will be reprinted with amendments so that we will have them before us to-morrow?

Mr. DOHERTY: I understand that the amendments will be printed in the Votes and Proceedings to-morrow. They will also appear in Hansard.

Motion agreed to and the House adjourned at 11.26 p.m.

Saturday, November 8, 1919.

The House met at Eleven o'clock.

SENATE AND HOUSE OF COMMONS ACT AMENDMENT.

SESSIONAL ALLOWANCE TO LEADER OF OPPOSITION.

Mr. R. WIGMORE (St. John and Albert) moved for leave to introduce Bill No. 45 to amend the Senate and House of Commons Act.

Mr. McKENZIE: Explain.

Mr. WIGMORE: Chapter 10, section 39 of the Revised Statutes of Canada 1906, reads as follows:

To the member occupying the recognized position of leader of the Opposition in the House of Commons, there shall be payable an additional sessional allowance of $7,000.

The amendment which I propose will read as follows:

Section 39 of the Senate and House of Commons Act, Revised Statutes, 1906, chapter 10, is amended by striking out the words "additional sessional" in the third line thereof and

substituting therefor the words "additional annual."

When the Act was originally passed I do not think it was the intention that the allowance to the leader of the Opposition should be a sessional allowance, considering the fact that the Prime Minister of Canada is receiving an annual allowance of $10,000 per year, together with his sessional indemnity, and members of the Government are receiving $7,000 together with their sessional indemnities. In the event of two sessions, the Prime Minister receives $15,000 a year while the recognized leader of the Opposition receives $19,000 a year. I think that would indicate that it was the intention of Parliament in passing the Act that the allowance of the leader of the Opposition should be annual the same as that of the members of the Government. That is my explanation.

Motion agreed to and Bill read the first time.

PRIVILEGE—STATEMENT BY MR. PORTER.

On the Orders of the Day:

Mr. E. GUSS PORTER (West Hastings): Mr. Speaker, before proceeding with the Orders of the Day, I desire to make a personal explanation in regard to a statement made by the hon. member for Chambly-Verchères (Mr. Archambault) a day or two ago in the House in discussing the Grand Trunk Acquisition Bill. That statement found its way into the Ottawa Evening Citizen in its issue of the 4th inst. The statement in question is reported in that paper, as follows:

> Mr. Archambault declared that in one instance the whole Canadian National railways schedule had been interfered with for political purposes. He read letters and newspaper articles dealing with the case of R. H. Thompson, of Mont Eagle Valley, Ont., who declared that because the C. N. R. train had been cancelled at Bancroft for the purpose of carrying people to E. Gus Porter's picnic at Marmora, his daughter whom he was taking to hospital at Toronto had died.

Neither the Citizen nor the hon. member for Chambly-Verchères can be accused of originality in regard to this statement as it first appeared in a notorious publication known as Jack Canuck. So long as the report remained with such a disreputable publication as that, or in the hands of the hon. member for Chambly-Verchères, I did not consider the matter was such as to call for an explanation from myself. Both the statement and the inference from it seemed to be too silly to require any contradiction. But the matter having found its way into Hansard and also into the respectable public press, I feel that in justice to myself, and to the Government managing the railway in question, I should make an explanation. It is said, as I have read, that the whole Canadian National railway schedule has been interfered with for the purpose of helping to make a success of my political picnic. I had no idea that I had acquired any such prominent position, as alleged, that I could have control of the whole Canadian National Railway system in order that I might hold it up and use it for the purposes of my picnic. However, that seems to be the allegation and the statement is just as devoid of truth as the conclusion is lacking in common sense. The facts are that on the day in question I did not have a single thing to do with the regulation or operation of the trains on this branch of railway in any manner, shape or form; nor did the committee in charge of the picnic which was held in my honour at that time. I have made inquiry and I have ascertained the fact to be that not a single train upon that railway altered its regular schedule time on that occasion. The trains ran regularly all day long and no application was made to the railway company to have them alter or change their schedule in that respect.

Hon. gentlemen may not know that on the Central Ontario branch of the Canadian National railway the station at Marmora, where this picnic was held, was about two miles distant from the village itself and that for the accommodation of the traffic at the village a branch line has been put in between the main line and the village. On the day in question the last train of the day operating to the south ran into the village and out again, as a pure matter of business and not as a result of any interference by myself or the committee, to pick up the hundreds of passengers living south of the village and to convey them to their homes.

The result was that the train was about one hour and a half late, not more than that; and to convince hon. members that it was not due to any concerted action on the part of myself or the committee, the train left Marmora just as soon as the people could get on board. The train had been advertised to leave at six o'clock, but as a matter of fact it left some twenty or twenty-five minutes before that hour, and did not even wait for the picnic to break up. As regards the death of Mr. Thompson's daughter, I regret that exceedingly, as I am sure every one will, but my regret is still greater in that any hon. gentleman in

this House should make use of an incident of that kind to, as it appears to me, try and make some political capital. The hon. gentleman concludes his reference to this matter with the following language:

> What must the people of the country think? The hon. member for West Hastings (Mr. Porter), ex-Premier Hearst, and T. W. McGarry must feel proud that the price of the success of their political picnic was practically the murder of a suffering child.

All I desire to say in answer to that is, I should be very sorry indeed if I felt obliged to measure my conduct, or my feelings by any standard that might be set up by the hon. member for Chambly-Verchères.

TREATY BETWEEN FRANCE AND CANADA.

On the motion of Sir George E. Foster, Bill No. 43, respecting a certain convention between His Majesty and the President of the French Republic, dated the 19th day of September, 1907, and the convention supplementary thereto, and the French Convention Act, 1908, was read a second time, and the House went into Committee thereon, Mr. Steele in the Chair.

Mr. ERNEST LAPOINTE: This Bill has not been distributed and I want to see a copy of it before giving my assent to the measure.

Sir GEORGE FOSTER: The Bill has been distributed in French and English. The measure really explains itself but in a word this is what it means: The Treaty heretofore existing between France and ourselves was subject to determination on a year's notice to be given by either party. The French Government gave the year's notice which would have terminated the Treaty in September, 1919. They gave that notice—in pursuance of a general policy intended to clear the decks for re-arrangements after the war was over—to all nations with whom the French had treaty agreements. There was nothing in these notifications which denoted a spirit of opposition either to existing agreements or to fresh treaties that might be contemplated—this course was adopted, as I have said, in pursuance of a general policy. Then in order not to have the Treaty lapse while matters were in a confused and unsettled condition, the French Government proposed that instead of a year's notice the Treaty should continue with a notice period of three months, and it is that substitution—having for its object the continuance of the existing agreement until conditions are such that further negotiations may take place with reference to our commercial relations—that is provided for in the Bill.

Mr. FIELDING: I think the only regrettable feature of the matter is that the three months' notice seems exceedingly short. I can quite understand however, as was mentioned in the discussion on the resolution last night, that this is merely following the general policy of the French Government; it is not aimed at Canada particularly.

Sir GEORGE FOSTER: Not at all.

Mr. FIELDING: It is to be regretted that the three months' notice is so short because, as my right hon. friend knows, you can do very little in governmental affairs in that period. However, it is the general policy of the French Government and there is no use our objecting to it.

Sir GEORGE FOSTER: A short period like three months does interfere with the carrying out of trade on any projected plan. At the same time, as regards France and Canada during the present confused period, there is not very much trade being done in either direction.

Mr. FIELDING: The present arrangement is better than having the Treaty terminated.

Sir GEORGE FOSTER: Yes, and as my hon. friend has said, it is the proposition of the French Government itself.

Bill reported, read the third time, and passed.

GRAND TRUNK RAILWAY.

CONSIDERATION OF AMENDMENTS MADE BY THE SENATE TO BILL FOR THE ACQUISITION OF THE SYSTEM BY THE GOVERNMENT.

Hon. ARTHUR MEIGHEN (Minister of the Interior) moved that the amendments made by the Senate to Bill No. 33, respecting the acquisition by His Majesty of the Grand Trunk Railway system, be read a second time and concurred in. He said: The first amendment made by the Senate is to clause 6, which provides for the arbitration of the value of the preference and common stocks. In line 13, of that clause after the word "Canada" the following addition has been made:

> The value, if any, so determined shall not be greater than an amount on which the annual dividend at four per cent per annum on the aggregate face value of the present guaranteed stock and the new guaranteed stock taken together would exceed $5,000,000. The fixing of this limit shall not be taken by the arbitrators

as any admission or indication that the value to be determined is the amount so fixed, or any other amount.

The intended effect of the amendment, as hon. gentlemen will see, is to fix a maximum annual dividend of $5,000,000 to cover both the present guaranteed stock and the preference and common stock; that is to say, $2,500,000 is to cover the dividend that can be payable in respect of the award on the preference and common stock, the guaranteed stock representing the other $2,500,000. How the $5,000,000 is arrived at I do not know. But at all events it has pleased the Senate to fix a maximum of $2,500,000 as the utmost annual dividend that can be given in respect of the award to be made on the preference and common stock. I still hold the view expressed while this Bill was before the House that it is certainly unwise to place a maximum, for the reason I then expressed, namely, that it does intimate a feeling at all events that there might be the value stated in the maximum; and for the further reason that in connection with this arbitration the other parties to it in another country cannot be directly negotiated with in this connection, and are liable, I would think, to regard a maximum fixed by the one side as taking away from the arbitration the very essence of arbitration itself. For those reasons I think that it would be preferable not to fix a maximum. In this regard it differs from the Canadian Northern arbitration, inasmuch as in that case the holders of the stocks were here to negotiate with directly, they were our own citizens to the extent of over five-sixths of the whole stock; but the holders of these Grand Trunk stocks are overseas and are in no way subject to our jurisdiction, and we cannot come in personal and direct contact with them to reach any understanding or arrangement. However, from another standpoint, it is a safeguard, I suppose, to the extent that the maximum is fixed here, and the amendment is not of such a nature that we would feel justified in opposing it.

I would point out, however, that I do not think the clause is aptly phrased. It says that the award shall not be greater than an amount on which the dividends would exceed $5,000,000 on the aggregate preference and common stocks. I think the word "equal" would be better than the word "exceed." But I have no doubt at all that the Board of Arbitrators will have no difficulty in determining what is the real intention of Parliament in this regard.

The second amendment merely substitutes the word "stock" for the word "stocks" in line forty-six of clause 10. That is the preferable word, and I presume the plural form was a misprint in the original.

The third amendment is to insert after clause 11 the following as clause 12, a new clause:

> For the purpose of the valuation provided in this Act, the obligations of the Grand Trunk as guarantors of any indebtedness of the Grand Trunk Pacific Railway Company or of the Grand Trunk Pacific Branch Lines Company or otherwise and the claims of the Government of the Dominion of Canada against either of the above-mentioned companies or against any company forming part of the Grand Trunk Railway system shall not be treated as extinguished or affected by anything contained in this Act.

If I were asked my personal opinion it would be that this clause is superfluous. I am quite unable to understand the apprehension of the Senate that the Chief Justice of the Exchequer Court might unless specially directed, value the stock irrespective of the obligation of the company whose stock it is; but I can see no injury to the Bill by the insertion of the clause, and consequently there is no reason why we should insist that it be removed.

I beg to move that the amendments made by the Senate in Bill No. 33, an Act respecting the acquisition by His Majesty of the Grand Trunk Railway system, be agreed to.

Hon. W. S. FIELDING (Shelburne and Queen's): Mr. Speaker, with regard to the question of limitation, I agree very heartily with the argument of my hon. friend, but I am obliged to dissent from his conclusion, for after arguing one thing he did the very opposite. I quite concur in his view that it is a dangerous thing to put on this limitation at all, for it is open to the objection that it seems to be an invitation to the arbitrators to award that sum. The Senate appears to have anticipated that objection, and they have added some words to the effect that the arbitrators must not consider it as an admission of anything. But while they have done that, the fact remains that the mere mention of that limitation is an intimation to the wide world that the arbitrators may award that sum, and no one will be very much surprised if they do award it. I regret that my hon. friend did not follow up his views by moving that this House should not concur in the amendment. I think if he had done so he would have found the House heartily in sympathy with him.

It strikes me that the form of the amendment is strange. It seems as if some one was exceedingly anxious to avoid the men-

tion of a big round sum. What the amendment means is that $2,500,000 will be required for the interest on the guaranteed stock, and the other $2,500,000 is to represent the balance as a maximum. That other $2,500,000 simply means another $60,000,000. Why the Senate do not state plainly that the award shall not exceed $60,000,000 I do not understand, unless some one thought that the mention of that sum might alarm the people, and that it might be camouflaged by merely mentioning the interest on that sum. It is a strange form of amendment to accomplish that which on examination is found to be its purpose. However, that is a matter of no great consequence. If they wanted to say that the arbitrators should not award more than $60,000,000, why did they not say so in plain English? I am really unable to see what good end is served by concealing the fact that it means an invitation to the arbitrators, subject to the words, it is fair to say, that the Senate put in, to award $60,000,000 to stocks which many people think are not worth any great sum at all.

I notice there appears to be some difficulty on the part of the Government in regard to this matter. Yesterday in one of the evening papers—I won't call it a Government organ, because I am one of those who think that the only Government organ is the Canada Gazette—but in a paper very close to the Government, there is a report of something that occurred in the Senate. It is as follows:

> In the committee on the Grand Trunk Bill this morning Sir James Lougheed announced that the Government would move two amendments to the Bill, one—

Mr. SPEAKER: Order. The hon. member is not in order in referring to proceedings in the other Chamber. Although those proceedings are published in the newspaper, that fact does not help him.

Mr. FIELDING: It is not because those proceedings were published in the newspaper, Mr. Speaker. We are at this moment considering the amendments made by the Senate, and we cannot possibly discuss them without reference to what the Senate did.

Mr. SPEAKER: It is not competent in this House to refer to a debate in Committee of the Whole, much less would it be competent to refer to proceedings in another branch of Parliament. That is a very clear and well-recognized rule of this House.

Mr. FIELDING: I do not see how it is possible, Mr. Speaker, with all respect to your judgment, for us to consider an amendment made by the Senate without discussing the proceedings in the Senate as respects that amendment. I quite agree that we cannot discuss the proceedings generally of the Senate.

Mr. SPEAKER: It is competent to discuss the stages of the proceedings in the Senate, but it is not competent to make any reference whatever to debates which took place or arguments which were used in the Senate or committee of the Senate.

Mr. FIELDING: Of course, if you insist on your ruling, I shall submit to it. But I cannot see how it is possible to avoid a reference to the proceedings of the Senate in this case. Surely I am at liberty to speak of an announcement made by the leader of the Government in the Senate with respect to this particular Bill. Surely I can discuss that. I quite appreciate the rule and I am anxious to abide by it; I simply wish to speak of a statement made in the Senate respecting this Bill.

Hon. J. D. REID: My hon. friend is referring to a newspaper report of those proceedings.

Mr. FIELDING: I have not the Senate Hansard before me, but I have no doubt that a reference to it would confirm this report.

Mr. SPEAKER: The rule may be found in Bourinot, page 357. I quote:

> It is also a part of the unwritten law of Parliament that no allusion should be made in one House to the debates in the other chamber, a rule always enforced by the Speaker with the utmost strictness. Members sometimes attempt to evade this rule by resorting to ambiguous terms of expression—by referring, for instance, to what happened "in another place"; but all such evasions of a wholesome practice should be stopped by the Speaker, when it is evident to whom the allusions are made.

Mr. FIELDING: I should concur at once in the suggestion that that rule was applicable if we were dealing with a debate in the Senate. But I am not dealing with any debate; I was proceeding to read an announcement made in the Senate in respect to this particular Bill. I submit, therefore, with all due deference, Mr. Speaker, that I do not fall within that rule. I do not see how I can be prevented—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The term "debate" is not confine merely to discussion; the rule does not apply only to set debate on the second or the third reading of a Bill. It has reference to all proceedings, answers

to questions and various matters of that kind. The only thing that it is competent for this House to deal with is the records of the Senate, which our officers have the right to search and to which reference may be made. But as to debate or discussion in the Senate, the rule is very clear.

Mr. FIELDING: The Minister of the Interior was obliged to refer to the proceedings of the Senate. He went on to say that he did not know what they had in their mind; he did not know why they did this or why they did that. It seems to me that that was an absolutely legitimate proceeding on his part, and if that be the case I cannot see how I can be prevented from referring to an announcement made in the Senate.

Mr. SPEAKER: The reference made by the minister was merely a matter of speculation, and in making that reference the minister was quite within his rights. The hon. member (Mr. Fielding) might also do that, but I adhere to my ruling that it is not competent for the hon. member to refer to a debate in the Senate.

Mr. FIELDING: Then I state that in another place a member of the Government has stated that it was the intention of the Government to amend this Bill.

Mr. SPEAKER: The hon. member is not in order when he attempts to say the same thing in an indirect way. That also is made very clear in the rule which I have read from Bourinot.

Mr. FIELDING: I bow to your ruling, Mr. Speaker, I submit that that rule would be perfectly applicable in a matter of controversy. We have an amendment proposed by the Senate to a Bill and we are asked to agree to that amendment. Yet we are told that we cannot refer to anything that has been said in the Senate on that subject. Well, if that be the case the Minister of the Interior could not have moved that the House agree to the amendment; he could not have referred to anything that happened in the Senate. However, this is my point: Wherever it occurred and by whomsoever it was said, a member of this Government stated that it was the intention of the Government to move an amendment by which the two classes of stocks would be thrown together into the arbitration. That announcement was made less than twenty-four hours ago by a member of this Government, and I direct the attention of the minister to the fact that no such amendment is to be found in the motion sent down from the Senate.

Mr. E. W. NESBITT (Oxford, North): Mr. Speaker, I have not had anything to say with respect to this purchase of the Grand Trunk. I have always had the greatest respect for the Senate, but of all the absurd things I have ever seen in legislation, this business of appointing arbitrators to determine the value of a thing and then setting the price that they are to determine upon is the worst. Why should we appoint arbitrators to determine the value of anything, even if the thing to be valued is only a cow, and then set the price is more than I can comprehend. It is the most absurd thing I ever heard of, even if it was moved by the Senate.

Mr. FRANK S. CAHILL (Pontiac): I should like to hear the explanation of the minister in charge of this Bill as to why he wants this amendment to be adopted. He seemed to be quite definite a few days ago in the view that there should be no changes in the Bill as presented, and no amendments. If one more vicious clause was required in the Bill, it has now been put in by the Senate. This stock that is to be arbitrated, if it is worth anything—which I very much doubt—was quoted in the London stock exchange at about $28,000,000 or $29,000,000. Why the members of the Government should invite the arbitrators to place a value of $60,000,000 on that stock is surely beyond the reasoning power of any man in this House, especially when we remember that it is the money of the people that is being voted away. Why, the Government in this Chamber were bad, but the Government out of this Chamber were forty times worse. It is a most ridiculous thing to set a limit of $62,000,000 upon stocks that are to-day absolutely worthless. There is absolutely no question that if the Government would demand payment from the Grand Trunk people that stock would not be worth one dollar, and the stocks that they are guaranteeing the interest on would not be worth half of what they are guaranteeing. We were told yesterday that the country was bone dry and stone broke; the soldiers came to the Government for assistance, but they did not have a dollar to give them. We did not have a cent; we did not have a dollar; our poor poverty-striken country was not able to make an allowance of one dollar to the soldiers. And now thirteen hours afterwards, the Government comes down with another invitation to the London stockholders to insist on

getting at least $60,000,000 for absolutely worthless stock. If I am in order, I would move in amendment that the word "dollars" be struck out of the Bill and the word "cents" substituted therefor.

Mr. MACKENZIE KING: In the opinion of the minister, does this amendment not suggest that the award of the arbitrators shall be made with reference primarily to the value of the stocks instead of, as I think it should be made, with reference to the physical assets that the Government is to obtain?

Mr. SPEAKER: I must point out that the minister has spoken and under the rules is not entitled to reply. Under the peculiar circumstances, however, the House will no doubt unanimously consent to the minister's answering the question of the hon. member.

Mr. MEIGHEN: This amendment, in my opinion, does not alter the intention of the Act in respect of the subject matter to be valued, namely, the stocks. I would be very sorry if it had the effect that the hon. gentleman desires—that the arbitrators should value the physical assets. A valuation based on physical assets to-day would, I am afraid, place the Government under a much greater obligation than that to which it can be possibly be made subject under this Bill. I have answered the question so far as my opinion goes; I do not think I am justified in saying anything further.

Mr. MACKENZIE KING: The minister rather intimates that my remarks had reference to the physical assets in the properties as they are to-day. When I spoke during the debate I said that I thought great care ought to be taken in laying down the grounds on which the arbitration should proceed and pointed out that there was a great difference between a valuation of the properties at the present time, with the cost of labour and material as it is, and a valuation of the properties as of the time that they were constructed.

Mr. MEIGHEN: Even then it would be far too high.

Mr. MACKENZIE KING: My point is that the stocks are not really a proper basis for valuation—a proper basis for the arbitrators to proceed upon. The only sound basis is that which has regard to the property that the country is getting. The stocks may represent it or they may not. If they represent it, well and good, if they do not, surely it is the part of wisdom to see that any award which is made has reference to actual values in property.

Mr. D. D. McKENZIE: I have very grave doubts whether the House should concur in this amendment, which fixes or invites a fixation of the award at a certain amount. I think it goes far too high. During the course of the debate it was held out to us and repeated over and over again that the arbitrators might find no value at all.

The Minister of the Interior (Mr. Meighen) and the Minister of Railways (Mr. J. D. Reid) said that they did not know what the amount of the award might be; in fact, it was suggested to members of the House that the arbitrators might find that there was no value at all, and that what we were undertaking, directly and indirectly, besides the result of the arbitration, might be ample and sufficient to pay for anything that we are getting. By concurring in this amendment we are inviting the arbitrators to decide that there shall be an award of $62,500,000, and it seems to me that whatever the arbitrators may do, we are not justified in saying that they are doing right if they bring in an award of that kind. Personally, I cannot be a party to concurring in the suggestion that the arbitrators would be justified and that we say that they would be justified in bringing an award involving such an immense amount of money. I do not know that recrimination is any good or that comparisons should be made; but I say to the Government and to hon. gentlemen opposite that if we reached the conclusion that we did yesterday by such a huge majority in this House, namely, that we had not a dollar to spend to gladden the hearts and comfort the homes of our returned soldiers, and refused simply on that account to do anything beyond what we are doing along those lines, it is an extraordinary thing that the next morning we should come to this House and say that as far as we are concerned we should give away for this railroad, which is certainly not a paying proposition, $62,500,000 in addition to the hundreds of millions of dollars which we are obliging ourselves to pay.

Mr. FIELDING: Might I suggest to the minister that he divide his motion? There are two amendments, and some of us may be willing to concur in one and not in the other. For myself I desire earnestly to protest against the first amendment regarding the limitation. The second amendment deals with another subject, and I think it would be well to separate the amendments and take them each in order as we take up clauses of a Bill.

Mr. MEIGHEN: I do not think that is the usual method. As the Government has decided to accept the amendments made by the Senate, our duty is to move concurrence. If the hon. gentleman so desires, I presume an amendment may be made and voted upon by the House.

Mr. FIELDING: It is a very common practice for a minister in charge of a Bill to move that one amendment amongst two, or three, or four, be concurred in; in fact, we ought to have them explained and concurred in separately.

Mr. MEIGHEN: That is done where the Government intends to accept only certain amendments, but not where the Government desires to accept them all.

Mr. FIELDING: Surely the House should deal with each one separately.

Mr. CAMPBELL: I am satisfied that the consensus of opinion of the House is strongly against the first proposed amendment. A few days ago I moved in this House that all the stocks should be placed before the Arbitration Board. I did so, as I said then, because I was firmly of the opinion that—I was going to say that there was no value in the preferred and common stocks—perhaps I might better say that the total value of the guaranteed, preferred and common stocks was somewhat less than $60,000,000, how much less I do not know. This amendment, everybody seems to be agreed, will have the effect of our stating that in the opinion of this House the total amount of the value of these stocks may be considered as being worth considerably more than $60,000,000, and I think it is wrong to give out any such impression. I am strongly opposed to that particular amendment.

Mr. FIELDING: Will the minister not act upon my suggestion that we have an opportunity to vote upon these amendments separately? Surely the opinion of the House is not to be overruled in this way.

Mr. MEIGHEN: I am not objecting to an amendment being moved to the motion, but the proper procedure is that the Government should express its own opinion, which is as expressed in the motion. A separate vote would be obtained if a motion were made amending this, saying that the amendment made by the Senate to clause 6 be not accepted, or that the amendments made by the Senate be accepted with the exception of that to clause 6. The fact is not that I wish to stand in the way of the House expressing its exact opinion, but the method followed by the Government is the usual method of procedure.

Mr. FIELDING: I think that we should consider the Senate amendments clause by clause, as we do in regard to any other matters that come before us.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Is the House ready for the question?

Mr. MACKENZIE KING: Mr. Speaker—

Mr. SPEAKER: The hon. member must have the unanimous consent of the House if he desires to make another speech, as he has already exhausted his right to speak.

Mr. MACKENZIE KING: I wish to move an amendment.

Mr. SPEAKER: The hon. member cannot move an amendment, as he has exhausted his right to speak. If the hon. member is prepared to ask for the unanimous consent of the House, I am ready to put that question to the House. Is the House ready for the question?

Some hon. MEMBERS: Question.

The House divided on the motion of Mr. Meighen for concurrence in the Senate amendments, which was agreed to on the following division.

YEAS.

Messrs.

Anderson,	McIsaac,
Argue,	McQuarrie,
Ball,	Marshall,
Blair,	Martin,
Bolton,	Meighen,
Boyce,	Morphy,
Buchanan,	Munson,
Burrell,	Nesbitt,
Calder,	Porter,
Charters,	Reid (Grenville),
Clements,	Richardson,
Cockshutt,	Shaw,
Cooper,	Sheard,
Cowan,	Simpson,
Cruise,	Smith,
Davidson,	Steele,
Finley,	Stevens,
Foster (Sir George),	Stewart (Hamilton),
Griesbach,	Sutherland,
Guthrie,	Thompson (Weyburn),
Halladay,	Thompson (Hastings),
Harrison,	Thompson (Yukon),
Hay,	Thomson (Qu'Appelle),
Henders,	Wallace,
Hepburn,	Whidden,
Hocken,	Wigmore,
Mackie (Edmonton),	Wilson (Saskatoon),
Maclean (Halifax),	Wright.—57.
MacNutt,	

NAYS.

Messrs.

Baldwin,	King,
Burnham,	Knox,
Cahill,	Lapointe
Campbell,	(Quebec East),
d'Anjou,	Leger,
Davis,	McKenzie,
Déchêne,	Maharg,
Devlin,	Marcile (Bagot),
Fafard,	Michaud,
Fielding,	Molloy,
Fortier,	Papineau,
Johnston,	Pardee,
Kay,	Pelletier,
Kennedy (Glengarry	Savard,
and Stormont),	Turgeon.—28.

PAIRS.

(The list of pairs is supplied by the Chief Whips.)

Messrs.

Borden, Sir Robert,	Lemieux,
Doherty,	Marcil (Bonaventure),
Green,	White (Victoria),
White, Sir Thomas,	McMaster,
Stewart (Lanark),	Sinclair (Antigonish
	and Guysborough),
Mewburn,	Verville,
McCurdy,	Chisholm,
Spinney,	Sinclair
	(Queens, P. E. I.),
Drayton, Sir Henry,	Lavigueur,
Fraser,	Gladu,
Blake,	Jacobs,
Crothers,	Ethier,
Allan,	Lesage,
Nicholson (Algoma),	Fournier,
Lang,	Casgrain,
Stacey,	Euler,
Brien,	Gauvreau,
McGibbon (Muskoka),	Pedlow,
Bowman,	Ross,
Rowell,	Archambault,
Crerar,	Béland,
Hughes, Sir Sam,	Boivin,
Kemp, Sir Edward,	Bourassa,
Middlebro,	Robb,
Sifton,	Boyer,
Ames, Sir Herbert,	Brouillard,
Armstrong (York),	Bureau,
Armstrong (Lambton),	Cannon,
Arthurs,	Cardin,
Ballantyne,	Copp,
Best,	Delisle,
Bonnell,	Demers,
Boys,	Denis,
Bristol,	Desaulniers,
Butts,	Deslauriers,
Casselman,	Duff,
Chabot,	DuTremblay,
Chaplin,	Fontaine,
Clark (Bruce),	Gauthier,
Clark (Red Deer),	Gervais,
Clarke (Wellington),	Hunt,
Cronyn,	Lafortune,
Crowe,	Lanctôt,
Currie,	Leduc,
Douglas (Strathcona),	McCoig,
Douglas (Cape Breton	Lapointe (St. James),
S. and Rich.),	
Charlton,	Mayrand,
Edwards,	Pacaud,
Elkin,	Parent,
Foster (York),	Power,
Fripp,	Prevost,
Fulton,	Proulx,
Glass,	Seguin,
Harold,	Tobin,
Hartt,	Trahan,
Keefer,	Truax,
Lalor,	Vien.

Mr. G. B. NICHOLSON: I was paired with the hon. member for Bellechasse (Mr. Fournier). Had I voted I would have voted for the motion.

Mr. J. A. ROBB: I was paired with the Chief Government Whip (Mr. Middlebro). Had I voted I would have voted against the motion.

Motion agreed to and Senate amendments concurred in.

PACIFIC COAST PILOTAGE.

Hon. A. K. MACLEAN (for the Minister of Marine and Fisheries) moved the second reading of Bill No. 42 to amend the Canada Shipping Act (pilotage).

Mr. McKENZIE: I have not seen a copy of this Bill which is now being distributed for the first time. I regard it as somewhat extraordinary that a Bill of such far-reaching importance to the commercial life of the country should be moved before copies of it have reached hon. members. The other night when the resolution was before the House I gave the minister clearly to understand that I at all events was opposed to it and considered it a highly important measure. The least courtesy I would expect from the minister, therefore, would be that the Bill would be placed within the reach of the members a few minutes before the second reading. The second reading now synchronizes with the distribution of the Bill, the contents of which I do not know, for I have not had time to study it. It was explained, when the resolution was moved, that this measure means that the safeguards surrounding the seamen of this country are in future to be placed in the hands of men who are not shipmasters; and——

Mr. A. K. MACLEAN: We are not at that Bill yet. My hon. friend's remarks may be apropos in a few minutes, but at present a different Bill is before the House.

Mr. McKENZIE: I beg your pardon. However, I objected yesterday to the Pilotage Bill to some extent, although my objection was not as strong as it is in regard to the measure to which I refer, which has for its purpose the giving of a free hand in maritime matters to persons who are not shipmasters. The minister says that the Pilotage Bill is before us, but my remarks will stand in regard to the other

Bill when it comes up. I must apologize to the minister for being perhaps a trifle hasty in my remarks, but as I have explained, I was under the impression that it was the other Bill and not the Pilotage Bill that was before the House. The Pilotage Bill does not appear to me to be as serious as the other.

Mr. ALFRED THOMPSON: I confess considerable ignorance of the subject matter of this measure, and as it has to do with a considerable portion of the navigation of British Columbia I am particularly interested in it and would be glad of an explanation from the minister as to the purport of the Bill.

Mr. A. K. MACLEAN: The Bill is to enable Canadian registered shipping operating between the province of British Columbia and American ports as far south as San Francisco, and sailing as far north as Alaska, to be relieved of pilotage. We are simply giving the shipping owned in British Columbia the same relief that years ago was given to Nova Scotia and New Brunswick and later to Quebec and Ontario shipping. As a matter of fact the law has been evaded for many years in British Columbia, and the class of shipping to which this Bill refers has not paid any pilotage.

Motion agreed to, and the House went into committee on the Bill, Mr. Steele in the Chair.

On section 1—Exempted ships:

Mr. FIELDING: Would it not meet the minister's purpose if he struck out the words "or ports' in the ninth line so that the clause would read: "Ships registered in Canada employed in voyages between any port in the province of British Columbia, and the port of San Francisco, or any port of the United States of America on the Pacific," etc.? The intention is that it shall apply only to foreign trade, but as the clause reads it would imply interprovincial trade.

Mr. MACLEAN: I agree with the hon. gentleman, and therefore move that the words, "or ports", in the ninth line be struck out.

Motion agreed to.

Mr. ROBB: Will the minister explain why vessels registered in Canada should be exempted from pilotage dues while the same privilege is not accorded to vessels registered in the United States? A vessel plying daily between Seattle and Vancouver and calling at Victoria, if registered in the United States, will be subject to pilotage dues, but will be exempt if registered in Canada. If it is proper to protect the lives of passengers on United States boats by providing pilotage, is there any reason why the same protection should not be afforded passengers on Canadian ships? The crew might be Canadians on both boats. The minister might clear that point up.

Mr. STEVENS: On the Pacific Coast, as in other local waters, we have ferries making daily trips, and the captains of these boats are excellent and most expert navigators in local waters. They never use a pilot, but under present regulations they have to pay pilotage dues, and this Bill empowers the pilotage authorities to relieve these ships of dues. The masters of passenger boats are highly qualified men and are expert in the navigation of the waters in which they daily travel, so that my hon. friend need have no apprehension in that regard.

Mr. ROBB: Some of these boats are owned in Seattle and registered in the United States and some are registered in Canada. Why the difference?

Mr. A. K. MACLEAN: The hon. gentleman's question has reference to a matter other than that which it is intended to be dealt with in this Bill. Under the law as it now stands, the department by regulation can determine what pilotage American shipping shall pay in British Columbia waters, and the Department of Justice has so advised it. If we desired to relieve American shipping altogether of pilotage we would require further legislation. The department, however, does not desire to do this, but under the statute they are empowered to reduce to a minimum the pilotage rates on American shipping, and it is their intention to do so. I am informed that this is satisfactory to American shipping.

Mr. McKENZIE: Will the Minister or the hon. member (Mr. Stevens) tell us something about the pilotage system on the Pacific coast? I suppose they have more than one body of pilots. Are they paid by fixed salary or do they get their income by collecting pilotage dues from the different ships?

Mr. STEVENS: Up to a year ago the pilotage in British Columbia waters was under two or three pilotage commissions, and the pilots were paid out of the fees

collected from the ships, and not by any fixed salary. The former Minister of Marine, Mr. Hazen, appointed, a commission, and some eminent authorities on pilotage went to British Columbia and made careful investigation and recommended that some system of pilotage should be inaugurated such as existed on the St. Lawrence and has recently been put into operation at Halifax.

This Bill is really giving effect to that part of the recommendation and of this new system which has been put into operation during the past few months. Pilotage will now be placed on a salary basis. The desire is to reduce pilotage which I always considered excessive, as I think many others do. We anticipate that it will be a benefit to shipping as well as to the pilots themselves.

Mr. McKENZIE: I remember the Bill that my hon. friend refers to very well. It was before this House at a late stage of the last session. I remember discussing it with the minister at the time. I am pretty sure that it does not provide for salaries for the pilots on the Pacific coast. It fixes pilotage salaries on the St. Lawrence, and I think it has something to do with pilotage on the Atlantic coast at ports such as St. John, Halifax and Sydney. But it has not yet gone into operation. I remember telling the minister that he would find a good deal of trouble because all pilots whose salaries were not fixed would be looking for their fixation. The hon. member for Vancouver (Mr. Stevens) will find there is no provision made for fixing the salaries of pilots on the Pacific coast in so far as any legislation of this House is concerned. For that reason, although I have no request from the pilots on the Pacific coast, I would be very sorry to cut down the little income—or whatever it may be, big or little—that the pilots on the Pacific coast are receiving.

Mr. A. K. MACLEAN: It is the same way with the pilots on the Atlantic coast.

Mr. McKENZIE: Any pilot on the Atlantic coast who lost his pilotage dues is provided by this Parliament with a fixed salary. Now we are taking away the pilotage dues on the Pacific coast and substituting nothing. We are stripping them of their incomes and giving them nothing to take their places. The hon. member (Mr. A. K. Maclean) shakes his head. If he says that he is not taking away their incomes and that he is substituting something, I will have nothing to say. We must have pilots. Some of the ships on the coast of British Columbia going to the United States may not require pilots, but there are ships coming into these harbours that will require pilots, and unless there is some sufficient provision made to encourage pilots to remain at that business there will be no pilots at all. I would like to be satisfied in the general interest of the country and of its shipping that sufficient provision is being made for pilots on the Pacific coast to keep them at this work. If their dues are being removed or taken away it seems that something else will have to be substituted to take their place, and I have not been satisfied on that point.

Mr. A. K. MACLEAN: The average pilot in the various pilotage districts of British Columbia receives $300 per month. I think they earn more than do pilots in other districts in Canada unless it be at Quebec and in the St. Lawrence district. In 1918, in the Victoria-Esquimalt pilotage district five pilots earned $15,131; in the Nanaimo district seven pilots earned $22,275, and in the Vancouver district nine pilots earned $27,360. The earnings in the several pilotage districts were more than sufficient to pay these pilots the remuneration which I have stated.

Mr. McKENZIE: These were all pilotage dues?

Mr. A. K. MACLEAN: They were pilotage dues and did not include dues paid by the class of shipping which we are trying to relieve by this present Bill. Perhaps it is unfortunate but we must admit that this tax was evaded under some regulation, or pretended regulation, by virtue of which there was a remission of the pilotage dues paid by the class of shipping sought to be relieved by this Bill. In no other place in Canada do we seek to tax for pilotage dues shipping engaged in running between Canadian and American ports except in British Columbia. Ships running from Sydney to New York pay no pilotage dues. The same is true of ships running between Halifax or St. John and New York, between Quebec and New York and between Sydney and Newfoundland. If Canadian ships, they pay no pilotage dues. We simply want to apply that same rule to British Columbia. Supposing it did affect the pilots' earnings in British Columbia, I do not admit that that is a serious consideration. The important consideration is the interest of shipping. Some other means will be provided for remunerating the pilots if the pilotage dues do not provide a fund. I do not see why we need to concern ourselves so much

about the interests of the pilots, as they must be suitably remunerated in one way if not in another. There is a more important consideration, namely: What are the interests of the province of British Columbia and of shipping? We are instructed that it is very much in the interest of the mercantile business of this province that this legislation become effective. I think it is also in the interest of the development of shipping.

Mr. McKENZIE: What representations from the shipping interests has the minister received? Can he give any evidence or satisfactory proof to the House derived from recognized shipping interests that there are objections in British Columbia to paying the pilotage dues? I am not familiar with the developments in regard to pilotage which the minister appears to have found out so recently. I know that a small schooner leaving Sydney and going to Halifax has to pay pilotage dues. The minister may shake his head but I have been in negotiation, as the lawyer for a client, trying to get from the pilotage authorities of the port of Halifax, $9 paid in pilotage fees by the owner of a small schooner. I did not get the money back. They refused to give it back; they said it was the law and that the owner of this schooner had to pay pilotage dues coming into Halifax harbour because he was in the same class as anybody else. My hon. friend seems to have discovered a new law by which a great percentage of the shipping on our coasts goes free. I think that if he will inquire he will find that boats carrying coal from Louisburg to the New England States pay pilotage coming into the harbour of Louisburg. I am not giving that as a certainty but I would like my hon. friend to inquire. If a recognized body of shipowners, or a shipping federation, on the Pacific coast represent to this Government that they should not pay pilotage dues it is a matter for serious and proper consideration. But we have not heard of any such request from them, and until we have such I think this very important class of men—the pilots—should have some consideration. My hon. friend seems to be willing to brush the pilot aside and give his attention altogether to the shipowner. They are both very necessary to the commerce of this country and they should both receive fair treatment.

Mr. A. K. MACLEAN: All the shipping interests in conference with a representative of the Department of Marine not very long ago in British Columbia made a request for legislation of this character.

Section as amended agreed to, and Bill reported, read the third time and passed.

FURTHER SUPPLEMENTARY ESTIMATES.

Sir GEORGE E. FOSTER presented a communication from His Excellency the Governor General transmitting further Supplementary Estimates required for the public service for the fiscal year ending March 31, 1919, which were referred to Committee of Supply.

CANADA SHIPPING ACT AMENDMENT.

Hon. A. K. MACLEAN (for the Minister of Marine) moved the second reading of Bill No. 40, to amend the Canada Shipping Act.

Mr. ERNEST LAPOINTE: This is a very important Bill, and I do not think it is treating members fairly to ask them to consider it under the existing circumstances. The measure was only introduced by leave of the House and read a first time last night. I have not had the opportunity nor the time—

Mr. A. K. MACLEAN: No, no, this Bill was introduced two or three days ago.

Mr. ERNEST LAPOINTE: No, yesterday, according to Hansard. The Bill itself bears the statement " first reading November 7th," and to-day is the 8th.

Mr. A. K. MACLEAN: No, several days ago.

Mr. ERNEST LAPOINTE: Here is the Bill itself and that is what it says.

Mr. A. K. MACLEAN: I do not care what is in the Bill, it was introduced several days ago.

Mr. A. K. MACLEAN: I do not care what Government does not dispute the accuracy of a date set forth in one of its own Bills. Corroboration of my statement is to be found in Hansard of yesterday, which contains the following:

> **Canada Shipping Act Amendment.**
>
> **On the motion of Hon. Mr. Doherty, the House returned, to the order, Introduction of Bills.**
>
> **Hon. A. K. Maclean (for the Minister of Marine and Fisheries) moved for leave to introduce Bill No. 40, to amend the Canada Shipping Act.**

Here is the statement contained in yesterday's Hansard.

Mr. A. K. MACLEAN: Yes, but there was a resolution which preceded that.

Mr. ERNEST LAPOINTE: I am not speaking about the resolution, but about the Bill.

Mr. A. K. MACLEAN: But I am referring to the resolution.

Mr. ERNEST LAPOINTE: The minister tells me the Bill was introduced several days ago when it was not introduced until last night.

Mr. A. K. MACLEAN: It is quite true the first reading of the Bill took place yesterday, but the House had intimation of the purpose of the legislation several days ago, and I assumed that what interested my hon. friend was the subject matter of the Bill. It does not matter very much whether the Bill was introduced yesterday or not if the House several days ago had notice of the subject matter.

Mr. ERNEST LAPOINTE: At all events, I was not aware of that resolution, for reasons which my hon. friend knows, and this Bill has only been before the House since yesterday. I repeat that this is a very important Bill and I ask that its consideration should be postponed. I have another reason for making this request. I am informed by certain members that the hon. gentleman himself gave them the assurance that this Bill would not be proceeded with this session.

Mr. A. K. MACLEAN: That is not correct.

Mr. ERNEST LAPOINTE: I have given the hon. gentleman the statement that was made to me—

Mr. A. K. MACLEAN: No hon. member was given that assurance.

Mr. ERNEST LAPOINTE: —and a deputation of pilots from the St. Lawrence districts came to Ottawa yesterday and had an interview with the officers of the department. It was then agreed that nothing would be done to press this matter before the session of 1920. I say that at the end of the session called for the purpose of ratifying the Peace Treaty, which was quite unnecessary for us to do, it is absurd for us to try and proceed with such legislation as this.

Mr. CAHILL: The steam roller again.

Mr. A. K. MACLEAN: What is my hon. friend's objection?

Mr. ERNEST LAPOINTE: My objection is that I have not had time or opportunity to study the Bill, and therefore it is obvious—

[Mr. A. K. Maclean.]

Mr. A. K. MACLEAN: I can answer my hon. friend definitely if he will state his objection to the Bill.

Mr. ERNEST LAPOINTE: I want to consider the Bill and study it and then I will give my objection.

Mr. A. K. MACLEAN: I think my hon. friend can study it in two minutes or less.

Mr. ERNEST LAPOINTE: Two minutes?

Mr. A. K. MACLEAN: Will my hon. friend state his objection to the Bill?

Mr. ERNEST LAPOINTE: I would not do justice to my electors nor to the mandate which I have received if I were to agree to what my hon. friend asks me to do.

Mr. SPEAKER: I would point out that the hon. member for Halifax (Mr. A. K. Maclean) is exercising his right now in closing the debate.

Mr. McKENZIE: It would be quite in keeping with everything about this Bill, and the procedure which has been followed with respect to it, as well as in keeping with many other transactions of the Government of which he is a member, for the hon. gentleman (Mr. A. K. Maclean) to immediately exercise that right and thus shut out everybody else from saying a word on the subject. We only received copies of this Bill a few minutes ago, and now we are told that the hon. gentleman, from the abundance of his knowledge in shipping and seafaring, must exercise his right to say all that can possibly be said about it, and so shut us out from uttering a word in regard to it.

Mr. A. K. MACLEAN: Will my hon. friend permit me to interrupt him? It is only fair that I should first say a few words in explanation of the purpose of the Bill, and then leave the matter open for discussion.

Mr. SPEAKER: These proceedings are most irregular. I looked towards the hon. member (Mr. A. K. Maclean) to recognize him when the motion for the second reading was made and he did not then avail himself of his right to speak. Now I take it, under the circumstances, the House will give its unanimous consent to the hon. member for Halifax to make his remarks at this stage.

Mr. A. K. MACLEAN: I do not wish to preclude any discussion upon this matter but I do expect that when any objection is raised it shall be based upon a sound and fundamental ground. For in-

stance, the assertion that I had made a promise that this Bill would not be introduced this session is not correct. The Government is not insisting that this legislation shall be passed this session. If there was any reasonable opposition to it I would drop the Bill very quickly; but I do not like dropping a bill unless I find there is some reasonable ground for it, and the reasons which my hon. friend from Quebec East (Mr. E. Lapointe) have given do not impress me at all.

Mr. ERNEST LAPOINTE: Oh no.

Mr. A. K. MACLEAN: I am sure, if my hon. friend had only given a moment's consideration to the Bill, he would not have made the remarks he did. I do not know of any reason why he should not be aware of what the Bill contains, notwithstanding that the first reading only took place yesterday. Every hon. gentleman knows that in the concluding days of the session certain business—usually not very important business—must be accelerated in some form or other and the House invariably assents to that course. I rather resent the idea that I am attempting to force this legislation on Parliament when there is no intention to do anything of the kind.

Mr. ERNEST LAPOINTE: Will my hon. friend tell me his reason for waiting until the last days of the session before introducing this Bill?

Mr. A. K. MACLEAN: I moved the resolution upon which this Bill is founded four or five days ago.

Mr. E. LAPOINTE: That is not very long ago.

Mr. A. K. MACLEAN: That is sufficient notice to the House. In fact, the suggestion for the legislation came before me from the Department of Marine and Fisheries only a few days ago.

Now, Mr. Speaker, the purpose of this Bill is to empower the Minister of Marine to permit ships to leave Canadian ports without certificated masters and mates and notwithstanding the provisions of the Merchant Shipping Act. If the Bill is acceptable to the House, I purpose to amend it by providing that it shall be restricted to sailing ships and shall be operative only for the next six months. During the war an Order in Council was passed under the War Measures Act empowering the Minister of Marine to permit vessels to depart from Canadian ports without certificated masters and mates, if it were shown to him that it was not possible to get certificated officers and that the men for whom the permits were required were competent. These permits were always issued upon the representation of the Collector of Customs at the ship's port. As hon. gentlemen are aware, the War Measures Act and all Orders in Council passed under it may very quickly become inoperative, and upon the proclamation of peace there is some doubt as to the validity of Orders in Council which were stipulated to be in force during the period of the war and six months thereafter. It is a fact that in Canada to-day it is impossible to get the required number of certificated masters and mates to command ships on transatlantic voyages, there being a great many more Canadian ships, particularly sailing ships, at present engaged in the transatlantic business than at any time during the last twenty-five years. Many men have coasting certificates which under the statute are not acceptable for transatlantic voyages; but those men are to all intents and purposes just as competent to take ships across the Atlantic as men who have ocean-going certificates. During the last three years quite a number of permits of this nature were issued; for instance, from Nova Scotia ports 111 permits; from New Brunswick ports 41; from British Columbia ports 6, and from Quebec ports 2.

In the United States, as I pointed out the other day, sailing ships up to 700 tons gross can depart from any American port to any other port in the world without certificated officers. In Great Britain any freight ship may engage in coast-wise business without a certificated officer. The difficulties of navigating a ship around the waters of the United Kingdom are infinitely greater than those involved in the taking of a ship from a Canadian port across the Atlantic. I think there is a great deal of fallacy in the idea that a ship cannot be commanded except by a certificated person. I have no doubt that some day we will have enough sense to allow the man who owns a ship other than a passenger ship to send her anywhere he chooses, provided he is satisfied that the officers in charge are competent men.

As I said before, Mr. Speaker, the purpose of this Bill is to enable the minister for the next six months to do what he has been doing during the last two years, namely, to permit ships to depart from Canadian ports without certificated officers. A great many wooden ships have been built in Canada during the war, and war conditions prevented many of our seafaring men taking

the examination for masters' and mates' certificates. Consequently we are confronted with the practical question of whether or not Canadian ships shall be refused departure from our ports if they are unable to procure certificated officers. If there is any substantial objection I shall withdraw the motion.

Mr. F. J. PELLETIER (Matane): This Bill provides by paragraph (b):

> Canadian registered vessels carrying passengers not exceeding one hundred registered tons, which ply exclusively within what the Minister of Marine and Fisheries may deem to be sheltered waters within the inland waters or on the sea coasts of Canada.

Therefore this Bill deals with vessels plying on the sea coast of Canada as well as within inland waters.

Referring to what my hon. friend said in answer to the hon. member from Quebec East (Mr. Lapointe) as to the interview that certain members had with the Minister of Marine and Fisheries, he will remember that I, together with some of my colleagues and representatives from the Quebec and Montreal pilots, saw him while he was Acting Minister of Marine and Fisheries, and he agreed with us that the matter should be postponed.

Mr. A. K. MACLEAN: Surely my hon. friend does not mean to say that I discussed with him or any one else this particular Bill? I remember the occasion he refers to, but we were then discussing a matter which had reference solely to Quebec pilotage.

Mr. PELLETIER: So we were.

Mr. A. K. MACLEAN: This Bill does not refer to that matter.

Mr. PELLETIER: We were discussing the question of Quebec and Montreal pilotage, together with the question of masters and mates, and at that time my hon. friend agreed to wait until the Minister of Marine and Fisheries (Mr. Ballantyne) could personally consider the question. Later on we interviewed the Minister of Marine and Fisheries, and as I stated last night on resolution No. 15 relating to Bill No. 48, it was agreed that so far as pilotage was concerned, nothing would be done until the session of 1920.

Mr. A. K. MACLEAN: I deny that.

Mr. PELLETIER: I am not suggesting that my hon. friend himself said so; I am speaking of the Minister of Marine and Fisheries.

[Mr. A. K. Maclean.]

Mr. A. K. MACLEAN: I was not even present at that meeting.

Mr. PELLETIER: If my hon. friend denies that, let us postpone this question until he has had an opportunity of seeing the Minister of Marine and Fisheries personally; he is in the city.

Mr. A. K. MACLEAN: I certainly shall not agree to postpone this Bill upon the ground my hon. friend suggests.

Mr. PELLETIER: Mr. Speaker, I consider that this measure is without doubt a dangerous one, because it will allow unscrupulous ship-owners to employ incompetent men in certain waters.

The lives of the public, even of the men manning the vessels, would thereby be in danger, especially at this time of year. The men manning the vessels will be compelled to work with incompetent masters and mates. The certificate of master can be obtained at any time, with few exceptions. It is true that there are some conditions and circumstances under which a master's certificate cannot be obtained, but very seldom would that be the case.

As I understand it, this legislation will apply to vessels of 100 tons. Suppose you had fifteen or twenty of these small vessels coming up or going down the St. Lawrence river and they met one or more of the big liners at Isle au Grues on the north side of Beaujeu Bank or at lower traverse, St. Rochs, where the channel is very narrow. If a number of these small vessels are manned by men who are incompetent the lives of passengers may be endangered. This Bill is a bad one unless it is amended to apply to vessels plying only in certain waters.

Mr. A. K. MACLEAN: What has that to do with this Bill?

Mr. PELLETIER: It has a great deal to do with the Bill, because you want to put incompetent men on the vessels.

Mr. A. K. MACLEAN: I do not want to do that at all.

Mr. MORPHY: The Bill provides expressly against incompetency.

Mr. PELLETIER: This matter is being taken up at the last hour of the session. The Shipping Federation is very anxious to have this Bill passed. There is a controversy—I hope my hon. friend will not deny it—between the Shipping Federation and masters and mates and pilots—

Mr. A. K. MACLEAN: This Bill did not originate with or emanate from the Shipping Federation or from the pilotage authorities of any district. As a matter of fact, it was largely suggested by myself owing to the conditions in the Maritime Provinces. The controversy in the Quebec pilotage district does not relate to this Bill. All questions about the Quebec pilotage district are trifling and unimportant so far as this Bill is concerned.

Mr. PELLETIER: The Bill relates to Quebec pilots.

Mr. A. K. MACLEAN: Not three ships leaving the port of Quebec within the next six months would apply for a permit under this legislation. Indeed, there would not be one; I have said that during the last three years only two such permits were issued in respect of the port of Quebec. I should like to hear from the leader of the Opposition; if he thinks that this Bill should not go through I will drop it.

Mr. McKENZIE: I certainly do think so, and I take all the responsibility that may be thrown upon me for doing so.

Mr. J. E. SINCLAIR (Prince Edward Island): No good reason has been given why this Bill should be withdrawn. Conditions are existing in the Maritime Provinces which require that power be given to the minister to make the law applicable in respect of some of the inland waters. In Prince Edward Island some ferry boats have been held up because of inability to obtain certified masters, and shippers and passengers have been very much inconvenienced. These boats have been running for three years under the same men who are now in command. I think that the minister is justified in bringing down this Bill; no danger is involved to the lives of passengers, because it is provided that the minister shall satisfy himself that the person in command of a vessel shall be competent to handle the vessel in the waters that it plies in or may ply in in future. I urge the minister not to withdraw the Bill. I think it is a proper Bill, and I am prepared to support it.

Mr. A. K. MACLEAN: I quite agree that this is important legislation. I am not at all impressed with the arguments that have been laid against it. They are unfounded and unpractical and are made without any concern for the national interest. However, the House is to prorogue to-day or Monday. This is not a Government Bill or a measure which the ministry is pressing as such through the House; it is a matter which is entirely within my own discretion. But inasmuch as hon. gentlemen take the position that the Bill was introduced only yesterday, and inasmuch as objections, which are, perhaps, technical, but which nevertheless have some force, have been raised, I do not feel that I should press the Bill. I, therefore, wish to withdraw the motion for the second reading.

Mr. McKENZIE: The minister takes the responsibility of saying that those who are opposing this Bill are absolutely void of a proper conception of the national interest.

Mr. A. K. MACLEAN: No, I said the grounds taken were made without any concern for the national interest.

Mr. McKENZIE: That statement is absolutely unfounded and should never have been made. I hold in my hand the British Shipping Act of 1894, and the people of Great Britain and Ireland have been leaders and kings of shipping and kings of the seas for at least the last two hundred years, and "Britannia rules the waves", notwithstanding the hon. member for Halifax. Section 92 of the British Shipping Act, in dealing with ships that cross the Atlantic, states:

> Every British foreign-going ship and every British home-trade passenger ship, when going to sea from any place in the United Kingdom, and every foreign steamship carrying passengers between places in the United Kingdom, shall be provided with officers duly certificated under this Act.

Yet, when I ask that we comply with that Act, I am told by a minister of this Government that I am void of a proper conception of the national interest. It is a pity that my hon. friend was not in England for the last hundred years or so to tell the people there what fools they are to require certificated masters. This happens to have been the common and statutory law for the last thousand years or so, but the hon. member for Halifax says that it should be wiped off the slate and that it is nonsense and unfounded twaddle to be supporting such contentions. Let me tell my hon. friend and the House that when Confederation was formed in 1867, the only subject in the commercial life of this country over which we were not given complete jurisdiction was that of shipping, and that was withheld because of shipping being a world-wide commercial matter, the ocean being its home and common ground for every nation on earth. The Canadian Statute, the Merchant Shipping Act, is based upon the British Shipping

Act, and the latter is binding upon us, and our Act requires the same consideration and obligations as to masters. We must, in the case of any ship over 100 tons, burden or upwards, have a certificated master and a certificated mate. That is my ground; I am standing by the British law and the Canadian law, and it is only on the most serious ground that those laws should be departed from, notwithstanding the minister's statement to the contrary.

Motion for second reading withdrawn.

Mr. A. K. MACLEAN moved that the order be discharged.

Motion agreed to.

At one o'clock the House took recess.

At three o'clock the House resumed.

NEW MEMBER.

Mr. SPEAKER: I have the honour to inform the House that the Clerk of the House has received from the Clerk of the Crown in Chancery a certificate of the election and return of Thomas Wakem Caldwell, Esquire, for the electoral district of Victoria and Carleton, N.B.

PUBLIC PRINTING AND STATIONERY AMENDMENT ACT.

House again in Committee on Bill No. 36, to amend the Public Printing and Stationery Act.—Hon. Hugh Guthrie.—Mr. J. E. Armstrong in the Chair.

Mr. GUTHRIE: The Bill was passed last night with the exception of section 30A. Objection was taken to subsection 2, and the suggestion was made by the hon. member for Shelburne and Queen's (Mr. Fielding) that all contracts for purchases should be made after tender had been called. I discussed the matter this morning with members of the Civil Service Commission, and we drafted a clause to meet that objection. I move, therefore, that section 30A, subsections 2 and 3, be amended to read:

30 a (2) All purchases made by the Superintendent of Supplies shall be so made upon requisition approved by the minister, or as he directs, and all purchases involving the amount of $500 or upwards, shall be made in accordance with contracts entered into with the like approval after tenders have been called for.

30 a (3) All such purchases made on the authority of requisitions duly approved by the minister, or as he directs, shall be paid after audit by the accountant.

Mr. McKENZIE: In the case of Public Works Department provision is made that any contract involving an amount over $5,000 shall be done by tender unless some good reason is given by the minister to the contrary. In the case of the Railway Department and the Department of Public Works large amounts are involved, but in the Stationary Department, purchasing envelopes, writing paper and material of that kind, you are calling for tenders only for amounts of $500 and upwards. Five hundred dollars is rather a large amount, and I think you might make it $250.

Sir GEORGE FOSTER: I think we might take the recommendation of the commission.

Section as amended agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT AMENDMENT.

On motion of Hon. C. J. Doherty, Bill No. 41 to amend the Railway Act, 1919, was read the second time.

On the motion of Mr. Doherty that the House do go into commitee on the Bill:

Mr. F. S. CAHILL (Pontiac): Mr. Speaker—

Mr. SPEAKER: I must point out to the hon. member for Pontiac, who has proposed to submit an amendment, that under decisions which have been given in the House for some time since the revision of the rules a few years ago, this motion is not debatable. In the public interest, however, I have deemed it wise that an exhaustive examination of the authorities, not only here but in the Mother Country, should be made for the purpose of establishing a definite practice to be followed in this House, and I hope that at an early stage of next session we may have settled for all time a proper practice in this regard. In the meantime, while I do not think it wise that the motion should be debatable, I mention the circumstance so that any discussion we may have may not be construed as a precedent.

Mr. CAHILL: I would take it, Mr. Speaker, that the Government has not considered it desirable to submit this Bill to a special committee. The clause which it is proposed to strike out from the Bill is one that was the subject of considerable debate in committee at the last session of parliament when the revision of the Railway Act was under consideration. I have not had time to look up the debate on the question because the Bill was introduced only last night. But my recollection is that the railway employees were very insistent on having this clause inserted in the Bill.

I am not speaking positively, but I think it was pointed out at that time that the railway employees made a very strong and persistent fight that the clause should be inserted in the Railway Act. They contended that if it were not inserted certain railways that were not under the jurisdiction of the Railway Commission were in a position to use rolling stock that was not up to the standard sanctioned by the commission, and that these lines endangered the lives of the employees. The employees were used to a certain standard rolling stock and equipment in the railways that were under the jurisdiction of the Railway Commission, and they said that when they went on a line that was not under the commission they might find the rolling stock different.

The equipment and requirements would be different. The equipment that they were used to might not be employed on these lines and it would be a great menace to their safety, because a change that they were not looking for might cause death or accident. I think the hon. member for Perth (Mr. Morphy) was on that committee, and he will recollect the insistent fight that the railway employees put up to have this clause inserted. If this clause is being amended at the instigation of the railway companies, I think the railway employees should be consulted before the amendment is made. If this clause is only being eliminated at the instigation of the electrically-operated lines it should be made to apply to the electric railways only. If that is not done I think the Government would be well advised to withdraw this legislation until the railway employees have had an opportunity of presenting their case to the Railway Committee, the Government, or whoever will be handling this proposed legislation. I beg to move:

That all the words after "that" be struck out and the following substituted therefor:
"this Bill be committed to the Railway Committee for consideration of clauses suggested by the Special Railway Committee."

Mr. SPEAKER: In view of the announcement that I made a short time ago, I trust that any debate on this motion will be of a limited character.

Mr. DOHERTY: I quite appreciate what the hon. member (Mr. Cahill) said about the interests of the railway employees in the particular species of case to which he has referred. I was not here last session, but I have read the minutes of the discussion in the committee. I think he is correct in his statement that this clause was enacted to meet the representations of railway employees engaged upon what we now call the large railways under the legislative authority of the Dominion Parliament, that it was highly desirable, where companies were operating roads under provincial authority, that those roads so operated should be brought under Dominion authority so that the same requirements might apply to them. The reason why it is now proposed to repeal this section is that it is thought—and experience has shown—that altogether too wide a provision was made when seeking to attain that particular end; a provision which applies to railways where those conditions did not prevail at all and where it is looked upon as objectionable—and I think the objections have force—that purely local railways, merely by reason of the fact that they may have acquired, or may be operating or leasing, some portion of a road which was originally constructed under a Dominion charter, and therefore treated as a work for the general advantage of Canada, subject to the control of Parliament and not subject at all to local control, either provincial or other control under provincial authority, should be made subject to the provision of this section. It was thought highly undesirable that you should produce that result. For instance, a notable case that is brought up of the effect of this section is the case of the British Columbia Electric Company, which as I understand it, is a company running tramways in Vancouver and Victoria.

Mr. McQUARRIE: New Westminster.

Mr. DOHERTY: I am informed that they also have a tramway in Victoria.

Mr. McQUARRIE: Yes, that is right.

Mr. DOHERTY: It would appear that that company is operating under lease or other arrangement—that is immaterial—two small lines of railway, one of which was originally constructed by the Canadian Pacific and the other under a Dominion charter, one road being the Vancouver and Lulu Island railway and the other Vancouver, Fraser Valley and Southern railway. By reason of their so operating these roads, under this section, these tramways have been withdrawn from the control of the provincial authority, they have ceased to be subject to the jurisdiction of the public utilities commission of British Columbia and have been placed under control of this Parliament in so far as legislative action is concerned and under the control of the

Board of Railway Commissioners in so far as the fixing of their rates is concerned.

This condition of affairs has given rise to very strenuous objection on the part of the provincial authorities, likewise upon the part of the local authorities, and I might perhaps correctly say, if I can take the representations of the representatives of the people, upon the part of the people of the province. It has been forced upon our attention the exceedingly widespread effect of this section as it stands.

There is also another very serious consideration. I do not desire to absolutely commit myself upon this question, but our attention having been brought to it, we felt called upon to look into the matter and there does arise a very serious question whether it is, under the British North America Act, open to this Parliament, by general legislation of this kind describing a class of works, to make every particular work come within the description of that class of work for the general advantage of Canada without the slightest reference to whether as an actual matter of fact in each particular case it can at all reasonably be suggested that that particular work is a work for the general advantage of Canada. It has been suggested that it is extremely doubtful whether the power vested in this Parliament to make of a work otherwise purely local a work for the general advantage of Canada and subject in consequence to the control of this Parliament by declaring it to be a work for the general advantage of Canada, entitles this Parliament to declare that all works of a certain kind shall be works for the general advantage of Canada without knowledge of the conditions, and entirely without reference to the circumstances, of each particular work.

The condition of affairs to which the hon. gentleman (Mr. Cahill) has pointed, and for which there seems to me to be a very strong reason for seeking a remedy, can be properly and adequately dealt with by taking up the case where the condition which he has pointed out exists and by declaring each one of these local railways which are being operated by railway companies under the control of Parliament to be a work for the general advantage of Canada. That will subject these roads to the provisions of a law applicable to railways which are under the legislative authority of this Parliament. The difficulty seems to result not from the fact that the condition which the hon. gentleman has pointed out calls for remedy, but from the fact that the remedy applied did not fit the particular case, or at all events did not confine itself to fitting the particular case, but operated to bring under this Parliament a large class of works which, I think it may be safely said, was not in contemplation at all at the time. Now this condition of affairs which has brought all these railways, or tramways, of the class I have referred to under the control of Parliament, is one, I think, that calls for rectification, and there is some urgency in remedying the condition that results from the fact that these enterprises find themselves to-day either entirely withdrawn from provincial control, or at all events in a condition of doubt as to what authority controls them. I think the remedy will be—

[Mr. Doherty.]

Mr. J. E. ARMSTRONG: May I ask the minister whether this Bill will have the effect of withdrawing such a railway as the Quebec and Saguenay from the jurisdiction of the Railway Board?

Mr. J. D. REID: Not the Quebec and Saguenay.

Mr. SPEAKER: I hope hon. members will understand that we are not in committee. The motion before the House is that I do leave the Chair for the House to go into Committee of the Whole. It has been moved in amendment by the hon. member for Pontiac (Mr. Cahill) that the Bill be referred to the Railway Committee. If the amendment prevails discussion at this stage is quite useless. If it does not prevail, and the motion itself is accepted, hon. gentlemen will then have full opportunity to discuss the merits of the Bill in committee.

Some hon. MEMBERS: Question.

Mr. SPEAKER: The question is on the amendment.

Mr. MORPHY: Mr. Speaker, I would like to have the opportunity of saying a word on the subject before the House, if it is possible, because I think a solution is possible that will obviate the existing difficulty.

Mr. J. E. ARMSTRONG: I would like to have an answer to my question.

Mr. SPEAKER: The hon. member's question is one which should be put in committee. There is at present a motion before the Chair and hon. members may recall that I have pointed out in rulings heretofore given, that this motion is not debatable. I suggested that the hon. member for Pontiac (Mr. Cahill) should have

an opportunity to make an explanation in moving this motion, but I trust the House will agree with me that it would be unwise to have a general discussion of the Bill at this stage.

Mr. DEVLIN: The minister did not finish his statement.

Amendment negatived, motion agreed to and the House went into Committee, Mr. Nesbitt in the Chair.

On section 1—application of Act to certain classes of railways repealed.

Mr. MORPHY: I desire to oppose the passing of this Bill for reasons which were partly set forth by the hon. member for Pontiac (Mr. Cahill). I am of the opinion that the minister is putting forward legislation for the benefit of a couple of local companies and wiping from the statute a clause which was inserted, after a good deal of discussion, at the request of the men who operate railways in this country and who set forth very cogent reasons why that section should be enacted. The railways of the larger grade are standardized with certain appliances and equipment, and the railway men are forced to study the rules and to understand the operation of all these various appliances and equipment, and become habituated to the use of them to such an extent that the operation of trains so standardized with such equipment become second nature to the operatives. If this Parliament, in its unwisdom, were to cut out this salutary enactment, which was inserted for the express purpose of preserving the lives and the bodies of the railway operatives from death and accident, I think they would be doing a great injustice to those men. I am under the opinion that the minister is pursuing a most unhappy course in attempting to grant some species of favour to railways and tramways of a local nature and character at the expense of the men who operate the great standard systems of the country. What will happen in the event of the section in question being cut out? Where the operation of the standardized railway forces the men to go on to other railways that are not so standardized—railways which the law does not require to have the standardized equipment —they are thrown into a new style of operating trains where the appliances may not, and often are not, present. Through habit, they look for certain appliances, levers and aids to the operation of the train, having been habituated to the use of them. but they find them lacking and an accident happens. It does seem to me, Sir, that the minister is going at this matter in a rather left handed way. Why not let the section stand and be universal in its application to the standardized railways and put in a proviso that this section shall not apply to railways of a merely local character, railways that are not such as would ordinarily come under the operations of the Railway Board. In that way, the difficulty is overcome. The amendment that I would suggest would be to this effect:

> This section shall not apply to railways or tramways operated under a provincial charter, or otherwise of a local nature, not coming under the provisions of the Railway Board.

If you adopt an amendment of this nature you preserve in the statute that benefit to the men which I have described, and you relieve from the operation of the statute these railways of a local character and nature.

I oppose the Bill most strongly, knowing that the section as it stands is salutary and should not be amended, and I hope this committee will refuse to pass the Bill.

Mr. G. B. NICHOLSON: I wish to concur in every word uttered by the hon. member for North Perth (Mr. Morphy). Paragraph (c) of section 6 of the Railway Act was enacted after mature consideration and after the representatives of the railway employees from one end of Canada to the other and of the railway companies had discussed the matter fully before the special committee and before the Railway Board. What the hon. member for North Perth has said with regard to the danger that would be constantly arising from the use of non-standardized equipment if the railways were not under the jurisdiction of the Railway Board is true in every particular. And we can go further—it is not only a case of the railway empoyees being called upon to go from a standard railway on to a non-standard railway, but the equipment of the non-standard railways is constantly being used on the standard railways, the conditions of railway service making that absolutely necessary. What the Minister of Justice (Mr. Doherty) has said with regard to special legislation dealing with particular cases is perfectly true, but this is being used in the wrong direction. Instead of enacting special legislation, as the hon. member for North Perth has suggested, to take care of some local situation that may arise on a street railway, the efforts of railway employees extending over a period of ten years to secure this legislation are going

to be thrown into the discard simply that relief may be given to a street railway at Vancouver or some other point where a condition has arisen that was not foreseen. It seems to me that the suggestion made by the hon. member for North Perth is perfectly logical; if any local situation demands that some exception should be made, let us deal with it in that way.

Mr. McKENZIE: Hear, hear.

Mr. G. B. NICHOLSON: But after the railway committee of this House for three consecutive sessions, having had the representatives of the railway companies and of the employees before them, and having recommended this legislation for the preservation of the life and limbs of railway employees, it seems to me to be perfectly illogical for us to cast it aside simply to relieve some local situation.

Mr. CAHILL: I move an amendment—

Mr. DOHERTY: Just a moment, Mr. Chairman. I appreciate the force of what is said as to the value of this clause if it is effective in the interests of railway employees. But I do not seem to have succeeded in getting the attention of hon. members to what I said with reference to the question of dealing with these matters by general disposition. As I remarked, there are two objections to this legislation: In the first place, it covers too much. We might relieve that objection by an amendment withdrawing tramways and so forth, as has been suggested; but there would remain this situation. As I said, it is a very serious question whether by a clause of that kind we can say that all railways, purely local otherwise, which are leased to or operated by railways under the legislative authority of this Parliament are works for the general advantage of Canada, and thereby bring them under our authority. The question arises: Does the British North America Act empower Parliament by a general declaration to say that all railways—taking that as one particular kind of work—that answer to a particular description are works for the general advantage of Canada? Or was not the purpose of that Act rather to enable Parliament, exercising its judgment with respect to each particular work, to declare it a work, if it found sufficient reason, for the general advantage of Canada? That question has never been categorically passed upon by the courts, but it was raised in connection with a section of a former Railway Act which provided that every railway that crossed a railway, which latter railway was under the legislative authority of Parliament, was a work for the general advantage of Canada, and therefore fell under the legislative authority of Parliament. That legislation was subsequently repealed, but it was claimed that in virtue of that Act certain local railways that crossed what I may call Dominion railways were withdrawn from the control of provincial authority. When that case reached the Privy Council the judges there said that they did not find it necessary to determine that question because the particular legislation under which it had arisen had been repealed. But they certainly were very careful to avoid recognizing that that legislation did effectively bring those local railways under the authority of this Parliament. They contented themselves with saying that even if those provincial roads had by that legislation been brought under Dominion authority, the subsequent repeal of the legislation left them where they originally were. I commend that to the consideration of the committee. If in face of that situation any considerable portion of the committee is still of the opinion that we had better rely upon this uncertain general legislation rather than get rid of it, leaving ourselves free to attain the object desired to be attained in a way which will certainly attain it, that is, by particular declarations in regard to particular roads,—if the committee prefer that, I have no desire at this stage of the session to insist upon this legislation. It has been brought forward at the present moment only to meet what is a very acute situation relative to this particular case, and because the conditions of this particular case have drawn attention to the fact that in all probability there must be quite a few similar cases throughout the country, and have made it clear that at all events this section in its present form is too broad. However, as I have said, if that does not satisfy hon. members, and they still feel that they ought to oppose this legislation, I will not insist upon it at the present time.

Mr. J. E. ARMSTRONG: In order that the committee may realize the importance of the subject which they are now discussing, may I be permitted to read paragraph (c):

> Every railway or portion thereof, whether constructed under the authority of the Parliament of Canada or not, now or hereafter owned, controlled, leased, or operated by a company wholly or partly within the legislative authority of the Parliament of Canada, or by a company operating a railway wholly or partly within the legislative authority of the Parlia-

ment of Canada, whether such ownership, control, or first mentioned operation is acquired or exercised by purchase, lease, agreement or other means whatsoever, and whether acquired or exercised under authority of the Parliament of Canada, or of the legislature of any province or otherwise howsoever; and every railway or portion thereof, now or hereafter so owned, controlled, leased or operated shall be deemed and is hereby declared to be a work for the general advantage of Canada.

When this subject was before the committee it was very fully discussed. As the member for Pontiac (Mr. Cahill) pointed out, representatives of different railway organizations appeared before the committee and strenuously opposed any important amendment of the clause as it now appears in the Bill. Take a railway like the Quebec Central, comprising about one hundred miles of line running through the province of Quebec. That railway is allowed to make whatever regulations it wishes to make with regard to the control of its rolling stock, and the workmen on that road seriously opposed the suggestion that they be placed in a different position from that occupied by workmen engaged on other roads throughout Canada. It should be a comparatively easy matter to amend this section in some way so that we should not interfere seriously with such roads in British Columbia as the Minister of Justice has mentioned. I am convinced, however, that it would be a serious position for Parliament to take to allow this section to be expunged from the Railway Act.

Mr. CAHILL: If the minister has not decided to report progress on the Bill, I would move in amendment:

That the following be substituted for section 1 of the Bill:

1. Paragraph (c) of section six of The Railway Act, 1919, chapter sixty-eight of the statutes of 1919, is hereby amended by inserting after the word "railway" in the first line thereof the words "except electrically operated railways."

Mr. J. D. REID: That would not help the matter out at all, as the hon. member will realize when I refer to the case of the Niagara and St. Catharines railway, which is part of the Canadian Northern system. If my hon. friend's amendment is pressed, the matter will be ten times worse than it is now.

Sir GEORGE FOSTER: We are nearing the end of the session, and having regard to the field of discussion which the Bill seems to open up, it is not the intention of the Government to insist strongly on its passage. If it is the opinion of my hon. friend, the Minister of Justice, that nothing very catastrophic would occur between now and the next session of Parliament if we do not adopt the measure now, we would facilitate business by withdrawing the Bill and going on to other business.

Mr. DOHERTY: I have twice announced my readiness to withdraw the Bill.

Mr. McQUARRIE: There seems to be an impression that this amendment was suggested or brought on for the benefit of some railway company. That is not the fact. The British Columbia Electric apparently is quite satisfied to be under the jurisdiction of the Board of Railway Commissioners, but the people of British Columbia, represented by the Attorney General of that province, as well as the cities of Vancouver and New Westminster and Burnaby and other municipalities, are not satisfied that the control of street railwaays in the cities of interurban lines should be taken out of the hands of the Provincial Government. So that this amendment is suggested by the province and by the municipal authorities, not by any railway company. We are in this position in British Columbia: a public utilities commission, appointed by the province, has for some time been considering the question of fares in Vancouver, North Vancouver and New Westminster, on inter-urban and city street car lines. This proposed legislation was not known to the authorities of British Columbia; as hon. gentlemen will remember it was approved by a special committee. When it is said that something is going to be done here without the knowledge of the railway brotherhood, I point out that this particular enactment which is complained about was put through without the knowledge of the provincial authorities. One of the members of the Opposition suggested that the provincial authorities should be notified and that they should have an opportunity of being heard, but they were not notified; they did not know anything about it. The Public Utilities Commissioner went on with his work until a few weeks ago, when he heard of this enactment and his inquiry has since been adjourned from time to time pending the settlement of this question. On the other hand, the B.C. Electric have submitted tariffs to the Board of Railway Commissioners and the Board is apparently going to attempt to assume jurisdiction. We have this conflict between two authorities, therefore, and the result is a great deal of unpleasantness and discontent. The people of British Columbia think that provincial rights have been and

are being interfered with without opportunity being given to them—to the provincial or municipal authorities—of being heard. I wanted to clear up that one point.

Now, very eminent counsel have expressed the definite opinion that this section is unconstitutional. If that is so, you are going to have lawsuits. There is going to be a lawsuit in British Columbia which is bound to go straight through to the Judicial Committee of the Privy Council. If the opinions which have been expressed are sound, then this section is not going to do anybody any good. It is clear that under the British North America Act a declaration has to be made in each particular case; that is, Parliament has to have its mind on the particular case in question and declare a particular railroad to be one for the general advantage of Canada. Now, that section is bad, and if this amendment is passed, Parliament can take up the case of the Quebec railroad or any other railroad which it desires to bring under its jurisdiction.

Mr. J. E. ARMSTRONG: The Act says distinctly that any one railway may be declared to be a work for the general advantage of Canada.

Mr. McQUARRIE: That is where the constitutional question comes in; that is where this legislation is absolutely bad. I speak on the authority of an eminent counsel when I say that this section is going to be declared ultra vires of this Parliament. It will not do the brotherhoods any good—

Mr. MORPHY: It will do them good in connection with other roads.

Mr. McQUARRIE: If it is unconstitutional, it will not do anybody good. This is a public question. I repeat that this legislation is brought on not by the B.C. Electric or by any other railway company, but by the provincial and municipal authorities of British Columbia.

Mr. DOHERTY: I move, Mr. Chairman, that you do now leave the Chair.

Motion agreed to, and the committee rose without report.

INTOXICATING LIQUORS.

BILL TO AMEND AN ACT IN AID OF PROVINCIAL LEGISLATION PROHIBITING THE SALE OR USE OF INTOXICATING LIQUORS.

Hon. C. J. DOHERTY (Minister of Justice) moved the second reading of Bill No. 27, to amend an Act in aid of provincial legislation prohibiting the sale or use of intoxicating liquors.

Mr. BURNHAM: Mr. Speaker, before you put the question—

Mr. SPEAKER: The mover of the motion has the first right to speak provided that he desires to exercise that right.

Mr. DOHERTY: I think that this Bill, if honourable gentlemen recollect the explanation given when it was introduced, calls, perhaps, for very little further on my part at the present moment. This Bill is an amendment to the Act in aid of provincial legislation prohibiting or restricting the sale or use of intoxicating liquors, which was passed in 1916. It will be remembered that that Act, in substance, prohibits the importation, the sending or bringing into any province of intoxicating liquors to be used in violation of the law of that province. The present Bill is designed to extend that prohibition to the manufacture of intoxicating liquor—and, in consequence, prohibiting the manufacture of intoxicating liquor—for the purpose of its being used in violation of the law of any province. The draftsman, in drafting the Bill as it is before the House, did not quite grasp the purpose that was desired, and, therefore, the Bill as printed enacts this prohibition of manufacture of intoxicating liquor, the manufacturer:

> knowing or intending that such intoxicating liquor will or shall be thereafter dealt with in violation of the law of the province in which such intoxicating liquor is manufactured.

That wording would limit this legislation by making it applicable only to a particular province. The section should read, and I purpose moving so to amend it when we get into committee:

> To be thereafter dealt with in violation of the law of any province.

When we get into committee, I also purpose moving an amendment providing for the method of disposal of liquor that has been seized as having been dealt with in violation of the Act. As will be seen, this measure adopts no new principle, but merely extends the principle of the Act that it amends so as to make the rule, which the Act lays down as applicable to importation, applicable to manufacture also, and it strikes at no liquor except such as is to be used in violation of the law of a province.

Mr. BURNHAM: Some time ago I served notice of an amendment to Bills. Nos. 26 and 27, but since doing so I have had a conver-

sation with the Minister of Justice (Mr. Doherty). I understand him to recognize that whatever, under these Bills, would apply to a provincial referendum on the subject of intoxicating liquors would apply equally to any subject of referendum regarding which a province may make a request—with, of course, the usual reservation in such cases. This recognizes the general principle of a referendum with Federal aid where necessary and requested. I am content with that, and I would therefore ask leave to withdraw my amendment.

Mr. SPEAKER: The hon. gentleman has merely given notice of an amendment, and therefore, no withrdawal is required.

Mr. PORTER: I do not desire to make any objection to the provisions of Bill No. 27 in fact, I believe the provisions as contained in this Bill are a proper exercise of the powers vested in this Parliament, that any legislation along this line should be enacted by this Parliament upon which the responsibility rests and that such powers should not be transferred to any other Parliament or legislative body. Nevertheless, I do not want to be taken as in any sense consenting to what I consider a violation of the principle established in this Bill by Bill No. 26, which is to follow.

4 p.m.

Motion agreed to, Bill read the second time, and the House went into committee thereon, Mr. Nesbitt in the Chair.

On section 1—manufacturing intoxicants, knowing, etc., that they are to be unlawfully used, forbidden:

Mr. DOHERTY: I move:

That subsection (a 1) be amended by striking out the word "the" in the third line of the subsection and by substituting the word "any" therefor, and by striking out in the fourth and fifth lines of the subsection the words "in which such intoxicating liquor is manufactured."

So that the subsection will read:

—manufactures any intoxicating liquor knowing or intending that such intoxcatiing liquor will or shall be thereafter dealt with in violation of the law of any province.

Mr. FIELDING: I agree with the object of the provision; but may there not be some difficulty in establishing the knowledge or intention of the manufacturer.

Mr. DOHERTY: Under the provision of the Act that is now being amended, it is on the party accused to establish that he did not sell the liquor with the "knowledge", referred to, and it will now be on him to establish that in manufacturing it he had no knowledge of any contemplated use in violation of the law. The burden of proof will be upon the accused to establish the condition of his own knowledge. That is not an unusual provision in statutes which make it essential to an offence that an individual should have certain knowledge, and to put upon him the burden of proving what his knowledge was.

Mr. FIELDING: I take it the prosecution could only be instituted after the article had been dealt with in violation of provincial law?

Mr. DOHERTY: It would be exceedingly difficult, I think, to succeed upon a prosecution where that had happened. If one were in a position to know, before the thing had actually been carried out, that that was the intention, he might institute his prosecution. I think it is comparatively easy for the party accused to demonstrate his innocence of any knowledge that it was going to be used in violation of the law. Now, with regard to sub-section 2, of section 1, I move that it be amended so as to make section 4 of the Act, which is amended by this sub-section, read:

On any prosecution for the violation of section one of this Act the accused person shall be deemed to have known or intended that such intoxicating liquor would be thereafter dealt with in violation of the law of any province in which such liquor was manufactured or of any other province into which such intoxicating liquor was sent, shipped, taken, brought, carried or imported, unless he proves that he had good reason for believing that the intoxicating liquor would only be dealt with in a lawful manner.

Mr. FIELDING: Would it not be better legislation to repeal the law and then reenact it in concrete form?

Mr. DOHERTY: Perhaps that would be better, to substitute for the present subsection 2 of this Act the following provision: "Section 4 of the said Act is repealed and the following is substituted therefor" and so on. That is, to reproduce section 4 with the added words which I have just suggested. The effect will be that section 4 will in future read so as to cover the case of manufacture as well as the case of sending or transporting the liquor.

The CHAIRMAN (Mr. Nesbitt): Having heard the explanation of the minister, is it your pleasure that the clause as proposed be amended ?

Mr. McKENZIE: I do not wish to obstruct the minister's Bill in any way, but as a practicing barrister I must say that I am

not in favour of that part of it that casts the burden of the evidence to be adduced at the trial upon the accused. It is not necessary for me to say that the Supreme Court has held that the violation of the Temperance law is a criminal offence. When we are dealing with the question of selling liquor in violation of the law, we are dealing with something which is a crime, and the principle of British justice has been that every man has been presumed to be innocent until he is proved guilty. Now we establish a crime in connection with this Act and we say at once that he is guilty until he proves his innocence. I wish to put myself on record as opposed to that system of trial in whatever form it may come up. I think the temperance people, myself amongst them, should be satisfied to be left in the same position exactly as any other man who has to prove a crime. They should be left to prove that an accused man is guilty. I think that would be better temperance than going the length of putting a man on his trial and declaring him to be guilty before the evidence is heard. As an old lawyer who has had a great deal to do with the criminal law, I want to put myself on record as being opposed to this change in the well-established principle of our criminal law.

Mr. MORPHY: I quite agree with the remarks of the hon. the leader of the Opposition (Mr. McKenzie) in that regard. The decisions in the Ontario Court of Appeal are altogether in line with the argument advanced. In the cases of Regina v. Baird, and Regina v. Sproule, the Court of Appeal, after due deliberation held that no conviction under the Canada Temperance Act could be made without positive and affirmative testimony, and that negative testimony was not sufficient. It was held that it was the duty of the prosecution to establish by evidence that was credible and worthy of belief that the act complained of had been committed. I do not think it is fair to turn upside down the well-known principle of which the hon. gentleman has spoken and to provide that a man placed on trial should be required to prove his innocence. It is the duty of the State to bring home to the accused the act with which he is charged. The principle of the law which presumes a man to be innocent until proved guilty should be upheld in the public interest and to safeguard the liberty of the subject.

Mr. DOHERTY: In the first place, the principle has been established in the Act which we are amending, and we are only extending the same principle to cover the addition that this amendment makes to the Act. The second thing that I would like to say is that this does not put the burden of proof in reference to any act upon the accused; but when it shall have been proved that he manufactured the liquor, or that he sold the liquor, and it comes to be a question of whether or not he knew the purpose for which it was to be used, this will put the burden of proof upon him—if you can call it a burden to prove what his own knowledge was. These are facts that are within the knowledge of the accused and which it is particularly easy for an innocent man to clear up. It is a very general provision, where the guilt is made to depend upon knowledge on the part of the accused to throw upon him the burden of proof as to what his knowledge was. That is the only burden of proof that is put upon him.

Section as amended agreed to.

Mr. DOHERTY: I beg to move to amend the Act by adding a clause as clause 3. This will have the effect of amending section 4A of the Act.

This is a section, 4A, providing for the seizure of all liquor that has been the object of a violation of the law and declaring how that liquor is to be dealt with. The purpose of the section to be added is to make provision for dealing with liquor that has been dealt with in contravention of this law and where the owner cannot be found. It has been found by experience that when liquor has been seized under circumstances that clearly indicate that it has been sent into the province in violation of the law, nobody comes forward to claim it, and you cannot find any person against whom you can get an order made in regard to the disposition of the liquor. It is proposed by this section to make provision for disposing of the liquor under these circumstances. The new clause is proposed to be added after section 4A and is as follows:

(1) When any intoxicating liquor is seized and brought before any judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or any magistrate having the power or authority of two or more justices of the peace, in pursuance of the provisions of this Act, and the consignor or consignee or owner thereof or person entitled thereto or claiming the same cannot be ascertained, and if no person establishes a claim to the possession of such intoxicating liquor within a period of fifteen days after the seizure thereof as aforesaid, or within such extended time as the judge of the sessions of

the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, may allow, or as may otherwise be allowed by any competent tribunal, then the judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace who issued the warrant in execution of which such intoxicating liquor was seized, or, in the case of the death, absence or inability to act of such judge of the sessions of the peace, recorder, police magistrate stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, any other judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, may adjudge and declare such intoxicating liquor, together with all kegs, barrels, cases, boxes, bottles, packages, containers and other receptacles of any kind whatever found containing the same, be forfeited to the Crown.

(2) As soon as any intoxicating liquor and the receptacles containing the same are forfeited to the Crown, the judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, by whom such forfeiture is adjudged and declared shall immediately transmit to the Minister of Customs and Inland Revenue a notice in writing specifying the quantities and descriptions of the intoxicating liquor so forfeited, and shall order that such intoxicating liquor shall immediately be deposited in a Customs bonding warehouse within the province wherein such intoxicating liquor is forfeited as aforesaid, to be disposed of as the Minister of Customs and Inland Revenue may direct.

Mr. FIELDING: What method of disposition of the liquor would that contemplate?

Mr. DOHERTY: I presume the minister might dispose of it by destroying it, or seeing that it was used for legitimate purposes. I think the provision is so worded as to be in accordance with the provisions of the law dealing with liquors that are forfeited under the Inland Revenue Act. We put these liquors into the hands of the Minister of Inland Revenue to be disposed of as he may determine, and I doubt not he will dispose of them in the same manner in which articles of the same kind forfeited under the Inland Revenue Act are disposed of.

Mr. McKENZIE: I do not quite understand the limits of the jurisdiction of the magistrate or the authority that is authorized to deal with this liquor. In Nova Scotia we have a provincial law which is very much akin to this provision. That is, if liquors are found anywhere in the province and nobody claims them within thirty days after they are received, an order can be made by the magistrate who issues the warrant, or the summons, to deal with them as any other liquors that are illegally used under the Nova Scotia Temperance Act are dealt with. That is very plain. But the procedure proposed here would appear to rather conflict with it. I do not quite understand why the order can only be made by the man who tried the case. There must be an information laid under proper jurisdiction with respect to this liquor. I would understand that the man who tried the offence should make the decree or order to dispose of the liquor; but does the minister say that the clause means that one magistrate may try the case and declare the liquor forfeited, and that none of the other courts mentioned may issue an order for the destruction of the liquor?

Mr. DOHERTY: In principle it is the magistrate who issues the warrant who makes the order with regard to this liquor, but if he should die or be unable to act, some other magistrate having similar jurisdiction may make the order.

Mr. McKENZIE: I did not at first catch the nature of the provision. If it is, as the minister explains, it is all right.

Ssubsection 1 of amendment agreed to.

Mr. CHAIRMAN (Mr. Nesbitt): The next is sub-clause 2—disposal of forfeited liquor, as read by the minister. Shall that carry?

Mr. MORPHY: There is one provision that I have been trying to grasp, I do not think it is exactly right as at present worded. I do not see how a man could be said to be claiming a thing when the officers of the law cannot find him.

Mr. DOHERTY: The clause reads that if the officers cannot find the owner, "or any person entitled thereto, or claiming the same"—that is to say if they cannot find anybody who claims it, and so on.

Mr. MORPHY: I think the clause is rather unhappily expressed.

Subsection 2 of amendment agreed to.

Bill reported, read the third time, and passed.

Sir GEORGE E. FOSTER: There are two Bills yet on the Public Orders that we have to deal with, and I will move that we return to Public Orders and take up those Bills. Bill No. 26 to amend the Canada Temperance Act, from what I have heard, is to be

debated, and therefore will stand for the present.

Motion agreed to.

HOUSE OF COMMONS ACT AMENDMENT.

On the motion of Mr. Fielding (for Mr. Jacobs) Bill No. 9 to amend the House of Commons Act and to provide that polling days of elections shall be public holidays was read the third time, and passed.

ADULTERATION ACT AMENDMENT (BRAN AND SHORTS).

Bill No. 7 to amend the Adulteration Act (respecting Bran and Shorts or Middlings) —Mr. Sutherland, was considered in Committee, reported and read the third time, and passed.

SUPPLY.

The House in Committee of Supply, Mr. Nesbitt in the Chair.

Department of Labour—Further amount required to defray expenses of National Conference, and for printing of proceedings, $5,000.

Mr. MACKENZIE KING: What particular conference does that item refer to?

Mr. A. K. MACLEAN: The Conference that was held at Ottawa and which my hon. friend (Mr. Mackenzie King) attended.

Department of Labour—Amount required to defray expenses of Canadian delegates and advisers, to International Labour Conference at Washington, $25,000.

Mr. FIELDING: I think we ought to have some explanation of this item. I have discovered from reading the public press that the Canadian delegates in attendance at this Conference are divided in opinion, which is a rather embarrassing situation. If we are to be effectively represented there, I suppose the doctrine of Cabinet unity should apply; but if the newspaper reports are correct our delegates differ in opinion, they do not know what they want.

Sir GEORGE FOSTER: I do not know that the doctrine of Cabinet solidarity could be pushed so far as that. I have no knowledge of what has taken place at the Conference, except what I gather from the newspapers. But different sides are represented, labour and employers, and it is natural that there should be some difference of opinion between them, and we can only expect our delegates to use their best judgment as to how they shall vote.

[Sir George Foster.]

Mr. FIELDING: Might we not have some explanation as to what is expected to be accomplished by the Conference? I am aware that the Conference had its origin in the Peace Treaty, but I really think the House has had very little explanation regarding the Conference itself.

Sir GEORGE FOSTER: My hon. friend will see if he has read the newspapers—and I know he has—that the Conference is at present discussing the forty-eight or forty-four hour week. The object aimed at is to get international agreement with reference to the weekly hours of labour. That object, if it can be gained, has certainly very great advantages. In fact, it is hoped that as a result of the deliberations of the Conference on the range of subjects connected with labour that an international agreement may be reached thereon. I am sorry that, not being at the head of the Department of Labour, I have no special knowledge of the proceedings and can give my hon. friend only a general idea of what the Conference is expected to accomplish.

Mr. FIELDING: I am not putting my question in any critical spirit.

Sir GEORGE FOSTER: No.

Mr. FIELDING: I realize that these labour problems are of such vast importance that we should try to find solutions for them. The Conference, of course, has neither executive nor legislative power in itself; whatever it might do could only be made effective by subsequent legislation on the part of the nations concerned.

Sir GEORGE FOSTER: I think so.

Mr. FIELDING: I wish I could see any reasonable hope of such international agreement as my hon. friend suggests. The object of the Conference is a good one at all events.

Sir GEORGE FOSTER: We must make progress by degrees.

Mr. MACKENZIE KING: Does the Acting Prime Minister know how much longer the proceedings at Washington are likely to last?

Sir GEORGE FOSTER: When you get a meeting of labour men belonging to one nationality, and try to make an estimate as to how long they will talk, I think it will be admitted that you have a pretty difficult problem on your hands; but when you consider that the deliberations will be participated in by representa-

tives of twenty-eight different nationalities and that many different languages will be spoken, it is beyond my power to make an estimate of how long it will take them to come to an absolute conclusion.

Mr. McKENZIE: I understand that the law officers here have expressed the opinion that any legislation affecting the length of the workman's day or the number of hours of labour per day is a provincial question; and if I remember correctly, the Prime Minister made a statement to that effect in the House last session. Even if this conference should decide on an eight-hour day, then, any Canadian enactment in that regard would have to be made through the different provincial legislatures. May I ask whether there was any consultation with the respective provincial governments concerning the appointment of delegates to attend this conference on behalf of Canada?

Mr. DOHERTY: The provinces, of course, were not entitled to delegates as provinces, but the different Provincial Governments were asked to send, and I believe all did send, representatives selected from their officials, in some instances provincial minister of the Crown, to accompany the representatives of Canada as experts and to be entitled, in the absence of the titular representative of Canada, to act in his place. The province of Quebec sent their inspector of industrial establishments, the officer who has charge of all matters connected with labour questions.

Additional amount required for the remainder of the fiscal year to defray expenses of the Director of Coal Operations and staff in Alberta, and for printing, stationery and clerical assistance, not otherwise provided for, $25,000.

Mr. MACKENZIE KING: What is the nature of the operations that are being carried on under this head? The four items which we have been considering involve a total vote of $60,000, and all the items represent activities which are more or less outside the Department of Labour. The criticism that one hears from many sides is that the Department of Labour is not really carrying on the work for which it was established; that it is delegating the greater part of the work to commissions and outside organizations. A great deal of public money is being spent on work which is supposedly part of the work of the Labour Department but which, in reality, is being carried on by bodies wholly independent of that department. This last item seems to be of that nature.

Sir GEORGE FOSTER: Perhaps it would be nearer the truth—I do not say it offensively—to say that the department is carrying on all the old-time activities and is also stretching out in new directions. Really these services are activities which have been proceeding during the war period under the War Measures Act. As the War Measures Act will in part, cease when the ratifications of peace are deposited some time this month, it was felt that the charging of these items to demobilization account under the War Measures Act could not be continued. This particular item arose out of the utter disorganization of the British Columbia coal mines this side of the mountains. These were put under the control of a director who has been working for over two years. He is doing the work very efficiently as a public service, but we must, of course, provide for the necessary expenses. I assure my honourable friend that this work has been very successful in mitigating the labour troubles in that district and in ensuring a more or less continued operation of the mines. I believe that the mines are presently operating with amity and with success.

Mr. MACKENZIE KING: The strike in the United States has not affected the mines in this country?

Sir GEORGE FOSTER: Not as yet; we are very hopeful that it will not.

Mr. MACKENZIE KING: The minister remarked that after the ratifications of the Treaty of Peace had been deposited in Paris, the War Measures Act would be suspended "in part". In what respect will the Act be continued?

Sir GEORGE FOSTER: I used the words "in part" as a cautionary measure. I am not a lawyer and I am not sure how long the War Measures Act may remain in operation, having regard to the fact that we are still in a state of war with certain enemy countries; and that will be the condition until all the different treaties are agreed upon and finally ratified. The Treaty with Bulgaria has not yet been ratified, although it is well up to the point of agreement, but the treaties with Hungary and with Turkey are no further than the period of negotiation. I am not the Minister of Justice; therefore it is well that I should put in the words "in part".

Mr. MACKENZIE KING: Does the minister not think that we ought to try to get out of the state of war as soon as we can?

Sir GEORGE FOSTER: Absolutely so.

Mr. MYERS: Is this Director of Coal operations in Alberta at present directing the distribution of coal?

Sir GEORGE FOSTER: His duty was to direct the distribution of coal, arrange satisfactory wages and their payment, and determine what the cost of coal should be to the consumer having regard to the expenses of operation. In fact, his powers were wide; they gave him directive authority over both operators and miners.

Mr. MYERS: The reason I asked the question was that at many points in Saskatchewan there are no cars. In some places even schools are being closed. The Government should take some steps at once because the state of affairs is very serious owing to the extreme weather conditions in the West at the present time. In fact, I had a telegram from Kerr-Robert yesterday saying that the people had no cars; that the schools were closed, and that there was dire need of fuel.

Sir GEORGE FOSTER: The Government is keeping track of the coal situation in the West as well as in the East.

Mr. CALDER: A telegram was received from the Provincial Treasurer of Saskatchewan yesterday in reference to the coal situation that had arisen in Saskatchewan on account of the very cold weather during the last three or four weeks. That telegram has been transmitted to the Labour Department, and I understand that the Labour Department has got in touch with Mr. Armstrong who is in charge of this work. I have no doubt at all that he will take the matter in hand with a view of seeing what can be done. This is a purely temporary situation and has arisen as a result of very cold weather conditions extending over a short period.

Mr. J. D. REID: I should like to say a word or two with reference to the shortage of cars. For some time I have been receiving telegrams from the West complaining about the shortage of cars for the shipment of hay, coal and wheat. That has been going on not only for the last few weeks, but for a year. The reason for the shortage is this. In the past there was generally a surplus of American cars in Canada, but the American Government since it has had charge of the situation, has been keeping our cars in the United States and there have been in the neighbourhood of 20,000 more Canadian box cars in the United States than American cars in Canada. Yesterday the way in which the car situation stood was this: There are now located in the United States 1,830 Canadian livestock cars and 43,661 Canadian box cars, to offset which we have only 158 livestock cars and 21,240 box cars of United States railroads in Canada. In other words, yesterday there were 22,000 Canadian box cars in the United States over and above the number of American cars in Canada. I have been taking the matter up by wire in the strongest possible terms with Mr. Walter D. Hines, representative of the American railways. The railways themselves have been doing everything possible to get those cars over here, but we have not yet been successful in reducing that great difference. We are still continuing our efforts, and perhaps it might be well to read a telegram that I received yesterday and that will show exactly the position I have taken as regards the shortage of empty cars in the West. I took the matter up with the Canadian Railway War Board on account of the complaints from the West about not getting cars for livestock, and this is the reply I received:

Nov. 7.

Hon. Dr. J. D. Reid,
Minister of Railways and Canals,
Ottawa, Ontario.

Supplementing telegrams and telephone conversation yesterday re Alberta livestock shippers complaints further report just received from Canadian Pacific railway reads as follows:

"There is undoubtedly a shortage of stock cars in the Canadian Pacific in Alberta and the cause of it is perfectly well known to Messrs. Kenny and McDaniels and to the Calgary Livestock Exchange a great proportion of the stock market has been going to Chicago via Portland and American connections are not in position to supply any cars for it. There are fifteen hundred Canadian Pacific stock cars south of the line and connections have been unable to make prompt return on account of delay in cleaning and disinfecting after unloading which delay they assert is due to shortage of labour and to the cold weather. The feed situation in Alberta was well known to everybody associated with the stock business but they waited until the advent of winter to throw thousands of head of cattle on the railway companies for transportation in addition to the movement via Portland there is a heavy movement to St. Paul and Chicago out of Union stock yards at Winnipeg. Other Canadian railways are supplying cars for this movement and American connections state they are not in position to send up cars. The result is that the whole burden of the traffic is thrown on Canadian Pacific. Our wire yesterday gave information showing considerable improvement in return of Canadian Pacific stock cars from Soo line this board has been in touch with United States railroad authorities continually about accelerating return of cars which efforts now appear to be bearing fruit. Stock cars have been and are being rushed from eastern

Canada as fast as available in absence of stock cars box cars have been placed at disposal of Alberta shippers in ratio of three box for two stock when and where they would use them and in fact investigation shows that railways have been leaving no stone unturned in their efforts to cope with extraordinary situation brought about by conditions already described. Board is informed that Kenny and McDaniels have telegraphed you withdrawing their complaint.

The Canadian Railway War Board.

I think it is an outrage and a disgrace for the railroads of the United States to keep 22,000 Canadian cars over there and to use them, when they know that we in Canada are suffering for lack of those cars.

I only want hon. members and 5 p.m the people of this country to know that the Railway Department, the Canadian Pacific, the Grand Trunk and the Canadian National railways have for a long time been taking every means possible to get those cars back. But Walter D. Hines, who is in charge of this, seems utterly to ignore all appeals we make in the interest of humanity and doing justice to our country to give back to us the cars to which we are entitled.

Mr. J. E. ARMSTRONG: Would it not be feasible for the Minister of Railways to increase the per diem rate at which those cars are now being charged, to double or treble it, if necessary?

Mr. J. D. REID: The international rates are fixed. Supposing you did that, how are you going to collect the rates? The cars are there, and if you start endeavouring to force the United States Government in the way the hon. member states or in some other way of that kind, they will put some restrictions on our traffic going into the United States, and the result might be disastrous to international shipping. I am satisfied that if those means or any other that might be suggested could be adopted, the Canadian Pacific, the Grand Trunk and the Canadian National railways would take those means to get the cars.

Mr. ARMSTRONG: I am satisfied that the minister is doing what he can in the matter.

Mr. McMASTER: Before returning to the item under discussion, in reference to which I desire to ask some questions, I might say that if the Minister of Railways would pay a personal visit to Washington and bring the same pressure to bear upon the senators in that country as he was able to bring to bear upon those at home——

Some hon. MEMBERS: Oh, oh.

Mr. McMASTER:——when he wanted to buy the railway——

Some hon. MEMBERS: Order, order.

Mr. McMASTER:——he might get his cars back——

Some hon. MEMBERS: Order, order.

Mr. McMASTER:——and he would have used his voice and his influence to good purpose.

Mr. J. D. REID: Allow me to say that I had no influence with the senators, and I would be sorry indeed to feel that they were susceptible to influence on the part of any individual or corporation. If the hon. gentleman seriously entertains the opinion to which he has given expression, then all I can say is that it is a reflection on the Senate. However, I am pleased to observe, in passing, that there were sufficient senators of sound judgment to pass so invaluable a Bill.

Mr. McMASTER: The senators——

The CHAIRMAN: Order.

Mr. McMASTER: Does the Chairman rule the minister out of order too?

The CHAIRMAN: Yes.

Mr. McMASTER: He was decidedly out of order in speaking about what happened in the other Chamber. Now, to come back to the item under discussion. I understood from the minister that the director of coal operations was doing his work as a matter of public service, receiving no remuneration. I desire to register an emphatic protest against our being asked to pass an item of $25,000 in the absence of more detailed information. If we were asked to pass items in connection with any regular department, the Government would place before us the number of clerks employed and the salary of each, and would give more details than we have in regard to this somewhat extraneous work undertaken by the Department of Labour. I submit that when work is done outside of the ordinary functions of a department there should be full and accurate information as to how the money that is asked for is to be spent. This item does not tell us whether the Director of Coal Operations is to get any salary or not. Perhaps he is, but we have no information to that effect. We are not told the number of his staff and what their salaries are. The minister says that he is not a lawyer, but to poor and honest members of the legal profession $25,000 is

a considerable sum, and I repeat with emphasis that we should not be asked to pass this item without a great deal more in the way of detail than we have.

Mr. HALLADAY: Probably the busiest man in Alberta is the gentleman to whom reference is made in this discussion. In the province of Alberta we have one-twelfth of the world's coal, although few members realize that fact. We have hundreds of mines, and during the war we were obliged to depend to a great extent on alien labour. These people were, to my mind, somewhat unreasonable in their demands for wages, and victuals the richness of which would heretofore have spoilt their stomachs they spurned and grumbled at. They say now that they must have tomatoes out of season, green onions in winter, and so forth, and Mr. Armstrong has had considerable work to do as a mediator. I can assure the hon. member that he has been a very busy man. During the last four years we have had trouble continuously, always on the verge of strike, and these conditions create a good deal of work for the director and his staff. He has a staff in the city of Calgary, and they cover a territory from the city of Edmonton to Lethbridge, and in the Crowsnest Pass. And it costs money to travel. No sooner is a disturbance settled in one end of the country then they have to journey to another. Altogether, from the nature of the work that these men have to carry on, I would say that the estimate is a very conservative one.

Mr. McMASTER: The member who has so kindly given this information to the committee quite ignores the purport of my remarks. I am not saying that this estimate is either too little or too much, nor do I say that the work of the Director is either good or bad. I do not know anything about the matter, and I merely suggest to the committee, quite properly as I think, that if we are asked to pass an estimate of $25,000 in connection with this work we should know just what it is for. Is it for salaries or indemnities, for stationery, or for what else? I think we should have more details. Certainly, more information would be given us if the work were done under the department itself; and I think, a fortiori, that in this instance we are all the more justified in asking for detailed information.

Mr. MORPHY: A what?

Mr. McMASTER: A fortiori,—a very usual term.

Sir GEORGE FOSTER: In Assiniboia?

[Mr. McMaster.]

Mr. McMASTER: And also in Carleton, N. B.

Sir GEORGE FOSTER: My hon. friend, on principle, is quite right. I have heard the same appeal made just as fervently as he has made it to-night on innumerable occasions, and by members on each side of the House alternately.

Mr. FIELDING: You never made it yourself?

Sir GEORGE FOSTER: Generally the protestations come louder from the Opposition than from the Government side of the House, for which I suppose there is a natural reason. Now, my hon. friend, being satisfied that his principles are right, and having made his protest, is faced with this fact, that the Minister of Labour is not at the present time here and that I am acting pro tem. with an imperfect knowledge of his department. If the hon. member, however, will take my moral and other responsibilities as well as those of the Minister of Labour himself, for a fair and just expenditure of the small sum which is required, and allow the item to go through, he will have an easy conscience and will sleep well, and we shall be able to proceed to the consideration of other items. Now, could not my hon. friend stretch his good nature far enough to allow the item to pass?

Mr. FIELDING: A soft answer turneth away wrath.

Dominion Lands and Parks—Amount required to provide relief by way of necessary supplies of food, clothing, fuel, etc., also fodder for animals to needy settlers of the provinces of Alberta and Saskatchewan by co-operation and agreement with the provincial governments or otherwise, and under regulations to be made by the Governor in Council, $2,000,000.

Mr. COWAN: I had expected that this amount would be larger and I am therefore not at all surprised that at least $2,000,000 should be asked for. Like every one else, I like to see the necessity for relief removed. I understood either the Minister of Immigration and Colonization (Mr. Calder) or the Minister of the Interior (Mr. Meighen) to say that negotiations had been opened with the provinces of Saskatchewan and Alberta looking to the establishment of an irrigation scheme in that part of the country to remove the ever recurring demand for relief there. I would like to ask if they have started these negotiations, and, if so, what progress they are making. It seems to me that something of that kind should be done in a very comprehensive manner.

Mr. MEIGHEN: The Dominion's part in what my hon. friend (Mr. Cowan) calls negotiations has already been pretty well performed; at all events, it has been in progress of performance for many years. The Dominion Government has for a period of many years—indeed, dating back to the first of the century, or close to that time—undertaken the survey work in connection with irrigation projects. Back as far as 1894 control was asserted by this Parliament over the surface waters of the three prairie provinces. Growing out of that control, which was necessarily a Dominion jurisdiction, the Dominion Government established a system of surveys with a view to ascertaining what were legitimate, and from the business standpoint likely successful, irrigation projects. As a result a survey was made, followed by actual engineering supervision of any construction enterprise entered into, and there has been very considerable progress made in the way of actual irrigation projects in these three provinces.

That has largely been, of course, by the Canadian Pacific Company on the one hand and by what is now known as the Canada Land and Irrigation Company on the other. The latter is a combination of what were formerly three companies engaged in the same work. The Canadian Pacific irrigation schemes now embrace, not a considerable area having regard to the amount of land that needs irrigation, but quite an area. Many farmers in Western Canada now are on Canadian Pacific irrigated land and doing remarkably well. The Canada Land and Irrigation Company have encountered many reverses and delays. It is, perhaps, more correct to say that the companies now comprised in the Canada Land and Irrigation Company encountered these reverses. The war came on and the whole investment of these concerns seemed to be at the point of being wrecked. The Government, however, came to the assistance of the companies by way of a loan, the agreement for which is of a rather complicated nature. The Government are amply secured and the agreement which was made has vindicated itself abundantly, the consequence being that the whole of the enterprise and of the work already done were conserved, and now the monies advanced by the Government are in process of being repaid. The Canada Land and Irrigation Company, under Mr. Hays' management, has made most substantial progress and is now at the point where there does not seem to be any good reason why quite an area of the land that they seek to irrigate will not be in shape for sale and for actual irrigation next spring.

All this work is supervised by the Irrigation Branch of the Department of the Interior. No land is allowed to be included in any system of irrigation and no land is allowed to be sold until the whole scheme of irrigation has been approved and until, as regards each separate parcel, the soil content and the plans of the company as to how much of the land is irrigable and can be used to advantage, are examined by the department. As regards the progress of these two concerns, very much practical work has been done and its value is largely demonstrative of what is possible in other areas.

The Dominion Government, as a matter of policy, has taken the ground that actual irrigation construction is not a Dominion responsibility. It is a provincial responsibility or a local responsibilty of some kind. We have met with some resistance in pressing that principle but I think I am not going beyond the mark in saying that the principle is now accepted on the part of the province of Alberta any way and I do not know that it is seriously resisted on the part of the province of Saskatchewan. There is no immediate difficulty in the case of Manitoba. The government of the province of Alberta are naturally anxious that they do not become involved in responsibilities until they know the exact nature of the project that they are asked to endorse. They are anxious also that the Dominion Government continue to press on this survey work with the utmost possible speed and that the Dominion's imprimatur for each separate project be given just as soon as the information can with the greatest rapidity be obtained. That is being done. I think I can say that we have spared nothing in the way of expense so long as we have felt that the money was being properly expended to hasten this survey work. Because we have done that we have made a great deal of progress. Our part of the contract, if you can call it a contract, is well advanced. I do not think there is any reason to fear that the part that must be taken by the provinces will not readily be taken just as soon as the projects are at the stage where each province will have to decide what it is going to do about it.

In the matter of bringing about a solution of the dry area difficulty in western Canada by irrigation, let us not deceive ourselves. There does not seem to be any possibility that the supply of water that will be avail-

able for Canada from the rivers that are within reach of irrigable land, or rather land that is drought stricken, will be anything like sufficient to take care of all the land that ought to be irrigated. We will just have to use that supply of water to the utmost possible advantage and to see that none is diverted where it will do less good than it might have done if it had been directed somewhere else. That is a problem and a responsibility that the Dominion Government must shoulder and is shouldering. It is very probable that only a fraction of the land that would be much better of irrigation in western Canada can be irrigated by the available water supply.

Mr. ARGUE: Before that item is passed I would like some information in regard to this expenditure. When will it be available to the settlers?

Mr. MEIGHEN: That is the real point. The arrangements made this year have taken some time but there has been nothing in the way of a hitch. There is an agreement between the Dominion Government and the province of Alberta and I believe that with the province of Saskatchewan there is a separate agreement. The arrangement is this: In 1915 the Dominion Government took the whole responsibility of relieving the needs of the drought-stricken areas where actual relief had to be furnished to keep the people alive, to keep them supplied with essentials until spring and with seed. That responsibility was assumed both as regards homesteaders who had not received their patents and as regards owners and it involved a very great outlay. In 1915 the conditions were somewhat analogous to what they have been in 1919. In 1917 in these regular drought areas there was only what might be called a half harvest—no, there was not even that. In 1918 there was a failure—not total, but almost—and very considerable hardship. In 1919 there is a complete failure and very great hardship. With these three reverses, one following on the other, we have conditions that parallel the conditions of 1915. It did not seem right to me that the Dominion treasury should meet this expenditure entirely, and I am glad to say that the provinces have met us in a fair spirit and we have come to an arrangement. It is agreed that where expenditures must be made they shall be made by the provinces and through provincial administrative machinery. They supply the organization to do it, see where it is essential, and provide for it where that is the case. Wherever they make the actual outlay for relief, we bear half and they bear the other half. In the case of unpatented homesteads, they take the lien in our favour and pass it on to us; where it is patented land they take the lien in their own favour. Whenever they collect money on these securities they give us half and when we collect money we give them half. They are credited with half of our collections and we with half of theirs, so that if all the money is collected we will each get our part; if there is a loss we both share it. That is the whole principle of the transaction.

Mr. ARGUE: Are these payments to be made in one year or two?

Mr. MEIGHEN: The payments will be due in one year. I am far from saying they will be made in one year; they never have been. We have lost very little but it takes a long while for the payments to be made. I think the provincial government this year are keeping down advances for relief to the minimum. We know that to be their intention; they are going to confine the relief given to certain staple necessities and to nothing else—that is what I am informed. They lose one-half of whatever is lost, so I think that is sufficient security for us.

Mr. ARGUE: That is not the situation to which I wish to draw attention. Take the drought-stricken areas where the merchants in the villages and towns have been carrying these farmers through for the entire year. When it came to the end of the year and they should have been paying their bills, they had not got a dollar for the purpose. If the Government lends them money to carry on for another year, and then request the re-payment of the whole of it next year, the merchant who carries these people on his books must continue to do so for another twelve months. I would like to know if the Government could not collect fifty per cent of the indebtedness in 1920 and allow the farmer this year to pay off fifty per cent of his indebtedness to the merchant who has carried him?

Mr. MEIGHEN: I do not think the Government is likely to get the advantage of the local merchant in the collection; we never do. The local merchant will get his fifty per cent all right. Anyway, under the plan that will be in vogue now, that will have to be taken care of by the provincial government. Under the arrangement they will look after the re-payment in the case of all unpatented homesteads, which class is variously estimated at from ten to seven-

teen per cent of the total number who need relief.

Mr. MYERS: Who supplies the seed?

Mr. MEIGHEN: The provincial government, through the municipalities supplies the seed altogether for patented homesteads, and we supply it for unpatented homesteads.

Mr. MYERS: Is the distribution to be made through the municipal councils? The reason I ask is that if it be done that way unnecessary expense will be avoided. The farmers at the present time are in poor circumstances and I would therefore suggest that in the interest of economy the distribution be made through the municipal councils.

Mr. MEIGHEN: We bear no expense at all ourselves, but of course the expense has increased. What the province is doing is this: in the main they guarantee the municipalities, and the municipalities provide the essential necessities themselves, under the control of the province, the province guaranteeing the municipality at the bank and holding the municipality responsible. The only time we come in in such cases is when the province is called upon to pay by reason of its guarantee. If the province is not called upon to pay, then we have nothing to pay. In Alberta, especially, there is very little organized territory in the municipalities as yet, so that in that province the arrangement cannot be carried out in that way. In that case they simply use the regular provincial officers; but where they have a municipality they use it.

Mr. McMASTER: It would be interesting if the minister could tell us what percentage of the last advance made in this fashion has been returned?

Mr. MEIGHEN: There never was an advance made in this fashion. The advance to which the hon. gentleman doubtless refers was made in 1915. I cannot recall the exact figures but I will give them approximately and as closely as I can. In 1915, $12,300,000 was advanced for relief and seed grain. Of that amount about $7,500,000 was for seed grain and about $5,000,000, for relief. The total amount returned at the last inquiry I made was about $9,500,000. That includes seed payments. There have been more returns made since, so that there would be about $3,000,000 and interest outstanding. The larger portion of that was for relief; in that class of cases we had to take a last lien: in the case of seed grain we took a first lien.

Mr. MYERS: In addition to what the minister has said I may explain that there is no doubt about the security in the case of these loans, because the Government has taken a first lien on the land.

Mr. MAHARG: What provision is being made for the issue of grain for next spring?

Mr. MEIGHEN: My present intention is to recommend that we follow the course that was pursued last spring. That is, where the seed is to be furnished to unpatented homesteads we arrange to have our agents recommend each individual case to the bank designated by the homesteader. The homesteader selects his own seed and gets his money from the bank at a rate of seven per cent, giving his note and his lien, and then we guarantee a return of the principal and five per cent interest.

Mr. MAHARG: Is it the intention of the Government to give assistance to the needy settlers again this spring?

Mr. MEIGHEN: Does the honourable gentleman mean for seed?

Mr. MAHARG: Yes, for seed.

Mr. MEIGHEN: Entirely as regards unpatented lands. Where it is essential we will have to see it is done, and I recommend its being done on the same plan that was adopted this year.

Advances to soldiers settling upon the land and cost of administering the Soldier Settlement Acts of 1917 and 1919, including clerical assistance. Further amount required, $20,000,000.

Mr. McKENZIE: Perhaps the minister would be pleased to give us an idea as to how many soldiers have settled on the land in each of the western provinces, and the average amount of loan that the Government has granted to these men.

Mr. MEIGHEN: The number of soldiers who applied under the Act for qualification certificates as farmers was 38,851 up to the 18th of October last. Of that number 29,474 applicants were approved by the Board. The amount of loans approved up to that date was $45,120,233. The total of the loans already approved is about $20,000,000 over the vote; that is why we are asking for this $20,000,000 to continue the advances. The maximum loan authorized is $7,500. In rare cases a loan of $8,000 is permissible under the Act. The average loan granted is

$3,296. Loans were granted for the following purposes:

On purchased lands:	
For land purchase	$25,089,265
For improvements	3,118,038
For stock and equipment	8,876,733
On Dominion Lands	5,007,003
To settlers on their own land	3,029,194

The number of applicants recommended for agricultural training was 1,743, and the number taking training is 702.

The hon. member asked as to the number of men settled in each province. I am not sure that I have that information before me, but, as might be expected, the three western provinces have the largest number. When I last examined the figures the province of Alberta had the largest number, the province of Saskatchewan came next, and then Manitoba and British Columbia. Ontario had, however, a rapidly increasing number, reaching, I think, close to that of the western provinces. The Maritime Provinces are increasing too, the figures being substantial for each province. I will get those figures for the hon. member before the House adjourns.

Mr. McMASTER: Where are the men undergoing their training?

Mr. MEIGHEN: We utilize the provincial agricultural colleges mainly; but we have establish at Sherbrooke, Quebec, and at another eastern point training centres where we have lands leased for the purpose, and we also have men in training on farms where we supply them with a little assistance if they are married men to support their dependents on a very limited scale,—not at all on the scale of the Civil Re-establishment Department. We do not give these men the regular agricultural college training course at all, but a practical training course of three months, in fact, just such a course as will make them useful on the land. The regular agricultural college course is intended to make a good farmer a better farmer; our course is intended to make a man who is not a farmer at all practically useful on a farm.

Department of Soldiers' Civil Re-establishment—To carry out the recommendations of the report of the committee on Bill No. 10 (Soldiers' Civil Re-establishment), $40,000,000.

Mr. PROULX: In the expenditure of this money I think the department might utilize the Soldiers' Aid Commissions in some of the provinces, especially in the way of looking after the unemployed and those who are disabled. Those commissions have been engaged in that work for three or four years, and I am assured by the secretary of the Ontario Commission that they would be disposed to continue it.

Mr. CALDER: I have already received a communication from the Soldiers' Aid Commission of Ontario to the effect that they will be willing to co-operate in every way possible. I have my doubts as to whether the expenditure of this money should be placed under a provincial organization, because after all, those commissions in the various provinces are provincial. We are providing here a fairly large sum of money and it is absolutely necessary to surround the expenditure of that money with adequate safeguards to insure its being spent for the purposes for which it is intended. The Government as yet has not had an opportunity of considering what should be done in the way of establishing the necessary administration to look after this work, but it seems to me that whatever kind of administration is established, it will have to be of such a character as to make certain that this money is used entirely for the purpose which the House had in mind when we were discussing the matter the other day.

Some suggestions have been thrown out that probably the Patriotic Fund organization might act. Personally I have very grave doubts as to the advisability of that. On the other hand, it might be that we have some existing machinery that would be able to carry on this work without duplication. All I can say to the committee at the present time is that the expenditure of this money must be guarded with the greatest possible care. I think there is no doubt in the minds of any member of the committee as to the intention of the House in approving of this suggestion. Every precaution should be taken to see that the money is not squandered or wasted in any way, and the Government has the matter under consideration and will endeavour to establish whatever machinery is necessary, or to use whatever machinery exists with those objects in view.

Mr. McKENZIE: I am afraid that we are just a little too close to six o'clock to get through this item, because it is a very important one and we want definite information in regard to it. Is this $40,000,000 made up of an itemized statement, or is it just a guess; and is much of it to be taken up by what the minister has been prone to call commitments—how much of it goes to payments for which the department is already committed, or is it all available for

new cases that may arise? Can the minister give any general information as to how we arrive at the $40,000,000 ?

Mr. CALDER: In our report we made a series of recommendations, all involving the expenditure of money. In respect of certain items the estimate, I think, is approximately correct. For example, one of our recommendations was that gratuities heretofore paid to members of the Canadian Expeditionary Force should be payable also to Canadians who enlisted in the Imperial forces, minus the gratuity which they received from the Imperial Government. The committee went into that fully and estimated that the cost involved in carrying out this recommendation would be in the neighbourhood of $9,000,000. The committee recommended also that we should refund the fares paid by the wives and children of soldiers who returned to Canada prior to the armistice. Since the armistice the Government has paid such fares and it was thought just that those who returned prior to the armistice should be treated on the same basis. We know that about 17,000 dependents returned before the armistice, and that about 34,000 have returned since. We know what the actual cost has been, and we estimate that to carry out this recommendation will involve an expenditure of about $1,000,000.

Mr. McKENZIE: What machinery does the minister propose to establish for the purpose of getting at the persons he has to deal with under these items?

Mr. CALDER: There will be no difficulty about that. As soon as the announcement was made in the press that these two recommendations had been made, applications commenced to come in. We have had a very voluminous correspondence with those whose dependents returned prior to the armistice. Our various soldier organizations are interested in both these questions. They all know that the committee has made that recommendation, and, as I say, applications will come in rapidly. As to the gratuities to Imperials, the Militia Department have on record the list of all those who served in the Imperial forces; if not, they will be able to get the necessary information.

Mr. McKENZIE: I do not think they have such a record. I had one case of an Englishman by birth who left this country and joined the Imperial forces. He was killed, and I communicated with the Government on behalf of his widow, who lives in my constituency, with a view to their looking after her. The answer I got was that the Militia Department had no record of this man because he had joined on the other side.

Mr. CALDER: That may be so. They have some records here, but I have no doubt that others will have to be obtained. I take it, however, that every one who is entitled to this gratuity will apply for it at an early day; then it will be simply a question of ascertaining whether or not the applicant is entitled to the payment, and, if he is, of seeing that the payment is made. That covers these two items. Then, the report made a series of recommendations, grouped, because of the impossibility of arriving at a definite estimate. One of our recommendations is that men undergoing medical treatment during a fairly long period in hospitals under the control of the Department of Soldiers' Civil Re-establishment should get their clothing free. I suppose if the committee had had time they would have been able to arrive at an estimate of the expenditure involved in carrying out this suggestion, but they did not take time to do that. Again, we recommended that a man who had been taken on the strength of the vocational branch of the department and who was afterwards discharged because of the fact that he should not have been taken on should receive the pay and allowances provided for those who take vocational training. Sometimes when a man comes to Ottawa to take the training there is every indication that he is entitled to do so. There is sometimes delay in getting the necessary medical and other documents, and pending the completion of these the man may be taken on strength. Then, possibly a week afterwards, it may be found that the man was not entitled, under the regulations of the department, to take the training. It was decided by the committee, after hearing very full evidence on that point, that in such cases the pay and allowances should be given as I have stated. There are not very many cases of that kind.

Mr. McMASTER: I wish to make a brief plea, before the minister proceeds any further, on behalf of a class of soldiers who at the present time do not get gratuities. I am impelled to do this because the minister said, when the report was under consideration, that the acceptance of the report would not bar the door to further suggestions. I know that the matter was considered by the committee, but I ask the minister to

consider it again. I refer to Canadian-naturalized citizens, many of whom had been in Canada for many years, had married and were bringing up families here, some of them men of forty years and upwards, who when the call came rallied to the colours in the respective European countries to which they belonged. There they were fighting the battle of Canada—because the cause was a common one—in August, September, 1914. I have one case in mind of a man who was fighting the battle of Canada in the French army as early as September, 1914. That man, who for ten years had been a Canadian citizen, comes back with both hands maimed. He does not receive any gratuity. Had he been an English reservist who had re-joined his regiment in England and gone to the Continent in the British Expeditionary Force, he would have been entitled to gratuity. Why should such a distinction be drawn? I do not think that there should be a distinction, and as a matter of justice and of equitable treatment of all I would ask the minister to give the case of such soldiers further consideration.

Mr. CALDER: That matter has received consideration and, I dare say, should receive further consideration. I wish to direct attention to one representation that was made to the committee—I am not sure that it is well founded—and that is this: that although a man came from Greece to Canada, say ten years ago and settled down here and became naturalized, he had not completely severed his Greek citizenship. If he were a Greek reservist, and Great Britain were at war with Greece, although he had become a naturalized Canadian, he would still be subject to the call of Greece. Does the hon. member see the point?

Mr. McMASTER: I see the point, but—

Mr. CALDER: I understand that the statement was made to the committee that that was true of French and Italian reservists. So long as those countries remain under a system whereby when their people go out to other parts of the world to settle they continue to carry their citizenship with them and to be subject to military law, our position in regard to such people is quite different from that in dealing with our own citizens, citizens within the British Empire. There is a distinction there.

Mr. McMASTER: It is a distinction for which the soldier is in no way responsible. I have in mind a French reservist who was naturalized in 1900, who has been for many years a voter in the county which I represent, and who at the outbreak of war, although he was a married man with half a dozen children, immediately went over to France and took part in the war. I think it is very hard that he should not receive the same treatment as if he were an Englishman who had enlisted.

Mr. CALDER: If England had been at war with France, where would that man have been?

Mr. McMASTER: As a Canadian citizen, I think he would have been in Canada. I do not think he would have enlisted in either army.

Mr. CALDER: He would have been subject to call, even although a Canadian citizen.

Mr. McMASTER: I do not think questions of what might possibly happen between two allies which have fought as one in this war should influence the committee in doing justice to individuals. The question is not whether the policy of France was a wise policy or not; it is a question of justice to individuals who have rendered equal service to the country's cause.

Mr. CALDER: I quite agree with the hon. member.

Progress reported.

CIVIL SERVICE RE-CLASSIFICATION.

SENATE AMENDMENTS CONCURRED IN.

Hon. A. K. MACLEAN: By leave of the House I beg to move concurrence in the Senate amendments to Bill No. 18, to amend the Civil Service Act, 1918. The amendments are not very important, therefore I think we should accept them. The first amendment is on page 2. The clause as it now stands provides that if any position is abolished, the incumbent of that position is put on an eligible list for the class of position from which he was laid off. That means that if the position is abolished, he will be eligible for appointment to the same kind of position. The Senate adds this:

> Or for any other position for which he may be qualified.

That, I think, is fair. The next amendment provides for the elimination of the word "organization" which occurs in clause 7 on page 3 of the Bill. The purpose of inserting the word "organization" in this clause was to give power to the commission to organize departments. The Senate moved to strike that out. As it is a

matter which in any event the commission would not be able to reach for a year or more, I think the amendment might be accepted. Another amendment is this. Under the Act as it stood in 1918, the Governor in Council had the power of appointing deputy ministers and members of Royal Commissions. By error this clause was deleted from the Bill, and this amendment is simply to restore the clause. There can be no objection whatever to the amendment.

Motion agreed to and Senate amendments concurred in.

At six o'clock the House took recess.

After Recess.

The House resumed at eight o'clock.

House again in Committee of Supply, Mr. Steele in the Chair.

The CHAIRMAN: The last item under consideration was No. 544, Soldiers' Civil Re-establishment.

Mr. D. D. McKENZIE: The minister had not quite finished his statement of particulars in regard to this item. He accounted for $10,000,000, and there is a balance of $30,000,000. Perhaps it would save time if he would tell us how he intends to administer the whole fund.

Mr. CALDER: The administration will naturally fall to the departments that are particularly charged with carrying out the work to be done in accordance with the recommendations. For example, the Militia Department would naturally be concerned with gratuities; the rebate of transportation to dependents who returned to Canada prior to armistice would fall to the Immigration Department, which has been dealing with that problem; while in regard to free clothing to patients in Soldiers' Civil Re-establishment hospitals, the department itself would take care of that work. The same is true of pay and allowances to trainees taken on the strength and afterwards not approved by that department. In regard to functional sub-normal cases, the committee recommend:

> There is an urgent necessity for the establishing of a means to take care of these problem cases. In view of the highly technical and difficult nature of the question they recommend that the Department S. C. R. should take immediate steps to institute a thorough inquiry to determine the need and to recommend the means of best dealing with this difficult problem.
>
> They further recommend that in the interim, or until such time as proper provision is made for the care of such cases, the department be authorized to expend the money necessary to make provision for these cases.

From the evidence that came before us, there is undoubtedly a large number of men—we could not get anything like an estimate of the number— who have been discharged from the army, who are not disabled in the ordinary sense, who are not being cared for by the department, and yet are sub-normal. I may give an example of a man who came before us, and I am sure there was not a member of the committee who did not feel that he should be in some institution. While he was not disabled in the ordinary sense, you could see written all over his face that he was certainly very sub-normal. He was out trying to get employment here, there and everywhere, and he struck us as being the type of man that must be taken care of for some time in order to be brought back to normal mentality and strength. It was intimated to us that there were a good many cases of that kind throughout the country, and if this recommendation is carried out the department will have to get in touch with them and wherever necessary make proper provision to take care of them. These men should not be allowed to struggle for themselves for some months at least. If they are, I am afraid the consequences to them will be disastrous. It is exceedingly unfair that they should not be taken care of. As to what the expenditure will be, I am sure, as this committee can understand, it is very problematical. The committee has also recommended, and it seems to me that the House might very well leave it to the Government, that steps should be taken at once to ascertain what general policy should be followed in regard to these men and what provision should be made to properly care for and treat them in order to bring them back, as far as possible, to a normal condition. It seems to me that if the experts get to work at once and bring down recommendations as to the establishing of institutions or the placing of these men under proper care, or something of that kind, the Government should not delay in doing whatever is necessary. Again, recommendations were made in reference to certain classes of pension cases, more particularly of widows with families. It was felt that under existing conditions pensions did not go far enough. The committee felt that at this time they could not open up the whole pension system, and consequently made a general recommendation that provision should be made for necessitous cases until

the House has a further opportunity to consider the whole question of pensions. There was a further provision for the cashing of cheques of Canadians of the Imperial forces, in regard to which the expenditure will not be very large. Then there were two concrete suggestions, one as to loans to re-trained disabled men for the tools and equipment which they require to establish themselves in a new line of work for which they are under training. This does not mean that they are to be established in business, but if they have been trained to be carpenters, blacksmiths, shoemakers, or to engage in some other trade, a loan will be advanced to provide them with necessary tools. The other suggestion was for loans to disabled men for the purpose of training and education. It was represented that while certain men, such as university students or others who had been taking an educational course, might be getting a pension by reason of disability they had not the earning capacity to acquire what they needed in order to proceed with their education, and it was suggested that provision should be made for loans in necessitous cases of this kind which would be considered on their merits. It is deemed advisable that loans should be given. There was a further suggestion in regard to the probable unemployment situation during the coming winter. According to the evidence submitted to the committee, there are some 30,000 returned soldiers out of employment at the present time. We did not, of course, obtain, nor do I think it was possible to obtain, any evidence as to the proportion who were actually looking for employment, but the estimate of those not in employment was placed at 30,000. It was also estimated that anywhere from fifty to sixty or seventy thousand returned men would be out of employment during the winter, but it does not necessarily follow that all of these men will have to be provided for. All that the committee suggests is that necessitous cases of real hardship should be dealt with, every one being considered on its merits, and the necessary machinery established. The Government has not had time to consider what form that administration will take, but I can only repeat that I consider it very essential that whatever machinery is established should be established in such a way as to prevent this money being unnecessarily expended.

Mr. ALFRED THOMPSON: I desire to bring to the attention of the committee a matter that has reference particularly to the territory I represent. It is referred to on page 34 of the report, Part VIII, Written Proposals Received, paragraph 2, and is embodied in a Memorial under date August 29, 1919, of the Yukon Soldiers' Civil Re-establishment Committee.

The memorial recites that quite a number of soldiers have returned to the Yukon and that the conditions affecting returned soldiers in the Yukon are as follows:

1. That the Territory is essentially a mining country.

2. That the Territory during the war gave to its utmost both in men and money, almost to the breaking point.

3. That the Territory received no benefit whatever from war-time industrial activity; and that the Goverment Land Housing schemes are not possible of practical application here.

4. That the Territory affords little employment during the winter months, and that many of the returned men have not sufficient funds to carry them through the winter.

5. That the lays corporation of the Territory have considerable placer mining ground, which could be worked profitably by returned soldiers during the winter months, and there is other ground in the Territory that might be prospected during the winter months to advantage if the returned soldiers be given financial assistance.

Therefore be it resolved, that this committee prays that the necessary provisions be made at the forthcoming session of Parliament, whereby the sum of Thirty thousand dollars ($30.-000) be appropriated for the benefit of Yukon returned soldiers, to assist them in becoming re-established in their former occupation of mining, either in working ground on which discoveries have been made, or with a view of making new discoveries of gold and silver, in each case an agreement to be entered into with the returned soldiers, receiving assistance, whereby the amount so advanced by the Government shall be a first charge against the property he may acquire, or the mineral he may recover.

The committee believes that such a scheme will not only be beneficial to the community generally but will be the only solution of the problem of the unemployment of the returned soldiers in this Territory during the coming winter.

That memorial was submitted to the committee of which my hon. friend (Mr. Calder) was chairman and it is recorded, as I have said, at page 34 of the report. In glancing over the report, however, I do not find that it has been specifically dealt with, and I would be glad if the minister would tell us as to whether he has been able in any degree to meet the wishes of the soldiers who have returned to the Yukon.

Mr. CALDER: The committee had those suggestions under consideration together with many others. The report itself indicates that the committee has reached certain conclusions, for it has made some recommendations, and that, as regards cer-

tain suggestions that came to it, it simply states that it could not see its way clear to make any recommendations in the House, I am sure the hon. gentleman will see that if provision was made for the men engaged in the mining business in the Yukon you would have to make similar provision for those who desire to engage in prospecting or mining in other parts of Canada. You could not do it for the Yukon alone. If you did it in the case of a miner you would also have to provide for the fisherman, the lumberman or any one else anywhere else in Canada. It is because every suggestion proposed action along similar lines for practically every occupation that the committee finally came to the conclusion that it could not make a recommendation to the House.

Mr. McKENZIE: I have asked the Minister of Immigration and Colonization (Mr. Calder), who was chairman of the committee which had this particular matter in hand, and who no doubt conducted that investigation with an ability equal to that shown by him in submitting the findings to the House, for a concise subdivision on this $40,000,000 which is to be voted to meet some of the recommendations in the committee so that I, and the committee, might know exactly what is to be done with the money. He has given a general outline of what is to be done. If I understand him aright there is nothing provided to meet any of the real demands that were made by the Great War Veterans' Association. They want some provision that would enable many returned soldiers to settle down and establish themselves in business. We have in the Land Settlement Act made very generous provision for the settlement of soldiers who are going on the land—expensive enough, dear knows, both to the country and to the soldier—and it is only to be hoped that it will be a success; if it is not it will be rather a bad thing for the soldier and an expensive experiment for the country. For the present let us hope that it will be a success and that the soldier, who is settled on the land will have no reason for complaint. I think he will have to admit that he has been generously dealt with. But the large body of men who are not inclined to settle on the land but are anxious to settle down in other callings will realize that they are not so generously dealt with. The man who is disposed to be a farmer gets as high as $8,000. The Government has power to give that amount, and I think they have gone as high as that in some cases. The man who wants to be a merchant, a tradesman, a fisherman, or perhaps a manufacturer, thinks that he should get the same consideration, or at least some consideration; and that was the basis of his application to the Government and to the committee, as I understand it. The opinion is that this concession should be made not so much by way of a donation or charitable assistance or anything of that kind. However, we have the report of the committee, and the only money that is provided is this $40,000,000 which is to be expended as the minister has just outlined. While this report is before the committee we studiously avoided talking in any way that would sound like politics or like seeking party advantage if party advantage could be gained. But as a representative of the people I am bound to tell the minister that I do not regard the investigation before the committee as absolutely fair. I do not regard it as fair in its inception, because the Government, of which the chairman is a distinguished member, had decided some time before July 27 last what they were going to do; that is they had decided that they were not going to do anything beyond those lines. That decision is found in a letter written by the Prime Minister (Sir Robert Borden) on that day to the officials of the Great War Veterans' Association in Ottawa and addressed to Mr. MacNeil who was, I believe, the secretary. The hon. minister (Mr. Calder) seems to indicate that he does not quite agree with this statement of mine.

Mr. CALDER: Will the hon. gentleman permit me?

Mr. McKENZIE: I will permit the hon. gentleman to ask a question or something in that line, but I will not allow him to make one of his explanations which rather break up what one has to say.

Mr. CALDER: The hon. gentleman has attempted to state the position the Government took. I merely wish to correct him.

Mr. McKENZIE: The better way would be to read the Prime Minister's letter.

Mr. CALDER: The hon. gentleman will find that it only refers to cash gratuities.

Mr. McKENZIE: That suits my purpose precisely. Because this is cash, as I understand it; we have not yet reached the stage when the currency of Canada would be tan bark or anything of that kind.

Mr. CALDER: A great many of the suggestions were based on the payment of cash gratuities.

Mr. McKENZIE: This is cash, and the hon. gentleman was explaining how this cash was to be subdivided. It does not enlighten us to say that they would not give any cash. I do not know what else they were going to give. This question was discussed by the hon. the Minister of Justice (Mr. Doherty) on the 16th September in this House, and the discussion is to be found at page 368-9 and other pages of unrevised Hansard. This is what the minister says:

> The representatives of the Gratuity Association of Returned Soldiers asked for an interview on Saturday last, which interview was granted, and we heard most fully what they desired to say. The only answer that could be made, and that it would be fair to give to that deputation, the Government having looked into the question as carefully as it was capable of doing, was to tell them perfectly frankly that so far as the Government was concerned it had reached its conclusion that there was no way out—

They were told that that conclusion was maintained in the Prime Minister's letter of the 27th July, and this was the 16th September. The hon. member for North Simcoe (Mr. Currie) asked the minister if it was the intention of the Government to do nothing except what was contained in the Prime Minister's letter, and it was distinctly stated by the Minister of Justice: No; they had reached their conclusion, they had given their decision to the War Veterans' Association, and that was the end of it. Now what I submit to the minister is this: With a condition of that kind, with a Government fully determined that they would not give any money, and holding to that objective, the tendency of the hon. gentleman who was chairman of that committee all the time would be to find such evidence as would sustain the Government in their position. That was the whole drift of the evidence. They called for all the officials of the Government who knew anything about the finances of the country—the very best men they could get at all events—and put them on the stand to prove that they could not give any money for this purpose, that they had no money to give. Of course they found abundant evidence to prove, according to their own findings, that the decision the Government had reached on or before 27th July was a proper decision, bearing in mind the state of the country's finances. I submit, Sir, that if there was going to be any investigation at all along these lines, that investigation should have taken place before the Government reached its decision. Then at all events it would have appeared to the outside world as though the Government had an open mind, and was prepared to be convinced by evidence brought in support of the contention of the returned soldiers. But we were told more than once—it is on record as coming from the Prime Minister and the Minister of Justice—that no such hope was to be looked for, that there was no hope of any change of that kind. That, Sir, is why I say this was not such an investigation as would lead the returned soldiers to hope for anything but just what took place. For that reason I am not quite satisfied that this was a genuine, well-meant investigation for the purpose of reaching out for something to be done for the soldiers, but that it was really an investigation with the intention of camouflage—to bring sufficient evidence to justify the position the Government had reached long before this committee was appointed. It is possible, Mr. Chairman, that the report is the best conclusion that could be reached. But I fear that the soldier—not all the soldiers, because many of them are rather substantially helped—who thinks he is in the same class as the man who went on the farm and is getting assistance to the extent of about $8,000 or so, will be very much disappointed and will want to know the reason why a sum approximating thirty or thirty-five millions of dollars is being devoted to settling men on the farms and no money at all appropriated for the fisherman, the lumberman, or any soldier who wishes to engage in other lines. That certainly will require some explanation.

There is no use in talking about what we might have done, but I do think the Government might have looked ahead a little more than they did with respect to the finances of the country and made greater financial provisions so as to have dealt with the soldier question in a better way than they have done. For instance, take the expenditure which is being made on good roads. Good roads are excellent and very much to be desired if we have money to spend for the purpose, but these being war times the roads might well be left as they were for a couple of years, and it would have been wisdom on the part of the Government to have reserved the twenty millions of money they are voting for good roads in the provinces and utilize it for the purpose of meeting war demands and the necessities of the returned soldier. Again, technical education is a splendid thing, but as a Dominion we have done without it for the last fifty years. This

year we have set apart twenty millions or so for technical education, notwithstanding the fact that we have lived without it since we became a nation. I think, Sir, that if it were a choice between the interest of the returned soldier and technical education, we ought to have allowed technical education continue as it has gone for the last fifty years and let us have for the returned soldier the millions of money that were voted for that purpose. Housing schemes are a splendid thing if we have the money to spare for that purpose, but if we have to decide between the pressing and growing needs of the deserving returned hero, and making grants to the provinces for the purpose of advancing loans to the municipalities at a low rate of interest to help men to build houses who never smelt powder and never took any part in the war, it would have been more sagacious for the Government to have kept that money and applied it to the interests of the soldiers. If all this money was to go to the erection of houses for the accommodation of soldiers, it would be a different matter, but that is not the case, the money goes entirely beyond the control of the Government and into the hands of the provincial authorities, and anybody who complies with the requirements of the provincial and municipal authorities may obtain loans from that appropriation. These are but a few things which go to show that we might have been more conservative and looked farther ahead into the expenditure of money and have had to-day vastly larger money supplies in dealing with this very pressing question so that we could have held ourselves in a position to say to the soldier: We have the money, you need it, and if there is justification we will give it to you. Instead of that we are in the position of saying: you do need the money, and you are justified in looking for it, but we have not got the money to give. I submit, therefore, that this $40,000,000, while a very large sum of money, does not, according to the details given by the minister, in any way go to meet the demands that are made upon us by reason of the representations of the Great War Veterans' Association and the evidence which was submitted to the committee. However, we have nothing to do but to accept the conditions. Those conditions were accepted by a very large majority, the members of the House evidently indicating by their votes that they were perfectly satisfied with the provision that was thus being made for the returned soldier. To me it was a disappointment.

Yesterday we had many hon. gentlemen speaking very strongly, eloquently and forcibly in support of something being done for the soldiers. I was sorry to see that there are evidently greater considerations than those which the soldiers advanced; there are greater things than the needs of the returned soldier—things that are more influential in the matter of votes. The Minister of Immigration and Colonization has only to pull out his old musket and say: "Look here boys, there is one remedy for all these things. If there is the slightest sign of weakness in our followers, we have a trick that will bring you to your milk—we shall resign." That flag was flown to the breeze, and every one faithfully filed up behind. Let the soldier look out for himself. It was Safety First with hon. gentlemen on the other side.

I am very sorry that on account of the financial condition of the country, as found by this report, we are not in a position to do better for our returned soldiers. I hope that the minister (Mr. Calder) will see to it that the very best administration is employed in disposing of this money as far as it goes. I have no doubt that he and his colleagues will endeavour to the best of their ability to see that no money is wasted, and that the most pressing needs of the returned men are met as far as this little amount of money will meet them. With those observations to clear up exactly what my own views are on the subject, I have no objection at all to the passing of this item.

Mr. MORPHY: While the item is about to be passed, I, as a member of the special committee, desire to enter a protest against the language of the leader of the Opposition (Mr. McKenzie) for many reasons, but particularly for the reason that he has forgotten that although the question of cash gratuities engaged the attention of this special committee, that committee also dealt with extensions of the work being carried on and improvements therein as well as with loans in connection with the re-establishment of the returned soldier. The hon. gentleman, for some reason or other difficult to conceive, has attempted to reflect on the members of that committee by stating that they were intimidated by the musket of the chairman of the committee.

Mr. McKENZIE: Not on the committee at all.

Mr. MORPHY: The hon. member has suggested that the members of that special committee were obsessed with the idea that as the Government had come to a certain conclusion, they themselves, being slaves, must perforce come to the same conclusion. On behalf of that committee I resent the aspersion and cast it back. Who selected that committee? Its vote was unanimous. Does the hon. leader of the Opposition pretend to say that his followers—the hon. member for West Lambton (Mr. Pardee), the hon. member for Quebec East (Mr. E. Lapointe), the hon. member for Westmorland (Mr. Copp), the hon. member for North Essex (Mr. Kennedy) and the hon. member for Inverness (Mr. Chisholm), were swayed by the musket of the chairman, were slaves and assisted in framing a report for the benefit of this Government? I hold them in higher esteem. I give them credit for being honourable members of this House, attempting to do the best they possibly could in the interests of the country in general, and for the returned soldier in particular. It seems to me that it ill lies in the mouth of the hon. gentleman to cast aspersions not only upon members on this side of the House, but upon his own followers to render them infamous.

Mr. McKENZIE: I said nothing of the kind.

Mr. MORPHY: I would like the hon. gentleman to take a little of his own treatment. I submit that in effect he said exactly what I have stated, and there is no other meaning to be taken from his words. But he forgot that there were members of that committee whom he had selected from his own side of the House, and who unanimously agreed with the other members of the committee that this report was the best they could recommend at this critical time in the history of the country. Yet the hon. leader of the Opposition stands up, for the purpose of cheap popularity, to try to make a point which recoils upon his own friends with added force. Why, Mr. Chairman, with the number of discontented soldiers that apparently are to be found—though not to the same extent, I believe, as is generally thought—what would have been more popular for the committee to do than to have granted every reasonable demand of those soldiers? Popularity sought and popularity gained by going against one's honest convictions would be an infamous popularity. It is not right, I submit, for the hon. gentleman to say that the members of that committee entered upon their work with a closed mind. On the contrary I assert that every member of that committee—and every one of them is just as honourable as the hon. member who defames them—entered upon that inquiry with perfect honesty of purpose and with the intention of sifting to the bottom every just and reasonable claim put forward by those men who fought so valiantly for this country and the world at large, and that they entered upon the inquiry not with the knowledge imputed to them of the exact condition of the country's finances, but entered upon their task as men of probity and honour determined to do everything within the bounds of reason for the returned soldier. The hon. gentleman, in his very last sentence, condemns himself when he admits that he is very sorry, indeed, that the country's financial position would not allow the committee to do what he would have liked them to do. What is there in this parliamentary life that will enable the recognized leader of a once great party to defame members—honest men, men working with a set purpose to do their very best in their country's interests—and while defaming members on this side of the House to sully his own nest by heaping opprobrium upon those whom he himself appointed to the committee? The thing is impossible to understand, Mr. Chairman.

Mr. McKENZIE: The hon. member for Perth North (Mr. Morphy) is usually a man of some moderation, but to-night he seems to be badly afflicted with some degree of vituperative force. When the hon. gentleman is in a cooler mood, if he will do me the honour of reading Hansard, he will see that I did not say any of the things that he has attributed to me.

Mr. MORPHY: I took notes while the hon. gentleman was speaking.

Mr. McKENZIE: If there was any design about that committee I put the whole blame on the chairman. I am not doing my hon. friend the injury, or the honour, of thinking that he had very much to do with the corralling in which he was a victim at the end. He was in the hands of a very shrewd politician, who pointed out to him the evidence from which only one conclusion was to be drawn. The witnesses were put on the stand and the play was set in such a way that my good friend, with all his honesty—and no doubt he is an honest man—had no alternative but to do just what he did, and which was all brought about by the shrewd politician who stage-managed the play. My

remarks were directed to him entirely, and he does not take it as approbrium, he takes it as the part which he had to play. The good old politician and statesman (Sir George Foster), who now sits at the head of the Government, looked around his class and counted heads to see who was the man to put in charge of this committee to bring in the report that he wanted, and he said: "I think you, Mr. Calder, qualify for this job. You go and do it."

He went, and he did it splendidly. Do not let my friend suppose for a moment that I am casting any opprobrium on him or on the gentlemen from this side whom I named as members of the committee. They were possibly very cunningly misled into the conclusion that they reached.

Mr. CALDER: There is just one weakness in my hon. friend's argument. The member for West Lambton (Mr. Pardee), the member for South Essex (Mr. Brien), the member for Inverness (Mr. Chisholm) were not there to have the wool pulled over their eyes. They were there for days and weeks; they went into this matter just as did every other member of the committee. So that my hon. friend forgets his own friends who were there and who should have had their eyes open all the time to watch me very closely.

Mr. E. LAPOINTE: They surely should.

Mr. CALDER: In all seriousness, though, it is true that the Government, as a Government, had to come to a conclusion, as a matter of policy, on the question of a general cash grant to returned soldiers and did come to such a conclusion prior to the appointment of the committee. It is only that point that is referred to in the letter of the Prime Minister; it is only that point that was referred to by the Minister of Justice (Mr. Doherty), and by the President of the Council (Mr. Rowell), when the matter first came up for discussion in the House at the present session. But hon. members realize that that was not the only question that came before the committee. A hundred suggestions of all kinds came to us, suggestions involving the payment of cash gratuities, suggestions regarding loans for all sorts of things, suggestions regarding other benefits of various kinds, as well as from fifteen to thirty suggestions connected with the improvement and extension of existing work. We had before us a many-sided problem, and because the committee unanimously came to a conclusion on the one point that I have mentioned does not mean that they had not very important work to do, or that their findings indicated anything in the nature of a preconceived judgment on the question they had to deal with.

Mr. MAHARG: I had not intended to intervene in this discussion, but one of the statements made by the House leader of the Opposition did not go down any too smoothly. I refer to his remark that it was evident yesterday from the vote that we were all perfectly satisfied with the report of the committee. There were at least a few who were not perfectly satisfied with that report, and they were probably less satisfied with the amendment that came from the Opposition. If my hon. friend was not satisfied with the report, why did he, as leader, not see that the amendment submitted by the Opposition meant something? It was a very significant circumstance yesterday that a number of seats on the Opposition side that were vacant about the time that the vote was taken were perfectly warm shortly before that. When you put all these things together you can easily see which way the cat is jumping. It has been said of those of us who sit on the cross-benches that, because we vote first with one side and then with the other, we are just changing the coin from one pocket to the other. Well, if conditions continue as they are the cross-benchers may themselves be forced to take a little of the initiative. If we are not perfectly agreeable with the way things come from our friends on the Government side, and we find that the same applies to hon. members on the other side, then, as I say, it will be the duty of cross-benchers to take the initiative in matters which come before the House. The only reason why the report of the committee went through without opposition was the assurance given by the Government that they would be prepared to make provision for every case of necessity that was brought to their attention. They also gave us their assurance that the door was not closed; that they were willing to consider everything that might come up, with the exception of cash gratuities or bonuses. It was only because of that assurance that there was unanimity in the adoption of the report so far as the Government and the cross-benchers were concerned. We shall have another session of Parliament before long, and the sincerity of the action taken by the Government in the intervening time will have an effect upon our attitude with regard to this report. When the next session comes and the opportunity presents itself, this matter can again be taken up.

Mr. CALDER: These Estimates were prepared before the report of the committee was finally disposed of by the House. You will notice that the wording of the item is as follows:

To carry out the recommendations of the report of the committee on Bill No. 10 (Soldiers' Civil Re-establishment).

It seems to me that we should widen the scope of the item a good deal. If the understanding that we had is to be carried out, the wording of the item should be such as to enable us to meet other classes of cases—if the decision is arrived at so to do—than those referred to in the recommendations, and to make the vote available for that purpose. If it meets with the approval of the committee, therefore, I suggest that after the word "re-establishment" there be added the words: "and other work in connection with the re-establishment of the returned soldier." As the Estimate stands now, the money, when voted, can be applied only to expenditures in connection with the recommendations made in the report.

Mr. McKENZIE: I do not know that we have any power to change a resolution of this kind at this stage without a new resolution being framed and sent to the Governor General for his assent. I think, as a matter of practice, it is difficult to change the purpose of any appropriation after it has received the assent of the Governor General without sending it back for his further assent, because the moment we change a resolution, it becomes a new resolution, and the appropriation is for a new purpose. We cannot increase the vote or switch it into any other channel than that which was announced in the Estimates when they received the assent of the King through the hands of the Governor General. The only thing we can do is to strike the item out altogether or vote a smaller amount. That is my recollection of the rule. I wish, however, to say to the hon. member from Maple Creek (Mr. Maharg) that the amendment moved by the leader of the Opposition (Mr. Mackenzie King) yesterday was that the report go back to the committee. The hon. member for Shelburne and Queen's (Mr. Fielding) pleaded with the Minister of Immigration and Colonization (Mr. Calder) who had charge of the Bill to accept one or all of the various suggestions that had been made by hon. gentlemen who addressed the House and the committee. Various propositions were made, all by hon. gentlemen supporting the Government, suggesting ways and means by which money could be raised for the assistance of the soldiers. Those propositions did not come before the special committee, and the hon. member for Shelburne and Queen's and the leader of the Opposition (Mr. Mackenzie King) thought that when the suggestions were not accepted by the minister who had charge of the proceedings, the only thing to do was to move that the report be referred back to the special committee so that they would have the advantage of considering those suggestions with the view to accepting or rejecting them as they thought proper. If the hon. member for Maple Creek thinks that we had no purpose, he is very much mistaken. The very last thing that should be done by any hon. member is to attribute improper motives to any other hon. member. I am not imputing any improper motives to the hon. member for Maple Creek; I suppose he is quite in earnest; but I say to him that the amendment which was presented to the House and which he helped to vote down was full of purpose, namely, to put before the committee the various propositions that were made by hon. gentlemen who support the Government. The only thing we could do was to ask those hon. gentlemen who had made those propositions to submit them to the committee. The hon. member for Maple Creek, by his vote, said: I am satisfied with what has been done; I will not let the report go back; I will not give effect to any of the propositions that were made in the speeches of the hon. gentlemen; I am prepared to let the thing go as it is and to trust to what the Government is going to do. That is his position and that of every hon. member who voted down the amendment we made. I regret that consideration was not given to the various propositions that were put forward and which did not come from this side of the House. We were watching with eagerness to see if some profitable, proper and practicable suggestion would be made by hon. gentlemen opposite, and I would be very sorry to say that all the speeches which were made by hard-headed business men on the other side of the House did not contain any meat that would be worthy of investigation and consideration. We thought those suggestions were worthy of consideration, and for that reason we moved that the committee should have an opportunity of looking over them and seeing if they could pick something out of them to add to their report. The hon. member for Maple Creek

9 p.m.

denied the committee that opportunity and denied the soldiers the advantage of getting some good out of a rehearing by the committee.

Mr. MAHARG: I do not feel like sitting still under the accusation of the hon. member who says that I stated that they had no purpose in their amendment. One of the reasons why I voted against it was that their purpose was very evident, so evident to me and to a number of us that it did not take us very long to come to a conclusion. The purpose that we saw in it was such that we did not consider that it was our duty to forward matters along that line at all. I quite agree with the hon. gentleman that they were watching with the greatest eagerness the way in which matters were going, and the "eager" part of it extended almost to the eye of an eagle, for it was quite evident that they would not let anything pass. They got in at the psychological moment, according to the opinion of some of us. I think, however, we are in the main all very well agreed that we want as liberal an interpretation of the report as is possible, and it was only for that reason that I said anything to-night.

The CHAIRMAN (Mr. Steele): I would like to draw the attention of the committee to rule 13, which says:

Speeches in Committee of the Whole must be strictly relevant to the item or clause under discussion.

References to the debate yesterday and to the motion and amendment moved then are scarcely relevant to the item under discussion.

Mr. MACKENZIE KING: With all due deference, I think the item under discussion now is in relation exactly to the subject that is being discussed. In fact, the minister has just asked us to broaden the terms of this item in its phraseology so that there may be no mistake in including the discussion of yesterday.

The CHAIRMAN (Mr. Steele): It relates to the same subject, but a resumé of the discussion that took place yesterday would not be relevant to the item under discussion.

Mr. KING: I do not desire to make any resumé of yesterday's discussion; but inasmuch as some reference has been made to the purpose of the amendment which I had the privilege of moving, I should like to point out to the committee that the purpose of that amendment was exactly what it appears to be on the face of it. A number of hon. members had made important speeches to the committee, and I was particularly impressed by suggestions that had been made by different hon. members—

Some hon. MEMBERS: Order.

The CHAIRMAN (Mr. Steele): I think I must insist upon the rule being observed, without desiring to curtail the discussion at all.

Mr. MACKENZIE KING: If I am trespassing in any way, I shall say nothing further beyond mentioning that the suggestions made, and which the minister said that he would like to take into consideration, were the suggestions I had in mind when I moved that the report should be referred back to the committee to consider those matters. In the same connection, to show the sincerity I had in moving the amendment—

Some hon. MEMBERS: Order.

Mr. MACKENZIE KING: If hon. gentlemen will permit me, I think they will be quite satisfied with what I am about to say. I think it is unnecessary for the minister to seek to broaden the terminology of this particular item to carry out the purpose that he has in mind. I am sure all of us will be ready to construe the resolution in the widest possible sense so as to permit him to do the things which he wishes to do under the recommendations of the committee. I think he will find that the recommendations are sufficiently numerous and important to enable him to meet any case that really will come within the range of the matters which he wishes to consider.

We on this side would be glad to have him feel that it is in that spirit that we should like to have this matter viewed. I hope the minister will feel that no exception will be taken on this side to his giving the language of this resolution the broadest interpretation possible in administering the vote.

Sir GEORGE FOSTER: I would call attention to the following item which we have passed:

Legislation—House of Commons. To provide payment for the sessional indemnity of Members of the House of Commons, that is to say, for days lost through absence caused by illness, public business, or being engaged in necessary farming operations or on account of death, notwithstanding anything to the contrary in the Senate and House of Commons Act, Revised Statutes of Canada, 1906, Cap. 10—Payment in case of death to be made as the Treasury Board may direct, $10,000.

I move to add in the first line after the word "of," the word "Senators." Both the Senate and the House of Commons are joined in the Act itself, and it is simply an error that the words "Senators or" were omitted from the clause.

Mr. FIELDING: Has not this item been reported to the House? If it has we cannot change it.

Sir GEORGE FOSTER: It has not been concurred in. The motion can be made on concurrence.

Mr. MARSHALL: I desire to make a statement in reference to some charges that have been made against the Dominion Canners by the leader of the Opposition, I may perhaps be allowed to read the following statement: "On the 6th of October, 1919—

Mr. McKENZIE: I rise to a point of order. I made a motion in this House for papers in connection with this matter and they have not yet been returned, and it would be improper to discuss the question until the papers are brought down. In any event, the subject which the hon. gentleman is about to raise is certainly not debatable at the present time.

Mr. MARSHALL: I do not know whether I am in order or not. The statements made by the hon. gentleman were so ridiculous, however, that I think I am entitled to say a word in regard—

Mr. McKENZIE: I rise to a point of order, Mr. Chairman, and I wish to insist upon it. The question which the hon. member raises is not debatable at this stage.

An hon. MEMBER: You made the charge.

Mr. DAVIDSON: Be brave.

An hon. MEMBER: Take your medicine.

Mr. MEIGHEN: A question of privilege is in order at any time in the proceedings of the House, and I suggest to the hon. member that if he desires to make a statement he do so as a matter of privilege.

Mr. FIELDING: Not while the House is in committee.

Mr. ERNEST LAPOINTE: Especially when it refers to the Dominion Canners, it is not a question of privilege.

Mr. MEIGHEN: The rule of the House, although I have not looked it up especially for the purpose, provides, if I recollect, that privilege is admissible at any time.

Mr. McKENZIE: When the House is sitting.

Mr. FIELDING: I have not purposely consulted the rule either, but it is a matter of familiarity that on the calling of the Orders of the Day a member may rise to a question of privilege when the Speaker is in the Chair. He may not do so, however, when the House is in committee. The real difficulty is that we have not had the opportunity that would come in the natural order of our parliamentary business of discussing matters of the kind on the motion for going into Supply. Parliament has not had that privilege this year, and apparently we are not going to have it.

Mr. MARSHALL: Are we not in supply?

Mr. FIELDING: On a given subject, but not in general Supply, which affords us an opportunity of bringing matters of public concern before the House. I say as a matter of complaint against the Government that in the conduct of the business at this session they have not given us that privilege.

Mr. MARSHALL: Mr. Chairman,—

Some hon. MEMBERS: Sit down.

Some hon. MEMBERS: Go on.

Mr. E. LAPOINTE: Oh, no. Order.

Some hon. MEMBERS: Go on.

Mr. E. LAPOINTE: We won't stand for it. Order.

Mr. MEIGHEN: We have only gone into Supply once, and that was to-day, and if the hon. gentleman wanted an opportunity to survey or review any question he could have done so then.

Mr. FIELDING: Is not this one of the days on which we are denied it?

Mr. MEIGHEN: No.

Mr. FIELDING: I was under the impression that it was; at least I was so informed. However, I had no grievance of my own.

Mr. MACKENZIE KING: May I point out that only within the last five minutes the Chairman denied me the right to discuss a matter appertaining to the Soldiers' Civil Re-establishment.

The CHAIRMAN (Mr. Steele): Order. The hon. member is in error when he states that I denied him the right to discuss a question relating to the Soldiers' Civil Re-establishment. My ruling was that references such as he was making to a debate which occurred yesterday, in explanation of

the vote that was taken then, were not relevant to the item under discussion.

Mr. MACKENZIE KING: I would point out, then, that anything relating to the Dominion Canners is not relevant to any item in the Estimates before us.

The CHAIRMAN: The leader of the Opposition having raised a point of order——

Mr. HOCKEN: Which leader?

The CHAIRMAN: Order.

Mr. E. LAPOINTE: The Grand Master.

The CHAIRMAN: Order. The leader of the Opposition having raised a point of order in reference to the statement which the hon. member for East Elgin proposes to make, I must rule that it is not competent for that hon. member to make that statement at the present time.

Mr. MARSHALL: I submit to your ruling, Mr. Chairman, I quite understand why the leader of the Opposition does not wish to hear what I have to say.

Legislation—House of Commons—To provide for clerical assistance to the leader of the Opposition from 1st November, 1919, to 31st March, 1920, $1,041.67.

Mr. DAVIDSON: I should like some information in regard to the item providing for clerical assistance to the leader of the Opposition from November 1, 1919, to March 31, 1920, $1,041.67. To which leader of the Opposition is this assistance to be assigned? At the last session of Parliament an item of $2,500 was included in the Estimates for remuneration for a clerk or secretary to the leader of the Opposition, and I desire to know whether or not this is to be an additional remuneration for that particular clerk, or whether there is a new clerk, and to which of the leaders of the Opposition he is to be assigned. Apparently there is a tendency to double up salaries right along this session. We have two salaries for the leader of the Opposition. Are there also to be two salaries for clerks of the leader of the Opposition?

Mr. SPEAKER: As is indicated, the item in question is to cover the salary for the remainder of the year 1919-20 for clerical assistance required in the office of the leader of the Opposition. It does seem to me that the leader of the Opposition, who is a public servant, ought to be the best judge as to the clerical assistance which is required in his office. When the leader of the Opposition made representations to me that additional assistance was required, I thought it was only just to him, and in the public interest, that his wishes in that respect should be met. I did not feel it incumbent upon myself to go beyond the leader of the Opposition. I felt that his desire ought to be sufficient and that it ought to be met. I do not know that there is anything further that I can say, except that this is the explanation of the additional amount for clerical assistance.

Mr. MACKENZIE KING: At the present time the only clerical assistance in the office of the leader of the Opposition is one clerk who acts as secretary. The leader of the Opposition has the right to name his secretary. I think hon. gentlemen will realize that if the position of leader of the Opposition is to be filled in the way in which it ought to be filled, and if the occupant of that position is to do the work that should be performed, at least more than one stenographer is necessary in an office which has the amount of correspondence and work that has to be carried on in that office. I might point out to my hon. friend (Mr. Davidson) who spoke to this matter that it is very important that some one should be in the office of the leader of the Opposition who can write letters in French as well as in English, who can translate letters that are received in either language and who can converse in either language with gentlemen who come to the office. Were I as familiar with the French language as I should like to be, possibly I could carry on that correspondence myself, but if correspondence is to be carried on in both languages, the leader of the Opposition should be provided with a clerk in his office who can assist with the translating of letters. That was the reason of the representation I made to the hon. the Speaker of the House, and he immediately saw that in the interest of the public business it is absolutely necessary that the leader of the Opposition should have two clerks in his office. I am sure my hon. friend has very little conception of the work pertaining to the office or he would not have been so quick to ask this question.

Mr. DAVIDSON: I have no intention of being niggardly about the matter at all, but my question was prompted by the reflection that the right hon. Sir Wilfrid Laurier had performed the duties of leader of the Opposition with perfect satisfaction, I think, to the country and that he had got along very well with one clerk. If the young incumbent of the position can rise to the traditions of his predecessor he will

more than fulfil the expectations of this House and of the country.

Mr. MACKENZIE KING: My hon. friend, I think, will hardly expect me to be able to fill the position of leader of the Opposition now or for any time to come as the Right Hon. Sir Wilfrid Laurier filled it; but I would point out that the work of this Parliament is growing all the time and that Sir Wilfrid Laurier, who, as leader of the Opposition, was provided with one clerk by the Government, had to employ, day in and day out, year in and year out, other clerical help and to pay for it out of his own pocket. This position is unfair to any leader of a party. Unfortunately, I am not in the position where I have means to pay out of my own pocket for assistance to do public work. I cannot fulfil the duties of this position as they ought to be fulfilled if I am not to have the necessary clerical assistance. I am ready to give all my time to the service of my country. It is not unreasonable to ask that the Government be permitted to assign two clerks to the office.

Mr. DAVIDSON: If the continuance of the hon. gentleman as leader of the Opposition depends upon the employment of another clerk I shall not object, because I am very anxious that he should continue to fill the position.

Mr. E. LAPOINTE: Very clever.

Railways and Canals—Chargeable to income —To provide for payment of expenses in connection with acquisition of the Grand Trunk and associated railway systems, $50,000.

Mr. FIELDING: What is the class of expenditure that is expected to be covered by this item?

Mr. MEIGHEN: I did not know myself that the item was in until I saw it just now, but I know the class of expenditure which should be covered by it. It would be legal assistance, and, I would presume, necessary witness fees. In a word, I will describe it as the expenses necessary to investigations.

Mr. FIELDING: At the arbitration?

Mr. MEIGHEN: Yes, in connection with the arbitration.

Mr. FIELDING: Does that include both sides of the arbitration?

Mr. MEIGHEN: No, we have nothing to do with the expenses of the other side.

Mr. FIELDING: Except that we are the other side, too.

Mr. MEIGHEN: Hon. gentlemen opposite may be, but we on this side are not.

[Mr. Davidson.]

Mr. FIELDING: We are, in the broader sense of the word. The whole Parliament and the people of Canada are the stockholders, or will be, of the Grand Trunk.

Mr. MEIGHEN: "Will be."

Mr. FIELDING: And therefore in the broader sense we are the Grand Trunk Company.

Mr. MEIGHEN: Not until we are. That is later on. In the meantime we pay our expenses and they pay theirs.

Mr. FIELDING: I hope it is so, but we will see later on.

Mr. MACKENZIE KING: When the question of the Grand Trunk was under discussion the other evening reference was made to certain statements in the Journal of Commerce and Commercial Bulletin and I would ask the Minister of the Interior to allow me to deal with that matter for the purpose of correcting a false impression. I happened to read from the Journal of Commerce and later on the minister mentioned that I had omitted a certain paragraph, that I had read part of the article which suited me but that I had not read another part of it.

Mr. MEIGHEN: If I am to be allowed to continue the debate to and fro I have no objection. The question as to whether we are to enter into a debate upon the subject is one for the committee and the Chair.

Sir GEORGE FOSTER: Unless it is absolutely necessary, and character and standing depend upon it, I should press for the business of the House to go on.

Mr. MACKENZIE KING: With all deference to the Acting Prime Minister (Sir George Foster) I would say that it is a case where a character and standing may be said to depend upon it. It will not take more than a minute.

Mr. MEIGHEN: Then the hon. gentleman will raise no objection to the matter of the Dominion Canners coming up, for I assure him that character and standing are much more in point in connection with that matter than in connection with this. Yet, in that he raised an objection and had it ruled out. Now he wants to have his own objection negatived.

Mr. McMASTER: The Dominion Canners is not a member of this House.

Mr. FIELDING: Any matter relating to the Grand Trunk comes within the scope of this item because the words "in connection with the acquisition" include the

whole business, and any body who wants to may open the whole subject. I do not.

Mr. MEIGHEN: The rule of the House against reference to a previous debate in the same session applies.

Mr. FIELDING: I do not think it applies in this case. The debates on the Grand Trunk subject are all one.

The CHAIRMAN (Mr. Steele): While the leader of the Opposition (Mr. Mackenzie King) may be quite willing that certain things should be done and the Minister of the Interior (Mr. Meighen) that other things should be done I fear that the responsibility of keeping the committee to the rules of the House rests with the Chairman. As long as the rules are not transgressed the Chairman will not object.

Mr. MACKENZIE KING: The minister mentioned that I had read some extracts and had omitted others, and that apparently there was design in the omission.

In the unrevised Hansard of November 4th, page 1785, the minister (Mr. Meighen) is reported as saying:

> But he took care not to read it all; he explained to the House that he would not read the rest of it and he simply let it go at that. I will read a little of the rest of it, and perhaps hon. members will then understand why he did not read the rest of it.

The minister read this quotation:

> No similar issue has ever come before the State Department, it is understood. There is some disposition to believe that the ownership of the stock of the Panama Railroad by the Government of the United States furnishes a parallel case. The statement has been made that the Panama railroad as a corporation is subject to the same control by the Pan-American Government as any other private enterprise, and it is probable that this will be the attitude of the United States as to the Grand Trunk system.

While the minister read that extract he failed, however, to read the following which appears in the paragraph subsequent to it:

> The situation in Panama has special features due to the peculiar relations of that country with the United States, which would not apply in a controversy with Canada.

The clause that the minister did not read later on, when he was accusing me of having omitted certain clauses, absolutely takes away the force of the clause which he did read and which he led the House to believe I had omitted designedly. What I wish to make perfectly clear is that if I did not read the whole article, it was because the part I read was the pertinent, and the only pertinent, part. I wish to add that the minister having omitted to read the part which he failed to read, I shall not be as uncharitable towards him as he was towards me by saying I think he had any design in so doing.

Mr. MEIGHEN: The hon. gentleman reads a clause in which the side of the case is presented which might show cause for interference. The clause I read was the only clause that seemed to be the view of the article, because it said that having considered both sides it was probable that the view would be taken that the United States Government had no concern in the matter at all. That is the clause that sums up the view of the article itself.

Dominion Lands and Parks.—Further amount required to meet uncollected portion of advances of seed grain made in the Western Provinces by the chartered banks to holders of unpatented Dominion lands under the guarantee of the Dominion Government, also including commission payable to banks for collection, fees to secretary-treasurers of municipalities and officers of the Provincial Departments of Agriculture and clerical assistance, $450,000.

I promised the leader of the Opposition before dinner to give him the figures as to the applicants for loans under the Soldier Settlement Act by provinces. The number of loans accepted in the several provinces is as follows:

Prince Edward Island	200
Nova Scotia	310
New Brunswick	362
Quebec	350
Ontario	960
Manitoba	2,236
Saskatchewan	3,053
Alberta	4,967
British Columbia	2,172

Mr. FIELDING: This does not have much bearing upon the item we are considering.

Mr. MEIGHEN: It is only fulfilling a promise made to the leader of the Opposition.

Mr. MAHARG: Was the item $450,000 passed?

The CHAIRMAN (Mr. Steele): It has not yet been passed.

Mr. McMASTER: I was going to ask for some information from the minister with respect to that item. Perhaps he will make a general statement that will obviate asking other questions.

Mr. MEIGHEN: This item is to take care of calls that may be made upon us by the bank in respect of advances made by them for seed grain to unpatented homesteaders last spring. The amounts ad-

vanced by the banks (omitting the cents) are severally these:

Alberta	$286,669
Saskatchewan	343,375
Manitoba	1,955
British Columbia	68
Total	$632,069

After providing for what is anticipated will be repaid the bank before the first of March, it is expected, so far as an estimate can be made, that there will be $450,000 unpaid. The estimate is arrived at because of the unfortunate fact that a great deal of the advances were to homesteaders in districts that this year are drought-stricken and where it will be utterly impossible for the men to make their payments this year. Consequently, we will have to pay the banks advances at five per cent interest and hold the liens. That is, we figure on paying that amount.

Mr. MAHARG: Does any portion of this amount represent the one per cent interest that the party is charged, or is it exclusive of that?

Mr. MEIGHEN: No, this is the amount which it is estimated will be required to answer the claims of the bank in respect of our guarantee, not for any of the one per cent that they get in respect of money which they themselves collect direct. The moneys to cover that were voted last session. The total amount voted in that regard was $22,000.

Resolutions reported.

On motion for concurrence in resolutions passed in Supply:

Mr. FIELDING: I desire to call attention to a point that arose between my hon. friend the Minister of the Interior (Mr. Meighen) and myself.

Mr. SPEAKER: Is the hon. gentleman raising a point of order?

Mr. FIELDING: No.

Mr. SPEAKER: I have no doubt the House will give unanimous consent, but there is no doubt that the motion, under Rule 77 (a), is undebatable.

Mr. FIELDING: I am content to say that my hon. friend was mistaken and to await another opportunity of dealing with the matter.

Mr. MEIGHEN: I am content to say that I was not mistaken, and I will also await another opportunity to demonstrate that.

[Mr. Meighen.]

Sir GEORGE FOSTER: I beg to move that after the word "of" in the first line of the motion relating to sessional indemnity there be inserted the words, "Senator and." The reason is obvious.

Mr. SPEAKER: The question very properly arises that this widens the designation of the vote, and therefore the motion would not be in order. On the other hand, I think it is clear that the motion relates to a purely clerical matter, and in the preparation of the printed copy of the Votes the practice has always been followed of including the words "Senator and." I think if that view were accepted it would be competent to make the amendment, otherwise it would not be proper to move it at this stage.

Sir GEORGE FOSTER: I make the motion on two grounds: One for the reason which you have stated, Mr. Speaker, that it has been the custom; the other, that in the second part of the resolution it intimates that "Senator" is partly included, because the subject is under the Senate and House of Commons Act.

Amendment agreed to.

Motion for concurrence agreed to.

CANADA TEMPERANCE ACT AMENDMENT BILL.

Hon. C. J. DOHERTY (Minister of Justice) moved the second reading of Bill No. 26 to amend the Canada Temperance Act. He said: Mr. Speaker, this Bill, as was explained when it was introduced, has for its purpose to enact a provision, applicable throughout the Dominion of Canada, in virtue whereof the importation—and, as the Bill was originally introduced, the manufacture also—of intoxicating liquor will be prohibited in the particular area designated, conditionally upon the majority of the Dominion electors in such areas voting for such prohibition. The area selected is the area of a province. The provinces are not dealt with nor referred to in this legislation in their quality of provinces having legislatures possessing separate and distinct legislative powers. I think it important to say this, because there seems to have been considerable misconception and misapprehension with regard to the effect of this legislation, and it has been referred to as legislation whereby this Parliament sought to confer or devolve upon provincial legislatures legislative powers belonging to this Dominion. I want to make it perfectly clear that the legislation has no such pur-

pose and will have no such effect. The legislation is Dominion-wide. Its substantial provision is that throughout this Dominion, wherever a majority of the people occupying the geographical area which constitutes any province vote in favour of prohibition of the importation of intoxicating liquor into that area, then in virtue of this Bill, legislation of the Parliament of Canada, prohibition of that importation shall come into force so far as that area is concerned.

The legislatures of the provinces are mentioned in the Bill only so far as they are designated as the bodies upon whose resolution the taking of the necessary plebiscite of the people occupying the area of any particular province will be instituted under the provisions of this Bill. It does not purport to confer any legislative power whatever upon the provincial legislatures. Their request is treated as sufficient to justify the setting in motion of the machinery provided by this Bill solely upon the ground that it is assumed that the members composing any of those legislatures, being the representatives of the people occupying a provincial area, are in a position to know and express what may be the desire of their constituents as regards simply the setting in motion of the machinery under this Bill. It raises no question of the powers of the legislature, nor can there properly arise under this Bill any question as to what are the powers of a provincial legislature.

Of course, this legislation can only stand if it be legislation upon a matter over which this Parliament has jurisdiction. The subject matter of this legislation is the importation in general of these intoxicating liquors, and, of course, included in that, the importation from the area of one province into the area of another. Certainly it cannot be suggested that provincial legislatures have any legislative authority over that question. I am confining myself to the question of importation, whether from outside of Canada or as between provinces, because, as I mentioned at the outset, though the Bill originally contemplated the prohibition either of manufacture or of importation or of both, the conclusion has been reached that we should amend—and I purpose when we go into Committee to move to amend—this Bill so as to make its provisions apply only to prohibition of importation. The reason for which I purpose to make that amendment is to be found in the legislation which was passed by this House this afternoon, and which I have no doubt will be passed by the Senate. That legislation applies to the question of the manufacture of intoxicating liquor the rule laid down by the Act passed by this House some years ago with regard to the importation of intoxicating liquor into a province, and so applying that rule, it prohibits the manufacture of intoxicating liquor for the purpose of being used in any way in violation of the law of any province. As a result of that legislation, without any plebiscite whatsoever we have in any province which prohibits the sale of intoxicating liquor prohibition of manufacture in that province of any liquor to be sold therein, and indeed to be sold in any other province where there is such prohibition of sale.

There is in addition to this amendment another amendment I purpose to make which is not without importance; that is to say, in order that a request emanating from the people of a province, transmitted through their legislative representatives, should be entitled to be acquiesced in by this Parliament, such request must come from a province which itself has already prohibited within its borders the sale of intoxicating liquor for beverage purposes. The reason why we have come to the conclusion that this provision should be introduced is, I think, obvious on a moment's reflection. There would certainly be no reason and no purpose in enabling the people occupying the area of a particular province to ask this House by a vote of their majority to prevent the importation into that province of intoxicating liquor if within that province the sale of intoxicatng liquor was permitted. Under these conditions, the effect of the prohibition would be simply to make a protection for the manufacturer and vendor within the limits of the province. That is certainly something that the Government would not ask this House to do; it is certainly something that I am sure the House would not be prepared to do no matter who asked them to do it.

I hope that I have made clear the purpose of this legislation. I hope I have made clear that we propose to restrict it to the question of importation, and that with regard to provincial areas in which the sale of liquor is prohibited. I emphasize also the fact that we do not by this legislation seek either to enlarge or to diminish—neither of which things could we do even if we tried——the legislative powers of provincial legislatures.

Mr. D. D. McKENZIE (North Cape Breton and Victoria): Mr. Speaker, I have only one word to say to the minister (Hon. Mr. Doherty) about this Bill. I am afraid

that if we divide up, so to speak, our customs laws into sections; if we have one class of customs laws in force in one province and another in another, considerable inconvenience will result and we shall not be able to effect the prohibition which the minister intends. If Nova Scotia complied with this Act and secured legislation prohibiting the importation of liquor into that province, and New Brunswick or Prince Edward Island had an open coast and open custom houses to receive liquors, it would be extremely difficult to keep liquor out of Nova Scotia. That illustrates the possible situation in all other parts of Canada. If Alberta passes a law prohibiting the importation of liquor into that province, and if at the same time liquor is allowed free access into British Columbia, it will be found very difficult to keep it out of the interior provinces. The genius of our customs laws is that they shall be universal; that they shall apply to the whole area of the country. Such a condition as I have indicated would make it exceedingly difficult to carry out the idea of temperance in provinces which take advantage of this legislation if other provinces choose to leave their coast open. I submit, therefore, that a prohibitory law, in order to be effective, must be universal.

Mr. W. S. FIELDING (Shelburne and Queen's): Mr. Speaker, it would be very difficult, I am sure, to adopt any Bill in relation to the liquor traffic concerning which some astute lawyer could not raise grave doubts. The experience of the past is that no class of legislation is so productive of disputes as to the respective constitutional authorities of the Dominion Parliament and the local legislatures as legislation affecting the liquor traffic. Into that aspect of the question I do not care to enter; I take it for granted that the Minister of Justice (Hon. Mr. Doherty) has taken a course which, so far as his best ability and judgment goes, will stand the test of constitutional dispute. There is, however, one phase of this Bill to which, speaking for myself only, I take exception. I think that the proposal to require a plebiscite of the electors of any province is a grave mistake. This question of prohibition is part provincial and part Dominion. It is provincial because the provinces have power to do a great deal toward creating the prohibition, though they cannot, perhaps, use the word in its broad sense. On the other hand, there are some things which the provinces cannot do—matters affecting importation, manufacture and the wholesale trade, which must necessarily come within the control of the Federal authorities.

In so far as my hon. friend is desirous of guarding against any invasion of provincial rights, I quite sympathize with his purpose. But it is a grave mistake to require the people of a given province to take a plebiscite on this question. My hon. friend says that the provincial legislatures ought to be capable of judging whether the people want something of this kind; therefore they are allowed—to do what? Simply to ask that a plebiscite be taken. I think they are capable of doing more than that. If this legislation is to depend to any degree upon the action of any provincial authority it will be sufficient to let the legislature speak for the province. Let me give an illustration. There is no question that the people of Nova Scotia are in favour of prohibition. We have had, in one form or another, strong temperance legislation for many years. For a long time the Scott Act was in almost universal operation in that province; if I am not mistaken, there was a time when all but three counties were under the operation of that Act. Then, in later years provincial legislation was enacted which seemed to be stronger than the Scott Act, and only for that reason the Scott Act was repealed in some counties. But to-day the legislature of Nova Scotia is strongly committed to prohibition; the province is unquestionably in favour of prohibition. Again and again, in elections where the question has been raised, the people have given strong expression to that view. My own constituents, I am sure, require no plebiscite; their view is unmistakable; and so it is with the province at large. Why, then, should we ask the province to take a plebiscite? If the province is to have any say in the matter let the legislature of the province speak for the people, and let their voice prevail. This requirement to take a plebiscite will be a disappointment. Some provinces will not go to the trouble. It is an expensive thing; it is a bother; it is a worry to the temperance people. I believe that the country will say that they ought not to be put to the expense and trouble and worry of a plebiscite. Whether the state of public opinion in the other provinces is as clearly indicated as it is in Nova Scotia, I cannot say, but I have already pointed out that a plebiscite would be quite unnecessary in my province. We have had plebiscites. We had a local plebiscite; we have had a Dominion plebiscite; we have had legislation, Dominion and local; and to have the people of Nova

Scotia take another plebiscite on this question would certainly not be regarded as helping the cause of temperance. I strongly urge the minister, if he wants to take account of the views of the provinces—and I quite concur in his desire to do that—to accept the vote of the legislature of the province as the declaration of what the province wants and not put the people to the trouble of taking a plebiscite in a matter of this kind.

Mr. J. H. BURNHAM (West Peterborough): I cannot agree with the remarks of the hon. gentleman (Mr. Fielding), although I am supporting this prohibition measure and the Government. A legislature or any other representative body must speak on the policy for which it was elected. For a legislature to go out of its way to make a request concerning something which they were not instructed in by the people would simply be high-handed legislation and might lead to very great trouble. As I say, I am supporting the Government in this, not because of any conviction that prohibition is right, because I think it is morally wrong. God is not a prohibitionist, and I propose to follow Him as long as possible.

I am speaking now simply to bring to your notice something that has been referred to, that bears very strongly upon the temperance sentiment of Ontario at least. And that is something that was said by the Dominion Alliance to some of the members regarding this very legislation which is now contemplated. The Dominion Alliance has this to say about this legislation:

> The measure now before Parliament will please no one, accomplish little or nothing; it will allow the reinstatement of the liquor traffic in Canada, and set province against province in a way that every true Canadian should strongly deprecate.

I hold no brief for the Dominion Alliance; but it is a very important body, and it strikes me that what it has to say in the matter should be well considered by those who are thinking of the matter.

Mr. E. GUSS PORTER (West Hastings): Mr. Speaker, I am not unmindful of the danger one always runs in discussing in any public place, especially in the legislative halls of Canada, this question of temperance. No matter how remote the question may be, one is very apt to be blamed, whatever position one may take, by either one side or the other. It has been my intention since Bill No. 26 was read the first time in this House on October 7, to oppose the passage of that legislation through the House. The statement made by the Minister of Justice (Mr. Doherty) on the motion to read the Bill the second time removed many of the objections that I had to the legislation. Perhaps the greatest objection to the Bill was removed when the minister stated that the Bill would not, in its original form, have any application to the manufacture of intoxicating liquors in any province for export. The Bill as it now comes before the House has been altered in many important respects, and now that it is confined simply to the importation of liquor into any province that has already declared its desire for prohibition, I shall confine the remarks I have to make to that branch of the Bill alone.

I regret that I find myself in a position where I feel obliged to oppose a measure of this kind, and in opposing it, I want to be clearly understood as not advocating the cause of the Liberty League or of any other association; nor, in fact, of the particular interests that are aimed at by this Bill, either at their request or by their influence or, so far as I know, with their knowledge. Nor do I desire, in opposing this Bill, to make any attack upon the interests of temperance in this Dominion or in this province. I rather approach the matter from a very much broader point of view. I do not think that the question of temperance is involved in this legislation except in a very general way. My objection to this legislation is based very largely upon the fact that it is in violation of the constitution of this Dominion. I know that the Minister of Justice has made a statement to the contrary, but lawyers all differ.

Mr. McMASTER: Even judges.

Mr. PORTER: And courts of law, as well. Notwithstanding the opinion advanced by the Minister of Justice, I would invite the attention of the House to section 121 of the British North America Act, upon which I rely in making this statement, and which reads:

> All articles of the growth, produce, or manufacture of any one of the provinces shall, from and after the union, be admitted free into each of the other provinces.

Any article, therefore, that is the manufacture of one province shall, according to the clause of the constitution that I have just read, be admitted free into another province.

Mr. PROULX: Does that not mean "free of duty?"

Mr. PORTER: I do not take it so. If that had been the object of the constitution, it would have said so. The clause to which I have referred says that it shall be admitted free, without any qualification whatever, and I take it that the clause of the constitution which I have read means exactly what I have said. If that be the meaning of the clause, then I say that it is not within the jurisdiction of this Parliament to impose any restriction upon any one province in regard to its sending any article of its manufacture into another province or receiving any article manufactured by another province. Intoxicating liquor is a manufactured product in the province of Ontario, in which there are some seven or eight very large distilleries manufacturing that product, and after the passage of this Bill, they will continue to manufacture it at least for export. By this legislation it is proposed to prohibit the importation of that manufactured product into, say the province of Quebec or any other province that may pass prohibitory legislation, and I do not believe it to be within the jurisdiction of this Parliament to do that. A case very similar to the point raised here has already been tried and determined by the Appellate Court, the highest court in the Commonwealth of Australia, in whose constitution a similar provision is made, admitting the product of one state of the Commonwealth into another either by sea or land traffic.

10 p.m.

Legislation was passed fixing a different fee for the vending of wine in one state from that for the sale of similar wine manufactured in another state of the Commonwealth. That case was carried to the highest court of the Commonwealth. It was held that there was no jurisdiction in the State to pass such legislation, and the judgment of the magistrate in the first instance dismissing the case was upheld by the unanimous decision of the court. That, I may say, is the only direct case in point which I have been able to discover, but it seems to me to be so analogous to the case in hand that it would be very dangerous in the face of that, and in the face of the ordinary reading of the clause, to proceed with legislation of this kind. It is bound, it appears to me, to provoke a very great deal of litigation in any event. If the Bill were passed with that clause in it restricting the importation, I doubt not that interested parties would take up the question and it would be subject to litigation probably for a very long time and with very considerable expense.

In addition to this, I take the further ground that, inasmuch as power is vested in this Parliament alone to legislate in regard to the question of importation, that power cannot be delegated to any other legislative body in the Dominion. In his remarks the Minister of Justice stated that the passing of this proposed legislation would not transfer the authority to the Provincial Governments. I cannot understand that statement in view of the effect which it is endeavouring to accomplish by this legislation. As matters stand now, any legislature in the Dominion has the right to apply by petition or resolution to this Parliament to pass enabling legislation just the same as would have to be passed after a referendum had been taken under this Act. No legislature in Canada requires such legislation as this to give it power to come and ask Parliament for enabling legislation, and I argue therefore that there is no necessity for this measure. It does not accomplish any purpose. But even if it does, what does it do? As conditions are now, upon a petition or resolution being presented to this House by a Provincial Government, this House, in its wisdom, can say "yes" or "no". But if it is passed, this Act declares that upon a referendum being taken and a majority voting in favour of prohibition, then that prohibition shall come into force by Order in Council. While this Parliament will be the legislature in which enabling legislation will finally have to be passed, yet by the passing of this Bill it puts itself in the position in which it cannot say "no"; it must say "yes". Its position now enables it to say either "yes" or "no", as Parliament may deem wisest and best. Now, legislation that has that effect of taking the power out of the hands of this Parliament and, if I may use the expression to emphasize my point if possible, tying it hand and foot so that it can give only one answer, is tantamount to handing over to the province that may submit a resolution to Parliament the power to compel this body to act in a certain way. If that is not delegating the authority of this Parliament it is at least curtailing it to such an extent that Parliament cannot deny any application that may be made in a matter of this kind.

For these two reasons upon the legal aspect of the matter, Mr. Speaker, I am opposed to the further progress of the Bill through the House. Even if this proposed

legislation is within the province of Parliament, again I say I do not think it desirable. I do not think that it is wise for this Parliament to proceed with it, for a number of reasons which I shall endeavour to enumerate. I recognize, and I trust the Government recognizes, with the example that we had only a few short days ago, that, from the amount of sympathy any legislative body receives from any province—or from a certain province, I may say—for passing prohibitory legislation, experience teaches that such legislation does not meet with gratitude on the part of those in whose favour it is enacted; and also teaches the lesson that it is treated in a spirit of revenge by those against whom it operates. And while I do not wish to prophesy, if I were asked for an opinion upon the question, I would say that this Government would probably receive similar treatment, as a result of a similar action to that taken by the legislature of Ontario.

My first objection, therefore, to the further progress of this legislation, apart from the legal aspect, is that no one is asking for it. So far as I have been able to discover, there is not a province in the Dominion of Canada that has asked for this legislation. The temperance people—if I read correctly the extracts from the paper of the Dominion Alliance—do not want it, and as the hon. member for West Peterborough (Mr. Burnham) said, they have condemned this legislation as not accomplishing any purpose in the interests of temperance.

I am satisfied that those who are opposed to prohibition are not asking for this legislation. No one seems to be asking for it. Everybody seems to be opposing it, speaking for these two bodies, and yet the Government thinks it wise, with the history that I have already referred to before them, to press this legislation upon the House.

I take further objection that legislation such as this, so drastic in its nature, should not be pressed or passed by any Government without a direct mandate from the people asking that it be done. There is no mandate from the people for legislation of this kind. It is a very good rule to be observed in Parliament as well as in private life to wait until such time as one is asked for a favour of this kind before granting it. It appears to me that by passing a measure of this kind the Government is handing out to the people of Canada something that they have not asked for and something that they have declared against.

The same object can be accomplished by any of the provinces desiring it without the aid of this legislation as can be accomplished by it. This legislation, from what I have been able to glean from members of the Cabinet and others, seems to be anticipating trouble in the future in regard to the question of temperance and to be an endeavour to shift the responsibility of this Parliament upon the shoulders of some other Parliament in order to avoid that trouble. If, as I have stated, under the British North America Act, power is granted exclusively to this Parliament to legislate in regard to total prohibition of importation of intoxicating liquors, it is the duty of this Parliament to preserve that power. We have a duty to perform in exercising that power and I hope that we will, as men, when the question comes before this House, take the full responsibility that rests upon us, having that power and having that duty to perform. I do not believe it is fair to the members of this House or to members of the legislatures that any attempt should be made to shift the responsibility of this Parliament upon the shoulders of some other legislature. Whatever duty we have to perform we should perform without fear, and whatever responsibility is attached to that we should be willing to bear. For that reason, I for one am opposed to any endeavour to shift that responsibility or to give that power to any legislative body. I am quite ready and prepared when the question comes before this House, if it ever should come before this House while I am in it, to take my share of responsibility in saying whether prohibitory legislation should be passed in regard to this great question or not. I think every hon. member of this House should be prepared to treat it in the same way.

There is in the province of Ontario a very large interest represented by the distillers. As I stated in my opening remarks, I have no interest particularly in them; I am not speaking on their behalf at all; but there is a very large interest in the seven or eight distilleries in that province. There is one very close to my own riding in which millions of dollars are invested. The business affords a good market—a splendid market—for the products of the farm not only in grain, but in the hay and cattle that are raised upon the farm and that are consumed at these distilleries. They offer a good market for the products of the farm. They contribute a very large amount of revenue to the Government of this country.

Mr. McMASTER: What is the hay used for?

Mr. PORTER: For feeding the cattle. They buy large numbers of cattle, feed them upon the refuse from the distilleries, and they buy hay to supplement that feed. The distilleries also provide a large amount of revenue for the particular municipalities in which they are situated. What this legislation means is in a very large measure the destruction of these industries. It will affect them most seriously. But I would not argue that for one moment as a reason why this legislation should not be passed if I were convinced that such legislation was in the interest of the people of Canada as a whole or that the people desired it. Until it is demonstrated to this Parliament that the people are asking for legislation of this character I think it would be well for Parliament to hold its hand and not force upon the people something that they have not asked for but that they have, in the way I have already spoken of, condemned.

Another objection I raise to this legislation is that the precedent set in transferring or delegating the power of this Parliament to some other legislative body is a most dangerous one. The power of this Parliament—during the twenty years, or nearly twenty years, that I have been in it—is one of the things, I might say the principal thing, that Parliament has been most jealous of in guarding and protecting; and if Parliament once gives way to the delegation of its power to any other legislative body I think what may reasonably be expected is that those other legislative bodies will be hereafter continually endeavouring to encroach upon the power of the federal authority and seeking to acquire as much of that power as it might be possible for them to do. It is a dangerous precedent to set. It seems to me this Parliament should retain the power in its own hands, fulfil its own duties, and bear its own responsibilities. This legislation, even prohibiting the importation alone, is a discrimination. It is legislation in the way of discrimination in favour of one province against another. Did the same condition prevail in all the provinces of Canada, then one could understand such legislation being applied; but where there is a different condition existing in a very great number of the provinces, and when this legislation says that although liquor may be imported in one province it cannot be taken into another, or that people living in another province cannot avail themselves of a Canadian product manufactured at their own door, or next door to them, but that they must send the money—if they are bound to have intoxicating liquor—to some foreign country, and import into a wet province, we will say, any amount of liquor they may desire, it seems to me that is bad legislation in the way of discouraging the manufacture at home and discriminating in favour of one province as against another.

Mr. J. E. ARMSTRONG: Does the hon. gentleman take into consideration the fact that this Government, through the Canada Temperance Act, delegates to the counties the right to enact restrictive legislation?

Mr. PORTER: That may be so, but the fact that it did so on one occasion does not justify it in doing a wrong a second time.

Mr. J. E. ARMSTRONG: What is the difference between giving that power to a county and extending it to a province?

Mr. PORTER: I say the principle is the same; it is vicious in both instances and should not be given at all. I had intended, Mr. Speaker, making a motion in regard to this matter, but as I think the same object can be attained when the Bill goes into Committee of the Whole—if it does go—I shall not make the motion now, but will reserve what further remarks I have to offer in that regard until the Bill reaches that stage.

Turning to the Bill itself, it seems to me that it would be impossible, if the measure goes through in the form in which it is now presented, in the event of a referendum being carried by a prohibitive majority vote, that that legislation could ever be enforced. I think it is a well-known and recognized fact that in regard to legislation of this character there must be a strong body of public opinion behind it, in order that it may be properly and effectively enforced. Now, by the provisions of this Bill, a majority of a single vote would be all that would be required to compel this Parliament to say that this legislation shall go into effect. I do not believe that such legislation is wise legislation.

Then, pointing out what I conceive to be another defect in the Bill, let me say that under the provisions of this Act a province, by simply passing a resolution, may come to this House and demand a referendum. All the expense of providing the machinery for that referendum—of preparing the voters' lists and everything in connection with it—must be borne by this Parliament.

Mr. FIELDING: They do not come to this House; they go to the Governor in Council.

Mr. PORTER: Yes, they go to the Governor in Council. That expense, as I say, must all be borne by the Federal Parliament. Now, I cannot see the justice of imposing that obligation upon the Federal Government, whose revenue is contributed to by every province in the Dominion, and to compel every such province to contribute its part towards passing prohibitory legislation in any one province. It occurs to me that it would be much fairer, and it would be just, if a province seeking legislation of this kind were required to hold the referendum itself and to undertake all the expense and trouble connected therewith; and after that referendum had been held—if such a thing is necessary at all, and I argue that it is not—then to come to this Parliament, and, having paid its own expenses, paid its own way, ask for the enabling legislation. It seems to me that that would be the fair thing to do.

Another feature of this Bill that does not commend itself to me is this: The amended Bill, or the measure that is now before the House, contains a provision which the original Bill did not contain—that a vote for the passing of such enabling legislation shall not occur oftener than every three years. Follow that out to its logical conclusion. Take the several provinces in the Dominion. The province of Ontario comes to this Parliament, we will say, at its next session, with a resolution which says: "Hold a referendum and pass this legislation." The Federal Government is in the position then that it must support that referendum, and, if it is carried, pass the necessary legislation or Order in Council to give effect to the wishes of the province. The very next year, the province of Quebec may come along with another resolution, and the same thing has to be gone through with again and the same expense incurred. Manitoba, Saskatchewan, Alberta, British Columbia, or any of the other provinces may be coming along, one session after another, and we will have the spectacle of a referendum going on in this country, probably for the next eight or ten years, before all the provinces will have been dealt with, and by the time the whole body is served under this Act the three years prescribed in the case of the first province will have expired and it will be coming back again—that is, supposing the referendum to have been defeated. That is not a desirable position and yet it seems to me it is the logical and real position in which we will be placed by such legislation as is proposed here.

In conclusion, Mr. Speaker, I desire to say that this legislation will have the effect that I have already stated of transferring or delegating the power of this Parliament to another legislative body, or it is hypocritical. It professes to make such a transfer; but if there is something in the Bill that I have not fully appreciated and that still leaves a card up the sleeve of the Government by which they may defeat that purpose, why, I have not discovered it. I believe this legislation constitutes a transfer of power from this Parliament to another legislative body. If it does not do that, then I say it does not do what it professes to do. Furthermore, if this Bill does not grant absolute power to a province to force such legislation, then it is hypocritical in regard to the temperance people, because it purports to give them something which in reality it does not give them. For these various reasons, Mr. Speaker, I am opposed to the further passage of this Bill.

Mr. J. E. ARMSTRONG (East Lambton): Mr. Speaker, the member for West Hastings (Mr. Porter) appears to be exercised over curtailing the powers of this Parliament, but he must admit that since 1878 the Canada Temperance Act has been in force and that the expense connected with the carrying out of that Act has been borne by this Parliament, no matter where that expense has been incurred. I am sure that the present legislation is merely extending that principle one step further so that the provinces may be assisted in bringing about legislation which they believe is in their interests to have enacted.

The member for West Hastings calls attention to the fact that we have not a mandate to carry out this legislation. But we are merely providing means, as I understand it, whereby a mandate can be given in the different provinces.

It is generally understood that on Tuesday next peace will be officially declared, Mr. Speaker, and after that date we expect that the Order in Council which has been in force for the past few years governing the importation, manufacture and sale of liquor in the different provinces will become inoperative. Consequently it is the duty of this Parliament to provide legislation similar to the legislation which the Minister of Justice (Mr. Doherty) has now brought forward in order that those provinces which intend to bring about prohibition of the liquor traffic within their boundaries may be in a position to do so. This Bill provides all the necessary

machinery to effect that. The Federal Government will be compelled to accept a resolution passed by any provincial legislature and to submit a referendum, and if the people vote in favour of total prohibition it will be the duty of this Parliament to prohibit the importation of liquor into that particular province.

It is not my intention to take up any more of the time of the House, but I have an amendment which I would like to submit in connection with this Bill, which is seconded by the hon member for Macdonald (Mr Henders) and reads as follows:

That clause 152 of Bill No. 26, an Act to amend the Canada Temperance Act, be amended by adding at the end thereof paragraph (a), which reads as follows—

Mr. SPEAKER: Order. The hon. member knows that he would in any event not be in a position to move that amendment at this stage. It will be quite proper for him to do so when the Bill is in committee.

Mr. J. E. ARMSTRONG: I am sorry, Mr. Speaker, I merely wished to say that I give my cordial support to the Bill, believing that it is in the public interest and that the people of Canada will heartily support it.

Mr. SPEAKER: Does the hon. member (Mr. Doherty) desire to reply?

Mr. DOHERTY: Yes, Mr. Speaker.

Mr. SPEAKER: The Minister of Justice is closing the debate.

Mr. DOHERTY: Of course, I do not want to cut off debate, but I feel it would be less than courteous on my part not to make answer to the very interesting observations that we have heard on this Bill. With regard to the remarks of the leader of the Opposition as to the disadvantages of having what he describes as a customs law not applicable to the entire country, while I cannot look upon this measure as a customs law, I quite concur in the proposition that, of course, if importation were absolutely prohibited into any part of the Dominion it would be more certain that intoxicating liquor would not get into any particular province. But we are not dealing with anything in the nature of a customs law. The purpose of this Bill, as I pointed out, is to enable such provinces as desire that their own provisions prohibiting the sale of liquor within their areas should be strengthened and fortified by the prohibition of importation of liquor into their midst, and having that in mind, and proceeding upon the principle that in the matter of a law of this nature it is highly important that it should be enacted to be operative only in a province where public opinion will stand behind it and make it susceptible of real enforcement, we necessarily reach the result that, if different provinces should be of a different opinion as to whether liquor should come into their midst or not, we have to face the difficulty which the hon. gentleman suggests.

The hon. member for Shelburne and Queen's (Mr. Fielding) said that he recognized the difficulties or the dangers of litigation probably arising with regard to any legislation dealing with the prohibition question. I think that the address we have had from the hon. member for West Hastings (Mr. Porter) has quite justified the statement of the hon. member for Shelburne and Queen's. But of course, if we are going to deal with the subject of prohibition, we have to face the fact that questions may be raised as to the constitutionality of our legislation.

I have given to the question the best consideration of which I am capable, and I have had the valuable assistance of other legal members of the Government and of the law officers of the Crown. It appeared to us that we kept within the limits prescribed to us by the constitution in drafting this legislation.

The hon. member for Shelburne and Queen's (Mr. Fielding) expressed the view that instead of resorting to a plebiscite it would be more desirable to let the Legislature of the province determine this question, and upon its authority have importation prohibited. If that were possible constitutionally, I quite recognize that there would be advantages in that course. But an attempt to do that, would, I think, not only give rise to constitutional questions, but might enable such questions to be successfully raised and our legislation to be declared unconstitutional. The hon. member for West Hastings (Mr. Porter) has made an argument which demonstrates that proposition. It is not in our power to delegate to a Provincial Legislature power to enact a measure upon a matter which, under the British North America Act, is not within its legislative jurisdiction.

Mr. FIELDING: I did not suggest that the Legislature should be given any such power. My point was that a petition from the Legislature was just as effective as a petition by way of plebiscite.

Mr. DOHERTY: Well, the petition under this legislation does come from the Pro-

vincial Legislature. The Act provides that upon the resolution or petition of the Legislature we shall set the machinery in motion.

Mr. FIELDING: In neither case would there be an enactment.

Mr. DOHERTY: No, but even though that petition had not the form of an enactment, we would, by providing that the petition should bring our law into force, proceed to enact legislation immediately effective to govern the people of this country, at the option of a Provincial Legislature. It would only be an indirect manner of submitting the existence and force of our laws to the action of a Legislature.

Mr. PORTER: Do I understand the minister to argue that under this legislation the provinces will not have the right to come to this Parliament or to the Governor in Council and demand certain legislation? In other words, this Parliament cannot say a thing once a Legislature takes certain action. Is that not a power on the part of the province to force this Parliament to legislate in a certain manner?

Mr. DOHERTY: This is what Parliament is saying by this Bill: We think that a resolution adopted by a provincial legislature is a sufficient expression of opinion on behalf of the people of the province in question to justify this Parliament in conferring upon the Governor in Council the power to enable the people of that province to express their views upon the question. The action of the legislature in that case merely takes the place of the twenty-five per cent of the electors who must petition under the Scott Act; and that provision is made simply for the sake of convenient and practical operation. It would be imposing a very onerous condition to ask that twenty-five per cent of the electors of a province join in a petition. On the other hand, it might be said that to accept the petition of a smaller percentage would be accepting a petition not representative of the general opinion of the country. It is true that the members of a legislature are elected to perform certain functions, and we cannot and do not pretend to confer upon them any additional power to legislate with regard to their province. But they are representative of the whole body of the people, and this Parliament points them out, so to speak, as a body sufficiently representative of the people of the province to justify the Governor in Council in accepting their intimation that a plebiscite would be desirable as expressing the general view of those people.

Mr. PORTER: Can the same result not be obtained without this legislation at all?

Mr. DOHERTY: What result?

Mr. PORTER: Can the results sought to be obtained by this Act not be obtained by the provincial Parliament petitioning this Government for enabling legislation? This Government could then deal with the matter without this legislation at all.

Mr. DOHERTY: Frankly, I do not understand my hon. friend's reference to passing legislation to enable legislatures to do things. The Order in Council which will be passed under this law can in no way be described as legislation enabling a legislature to do something . The proclamation that will issue will go directly to the people; it will have nothing to do with the legislature. The hon. gentleman ought to remember that, while all of us form part of the people of some province, we also form part of the people of the whole of Canada, and this is legislation for the whole of Canada. If a majority of the people in each of the areas that constitute the geographical area of a province say: We do not want liquor to come into our community, then under the law of the Parliament of Canada, without the slightest legislative intervention of any legislature, that prohibition will come into effect.

Mr. BURNHAM: It is local option.

Mr. DOHERTY: It is local option, with the area enlarged. Could it be said that the provision of the Scott Act that the sale of liquor should be prohibited in counties where the majority of the people said they did not want liquor sold was a delegation of legislative power to that county or that county council? The question whether legislation of this kind involves a delegation of power was threshed out in the case of Russell and the Queen. There precisely the arguments that are now being made were urged; that Parliament was delegating its power and that Parliament could not delegate its power. Well, I abundantly agree that Parliament cannot delegate its power.

But it was there held that it was no delegation of power on the part of Parliament to enact provisions of law on its own authority, as the Scott Act does and as we are doing, and to make the condition of those provisions becoming operative in particular sections that the majority of the people should express their desire that they should become operative. The legislation is absolutely sound; it is law throughout the Dom-

inion; but the condition of its operation in a particular area is that the majority of the people in that area should say that they desire it. To meet what may be a very desirable end of having a legislature deal with this, we would have to do the impossible thing of delegating our powers to the legislature, and I quite agree that the hon. member for West Hastings has demonstrated the unconstitutionality of any endeavour to do that. But in reply to him I would say, as I said at the outset and as I will try to make clear now, that we are not delegating powers of this Parliament at all. The legislature as a legislative body plays no role here; nothing that it does here makes law; but this Parliament, if it enacts this legislation, decides that in its opinion, if that body of men who are elected for certain purposes by the people occupying the area of a province, express to the Government of this country the view that those people desire a plebiscite, then the Government of this country may and shall—

Mr. PORTER: They can compel the Government.

Mr. DOHERTY: They can have no mandamus to do it; but it will be the clear duty of the Government to issue the proclamation ordering the plebiscite. Why? Because this Parliament has said to the Government: That is sufficient evidence to justify you in doing it, and this Parliament tells the Government to do it. It is not the province that is making the Government take this action; it is this Parliament that by its enactment says: Upon such action by that gathering, we tell you that it is a proper thing to order a plebiscite; and when the Government comes to do that it will not be because the legislature of a province has made the Government do it, it will be because this Parliament said that under those circumstances the Government ought to do it. The Government will be doing it as the executive of this Parliament, carrying out the will of this Parliament. There seems to me to be in the minds of many people a confusion which appears to result from this that, whenever you mention a province, you are necessarily mentioning it as an entity entitled to have a legislature of its own, sovereignty to legislate about certain particular subjects. No doubt if you are reading the British North America Act and concerned with questions of distribution of legislative powers, that is what the problem is. But the area of the province of Ontario, or of the province of Quebec, or of the province of British Columbia, is part of the area of Canada; the people of each one of those provinces form part of the people of Canada; and this is legislation by the Parliament of the whole of Canada on a subject,

11 p.m. that is, the subject of interprovincial importation of any liquor and importation from the outside also— because this prohibition, if it comes into force, does not merely prohibit taking from one province into another but will just as effectively prohibit importation from outside into that province. I mention that because of one of the arguments brought forward by the hon. member (Mr. Porter).

It seems to me that, because we choose to designate the area within which the population whereof may, by a majority, determine that it wants this as coterminus with the area of a province, it does not necessarily follow that we are in any way concerned with the powers of the legislature of that province which could not under any circumstances make any laws about this interprovincial traffic or about the importation of liquor. It can be no more said that we are affecting the powers of the legislature than that the Scott Act affects or touches, increases or diminishes, the power of the county council of the county which passes the Scott Act.

The hon. member for West Hastings referred to section 121 of the British North America Act, which section declares that all the produce or manufacture of each province must pass free into every other province, and he argued from that that there was no power anywhere, I should take it, without amendment of the British North America Act, to interfere with the passage of the produce or manufacture of one province into another. In the first place, you have the use of the word " free ", and that on its face indicates that what the legislation was thinking of at the time was the imposition of anything in the nature of duties or restrictions of a fiscal nature upon products. That is confirmed by the fact that the particular section forms part of a number of sections dealing with fiscal questions. We had occasion to go very carefully into that question when we originally passed the Act which we amended this afternoon, the Act which has a very long title and which people, in order to avoid that long title, have come to call the "Doherty Act." Section 121 of the British North America Act, which contains the word " free," forms part of subdivision 8, and the title of this subdivision is " revenues; debts; assets; taxation." If in a portion of the British

North America Act dealing with taxation, you find the provision that goods, the manufacture of one province, must be admitted into another free, it seems to me that it is an undue extension to extend that to mean, as the hon. member's interpretation would, that if the most noxious thing that one could conceive, the most absolutely deadly poison, were manufactured in one province of this Dominion, it would be beyond the power of this Parliament to say: It shall not pass outside of that province into another. The article is looking at the subject from the point of view indicated in the general title, and the general title, with the use of the word "free," puts the matter beyond doubt. While I say that, I say it with all respect to the hon. gentleman, who himself points out that lawyers sometimes differ. I am going to agree to that, and I do not put down my opinion in any dogmatic way. But it is the opinion which I entertain very strongly, and I feel that if this is good legislation there is no ground for hesitation in passing it because of that particular article.

The hon. gentleman referred to an Australian case. I am not familiar with it, nor with the provisions of the constitution of the Australian Commonwealth.

But on the very face of the case as he explained it to us, that was a question as to whether one state within the Commonwealth had a right to differentiate between the amount of fee that it would impose upon goods manufactured in another state, and that which it would impose on goods manufactured within itself. Well, just so soon as any one of our provinces says it will put on a tax on certain things manufactured in the next province which it will not impose on things manufactured within itself, then you will have a case analogous to the one cited and there will no doubt be a judgment similar to that one. The hon. gentleman spoke of Parliament's hands being tied and having no possibility of saying "no" when the petition comes. Parliament will not have anything to say in any event on the subject. The petition or request will go to the Governor in Council, and the Governor in Council will say "yes," because this Parliament has told it to say "yes"—not because the province is compelling Parliament to accept its petition.

The hon. gentleman made some reference to the fate that befell people who enacted legislation on provincial lines. Well, I would be sorry to take as lugubrious a view as he does as regards the consequences. But after all that is not the question before us. The question before us is: Is this good legislation? If it is we ought to pass it even if we pass on to our own political funeral. The hon. gentleman also protested against an endeavour to shift our responsibilities upon other legislative bodies. Having, as I hope, made it clear that we are not delegating our powers to any legislature, I think it is equally clear that we are shifting no responsibilities upon any one. We here to-night are taking the full, entire and complete responsibility of enacting a law which recognizes that if a majority of the people of a province do not want liquor in their midst from outside they need not have it. And for my part I am sure that all of us will have no hesitation in assuming the responsibility of determining that question one way or the other. There is no shifting of responsibility. This is a question upon which the will of the people themselves should be allowed to be exercised. The people living in the different areas that constitute the provinces should have the right—I was going to say the privileges, but it is better to describe it as a right—to say for themselves whether liquor should go in among them or not.

Mr. BURNHAM: Where does the minister connect the people he is speaking of now with the provincial legislature?

Mr. DOHERTY: I do not connect them in the remotest degree.

Mr. BURNHAM: How does the minister connect the people of that provincial area he is speaking of with the body which, for convenience, we call the provincial legislature?

Mr. DOHERTY: So far as the operation of this law is concerned I do not connect them at all. I deal with them as Canadian people. It is the Dominion electors who are going to vote on this question, and it is in their capacity as Dominion electors that they will do so; and if the legislature express the opinion that the people of a province desire a plebiscite, then I ask that Parliament shall justify the Government in accepting that as sufficiently representative of the desire on the part of the people of the province to have a plebiscite. It would be quite competent for any legislature to express its opinion as to whether it would be desirable that a law which it cannot enact should be enacted by the body that has legislative power to do it. When the legislature expresses that opinion, Parliament says to its executive: You will be justified in allowing the people

of that area to express their views on the question, and if they do so in a certain sense then those views ought to be met, and we enact this legislation to meet them.

Mr. PORTER: But this Parliament would be depriving itself of its power to say "yes" or "no."

Mr. DOHERTY: Every time this Parliament enacts a law it deprives itself of the power of saying anything to the contrary until it chooses to repeal that law. And after this Parliament passes this law, if it ever changes its mind and wants "no", it will have nothing in the world to do but to repeal the Act.

The hon. gentleman referred to difficulties regarding injustice to manufacturers. I have pointed out that we have dropped the manufacturing question entirely, and their cattle can go on being fed on the various things that arise out of the benefits of having distilleries, so far as this Act is concerned. He also spoke of this as a discrimination against a manufacturer in an adjoining province in favour of the outsider. I have already pointed out that prohibition on importation from one province to another will also prohibit importation into that province from outside of Canada.

There is an objection on the ground of expense. Now, this is Dominion legislation. The people who vote on these plebiscites will be exercising a right conferred by the Parliament of Canada, a right which no other body but this Parliament could confer, and this legislation is being enacted, as it should be enacted, because it is good legislation for the Dominion. It is good that in the Dominion the people should have an opportunity of expressing their will upon this subject, and having that will respected. That being so, on what ground could we ask the province, which cannot legislate on the matter, to pay the expenses in connection with the exercise by citizens of Canada of a right conferred upon them by the Parliament of Canada, because that Parliament believes that it is good for the people of the different provinces to exercise that right.

I have tried, Mr. Speaker, to the best of my ability, to reply to the observations that have been made on the subject, and I have done so with no desire to be dogmatic but to give my reasons why condemnation of this Bill is not justified.

Motion agreed to and Bill read the second time.

On motion of Hon. Mr. Doherty the House went into committee on the Bill, Mr. Steele in the Chair.

[Mr. Doherty.]

On section 1 of the Bill, covering section 152 as proposed to be added to the Canada Temperance Act, subsection 1—Upon receipt of resolution of Legislative Assembly or of Yukon Council requesting vote on prohibition or importation of liquors, the Governor in Council may issue proclamation.

Mr. FIELDING: I should like to draw attention to a point dealt with by the hon. member for West Hastings, and also by the Minister of Justice. I want to say however, that I quite agree with the Minister of Justice that the only body which proposes to legislate on this matter at the present time is the Parliament of Canada. When I say "legislate" I mean passing a law. A resolution is not legislation. I quite agree with that view. But what strikes me as remarkable is the distinction that the minister has drawn between the legal effect of a petition from the provincial legislature and a petition from the people. My suggestion was that if it was deemed desirable to have an expression from the provincial authority the legislature itself should be the authority to express that opinion instead of securing that expression through a plebiscite. The Minister of Justice concurs in my view that it would be very desirable, but he says that if we allowed the legislature to make that request we would be delegating our power.

It is only on that point that I want to say a few words. I respectfully submit that there is no question of delegation in one case or the other; in both cases it is simply a petition, there is no actual legislation. In the case I suggest the legislature might pass a resolution or petition asking the Dominion Government to enact this law or to carry out the provisions of a law already enacted. In another case a resolution of the legislature is passed to be followed by a plebiscite. In both cases it is simply a petition. In the one case it is the petition of the legislature and in the other it is the petition of the people, but in neither case is it a legislative enactment. In neither case can it be deemed a delegation.

Mr. BURNHAM: Might I ask the hon. gentleman if he is not, in that case, substituting the opinion of a small body of men for the opinion of the whole people?

Mr. FIELDING: Quite so, but that does not affect my point. It will not affect the constitutional position. My point is that neither in one case nor in the other is there

any delegation, or anything more than a mere petition, and, as respects the constitutional position, whether that petition comes from the legislature, or in the form of a plebiscite, it is precisely the same thing. If it is proper to accept the result of a plebiscite, it would be proper to accept the judgment of the Legislature of the province. That is my contention. I can see no possible difference between the two. The Minister of Justice says that all we would do would be to substitute the legislature for the twenty-five electors under the Canada Temperance Act. Is the legislature the body to be substituted for that purpose? If that is all we want why not take the executive council? That is a representative body. The legislature is not twenty-five electors; the legislature represents the whole of the electors and if you only want something to substitute for the twenty-five, why not take the executive council? But the main point I desire to make is this: We have had plebiscites enough on this question. The hon. member for West Hastings (Mr. Porter) is quite correct when he says that nobody wants this Bill. Certainly the temperance people do not want it and speaking from the point of view of my own province, I am sure the proposal for another plebiscite will not be viewed with favour. If it be deemed necessary to get an expression of opinion from the province it would be much better and much more satisfactory to everybody to accept a resolution from the provincial legislature rather than to take a plebiscite.

Mr. DOHERTY: I would like to point out what to my mind is the distinction between what the hon. gentleman suggests, namely, that we should legislate and that upon the request of the legislature this law should operate——

Mr. FIELDING: We will already have legislated, and we will only have to bring the law into effect.

Mr. DOHERTY: The suggestion is that the Act bringing it into effect should be dependent upon the legislature's request.

Mr. FIELDING: True.

Mr. DOHERTY: The distinction between that and our making it dependent upon the vote of the people themselves is that if we now enact the law and say that it shall be operative within the province if the legislature ask for it, we in effect confer upon the legislature by an Act of its own as a legislature the power to impose upon the people of the province the law that we have enacted. If we pass the legislation in that way it will be the action of the legislature that will subject the people of the province to this law. That in whatever form it takes, is in substance putting into the hands of the legislature the power of determining whether the people of the province shall or shall not be subject to this law that the Dominion Parliament has enacted. While we in form will be enacting the law, the decision that will subject the people of the province to it will be the decision of their legislature. Now, that legislature has no power to subject the people of their province to the operation of any law unless it is a law the subject matter whereof comes within the provisions of section 92 of the British North America Act, and this subject of importation does not.

That, whether it is sufficient or not, is a reason why, to my mind, the concrete action suggested by the hon. gentleman would make our legislation unconstitutional. Proceeding as we do, no man in any province of Canada becomes subject to this law by reason of the decision of any other legislative body. We are merely making an expression of the people a condition of our law becoming operative.

Mr. MAHARG: We have heard it said repeatedly that the Government is not by this action expressing the will of the people. Take a hypothetical case where the Government or the Legislative Assembly might be hostile to prohibitory legislation; they might be thwarting the will of the people. The people themselves might be in a large majority and wish this step to be taken but the Government or the legislature might refuse to take the step. Would there be any remedy at the hands of the people if that condition arose?

Mr. DOHERTY: It would not be the Provincial Government that would have to take the step; it would be the legislature. The remedy that would be in the hands of the people in that event would be to elect another legislature.

Mr. MAHARG: That takes time; it means four or five years.

Mr. DOHERTY: That is true. If the legislators of the province do not do what the electors would like to have done, it is inherent in our constitution that the electors must wait for the remedy which is to substitute new representatives.

Mr. E. LAPOINTE: The same thing for this Parliament.

Mr. DOHERTY: The same thing for this Parliament. I can understand that there may be that objection but we must find some method by which the request can be met. Now if we impose the requirement we must have a petition that in some way will be representative of some volume of opinion in the province. If we impose the necessity of 25 per cent of the electors of a province signing that petition we would be imposing a most onerous condition upon the portion of the population that may desire to have the plebiscite. It was from that point of view that we thought we could not follow out the idea of the Scott Act as applicable to counties, and we looked around to see what would be the easiest method of getting an expression of opinion that would be entitled to respect as representing the volume of opinion in a province. It seemed to us that the legislature, after all, is a body of men selected by the people from all over the province, and in this regard, and as a rule, I think you can take the majority of the legislature as being representative of public opinion in the country. It does happen, however, that public opinion changes; that the members of the legislature perhaps do not change quite as quickly, and that public opinion gets a little ahead or perhaps sometimes falls a little behind, and you may have a moment at which the majority of any parliament or any legislature does not actually represent the people. On the other hand, prohibition after all is not a thing that is vital this year and ceases to be vital next, it is a measure which must be in effect for a considerable time after it comes into force. It may be annoying to the people of a province to find after they do desire this plebiscite that they have elected members who will not carry out their will, but it will only delay the matter for a short time.

Mr. FIELDING: I oppose the plebiscite altogether and therefore am not going to argue it; but if you only want machinery to start the plebiscite why not take the Governor in Council of the province? There is a body that is constantly meeting, and all they have to do is simply to grant the plebiscite if desired. Surely the government of a province is big enough for that.

Mr. MACKENZIE KING: I think there is a widespread impression in the country that this Bill is in the nature of prohibition throughout the Dominion. If I understand the minister aright, and read the Act aright, it has nothing to do with Dominion prohibition. Neither has it really anything to do with provincial prohibition otherwise than being in the nature of an enabling measure which permits the provinces to take a plebiscite under certain circumstances.

Mr. DOHERTY: It does not permit the provinces to take a plebiscite?

Mr. MACKENZIE KING: I mean it permits the Dominion to take a plebiscite for a province at the request of that province. It is not a measure of Dominion prohibition and not a provincial prohibition measure. As a prohibition measure therefore it is humbug. In other words. . .

Sir GEORGE FOSTER: What would my hon. friend have?

Mr. DOHERTY: My hon. friend's doctrine apparently is that all things in this world are divided into three classes—Dominion things, provincial things, and humbug. He says this is not a Dominion measure, and because, in his opinion, it is provincial it is necessarily humbug.

Mr. MACKENZIE KING: As a prohibition measure.

Mr. DOHERTY: Yes, as a provincial measure. The hon. gentleman's proposition is that a provincial measure, conditional for its effect upon the will of the people, is necessarily humbug as a prohibition measure. This is a Dominion-wide measure of conditional prohibition and it is for the people of every section to have it if they want to have it. The principle of this measure is the recognition of the right of the people to have their own will carried out, and that is what my hon. friend describes as "humbug".

Mr. PORTER: I would like to call the attention of the minister to section 152 which is under consideration, providing that upon receipt of a resolution the Governor in Council shall issue a proclamation for a vote. Is not that contradictory? And should not that be read subject to subsection 2 of section 156?

The CHAIRMAN (Mr. Steele): I might be permitted to point out that we have not yet reached the sub-clause in question. I think if we consider the Bill subclause by subclause we will make better progress.

Mr. PORTER: I understood you to call section 152.

The CHAIRMAN: Only the first portion of it.

Mr. PORTER: The clause to which I have reference begins by saying that "upon the receipt by the Secretary of State" of a resolution passed by any legislative assembly, that such and such a thing shall be done. I am not raising the point for the purpose of criticising but rather with the idea of improving this legislation, if I may be permitted. In view of the fact that subsection 2 of section 156 of the Act declares that a poll shall not be held within three years, should not section 152 be read subject to that subsection? It seems to me that puts the matter beyond question, otherwise the provisions would appear to be inconsistent.

Mr. DOHERTY: I am not quite clear that what the hon. gentleman suggests is necessary, but I have no objection to accepting the suggestion; it will perhaps make the provisions clearer. I therefore beg leave to move to insert at the opening of section 152:

"Subject to subsection 2 of section 156."

Mr. CALDWELL: Who is to bear the expense of the plebiscite, which the province will take?

Mr. DOHERTY: The province will not take the plebiscite; the Dominion will take the plebiscite and bear the expense.

Mr. FIELDING: Will the minister kindly explain the proposed amendment?

Mr. DOHERTY: The hon. member for West Hastings (Mr. Porter) pointed out that by a subsequent provision of section 156 a petition cannot be made within three years of a previous petition, and as it presented itself to the mind of the hon. member there was an inconsistency between that provision and this in its general terms, that upon the receipt of a request by the Secretary of State a proclamation should issue; and no doubt in terms there is that contradiction. In other words, section 156 creates an exception to the general rule, and, deferring to the view of the hon. member that it would make the meaning absolutely clear if we said: " Subject to the provision of section 156," I move the amendment.

Mr. McKENZIE: There is no such section.

Mr. DOHERTY: There is not at the present moment. If the hon. member has before him what I caused to be printed, the Bill containing the amendments that were contemplated to be made, and which has been distributed—

Some hon. MEMBERS: Carried.

The CHAIRMAN (Mr. Steele): Shall the amendment carry?

Some hon. MEMBERS: Carried.

Mr. LAFORTUNE (Jacques - Cartier). (Translation): Mr. Chairman, a very active campaign has been carried on, in the several provinces of the Dominion, during many years; against intemperance; associations of every description, organizations of every nature, the municipal authorities and the clergy are leagued against the traffic in intoxicating liquors, and I am myself a member of those associations. I am a temperate man, having never made use of liquor or tobacco.

An hon. MEMBER: Hear, hear.

Mr. LAFORTUNE: I have lived up to this time without making use of either, and my health has been all the better for it. Why talk of a referendum, Mr. Chairman? Is not public opinion sufficiently known? Has not this temperance question been fully discussed by the people of the different provinces, and is it not a fact that prohibitive measures have been enacted by all the legislatures? Why should we seek a further expression of public opinion? Why should we burden the country with another heavy expenditure when it is admitted that our finances are in such a woeful condition? I am satisfied that the people's opinion on this question could never be better known than it is at present, and I claim that an appeal to the people is by no means necessary under the circumstances.

I shall refer, for instance, to the beautiful province of Ontario which recently started a great agitation in order to secure the complete elimination of alcoholic beverages. The western provinces, the Maritime provinces and the province of Quebec have also moved in that same direction. Yes, Mr. Chairman, fabulous sums were expended towards restricting the manufacture and sale of intoxicating liquors. Such being the facts, would it not be foolish, now, to say that, if the provinces are not satisfied, a plebiscite will be demanded and the people called upon to render their verdict or, in other words, that we shall spend thousands of dollars to learn what we alreaday know, nay, what we have known for a long time, namely: that the liquor traffic is the most pernicious source of all the crimes which are perpetrated? No, you will never succeed in making the people more sober as long as the manufacture and the import

ation of alcoholic beverages are left untrammelled. A province may happen to pass a regulation, a law prohibit the sale of intoxicating liquors, but the adjoining province may abstain from doing so. Hence, the drunkards, being unable to secure on the spot what they want, will go and get it in that adjoining province, and so, drunkenness and intemperance will persist, and our penitentiaries and jails will continue getting a full quota of criminal, and our asylums, their full quota of destitute. Such is the result of the manufacture and sale of spirits in the country. May I add that, if we were to admit the principle set forth in the Bill now submitted to the House, we would be undoing heretofore the work accomplished by the several temperance organizations in every province of the Dominion, and that work would have to be taken up once more, as though nothing had ever been done. Mr. Chairman, I repeat that if spirits can be manufactured and imported from one province into another, they will continue to flow as they did in the past, we shall see them in quantities in the cellars of those who pose as being apostles of temperance though addicted, to drinking. While the blessings of temperance are being preached, heaps of barrels, cases and jugs will be seen everywhere. The use of intoxicating liquors results in destroying the force and vitality of the race, and it is our duty to fight that pest in every possible way.

The CHAIRMAN (Mr. Steele): (Text): Order. We are discussing section 152 of the Bill and rule 13 prescribe that speeches in Committee of the Whole must be strictly relevant to the item or clause under consideration.

Mr. LAFORTUNE. (Translation): I do not quite understand. If Mr. Chairman would kindly repeat that remark in the language which I speak, it would be easier for me to catch the meaning of it.

(Text). Would you be kind enough, Mr. Chairman, to repeat what you have just stated? I may then probably be in a better position to see whether I am right or wrong. I do not want to discuss your ruling, Sir.

The CHAIRMAN (Mr. Steele): My ruling was that as the clause of the Bill now before the committee is number 152, the hon. member should confine his remarks to that clause, inasmuch as rule 13 says that speeches in Committee of the Whole must be strictly relevant to the item or clause under consideration.

Mr. FIELDING: The whole Bill is found in section 1.

Mr. LAFORTUNE: That is what I understand, Mr. Chairman.

The CHAIRMAN (Mr. Steele): So long as the hon. member's remarks are strictly relevant to the clause under consideration he is quite in order.

Mr. LAFORTUNE: I assume I am right in my understanding of the rules of the House, and I think I am quite in order in speaking against the section.

As I was saying, Mr. Speaker, the only possible way to deal fairly with all temperance advocates, is to prohibit the manufacture and the importation of intoxicating liquors in this country. No reason whatever of success can be hoped for otherwise, no matter what legislation the various provinces may enact in this respect; one may be in favour of such prohibition, while another might be opposed to it, and then we should make no progress whatever along these lines. The reason why, Mr. Speaker, I so strongly object to the manufacture and importation of spirituous liquors, is this: During my experience extending over a quarter century I have had the opportunity of witnessing in our courts of justice, the results of such traffic, more specially in the criminal courts of the highest jurisdiction in the Dominion where it has been my privilege to act as crown attorney for well nigh fifteen years.

In April, 1917, acting on a matter of a royal commission, I was called upon to make an inspectional visit of our provincial pentientiary and upon referring to the records of every convict in this penal institution, it developed that out of a total number of 457 convicts, fully seven-eighths had been sentenced for crimes the commission of which could be laid at the door of intemperance or traced back originally to the excessive use of intoxicants.

For intance, why is this one about to ascend the scaffold? His plight is attributable to the fact that the deed that brought upon him the capital punishment was perpetrated in the course of a drunken brawl. Another, sentenced for forgery, also blames the same curse of drink for his undoing. Still another, now branded for arson, has set his neighbour's barn on fire out of revenge on him for the loss of a lawsuit.

The crimes and disorders so rampant amongst the young men of the country are also attributable to the same evil; and this also applies to others, who had they not squandered their all in the bar-room, would

have remained law abiding men and proved valuable citizen for the community. I could go on and give dozens of illustrations of the havoc caused in every walk of life as a result of the liquor traffic.

Therefore, Mr. Speaker, I appeal to this Government, so that they may take prompt and energetic action, without undue delay, and give all the support they possibly can to the cause of temperance throughout this country. This Government should not shirk their responsibility in this respect and they should pass a prohibition Act such as will tend to deal fairly with all those who so earnestly call for a change from that state of affairs.

Some hon. MEMBERS: "Carried," "carried."

Mr. LAFORTUNE: I realize, Mr. Speaker, that the hon. gentlemen who say: Carried, carried, may have their cellars replete with all their requirements, and as a rule, this class of people are such as are the most enthousiastic temperance supporters in the country. They are prone to meddle with other people's business, but they draw the line at their own shortcomings.

Our hospitals are taxed to their capacity with patients, unhappy victims of conditions resulting from intemperance and who are now depending upon the State for their care and treatment. The great majority of public inmates in our asylums for the insane are men or women whose health and minds have been wrecked through the same evil which is also responsible for numberless cases of dire want and hardships of all kinds.

In the constituency which it is my privilege to represent, a by-law was passed by the municipality prohibiting the sale of liquor, and although this was followed by strong action in order to have the by-law repealed, the majority of voters decided that the new order of things was to endure and as a result, local option was continued.

Indeed, Mr. Speaker, I have had many poor mothers approach me who begged for my support, saying: Pray, dear sir, when before Parliament, insist upon the passing of a law of prohibition for the country as a whole. Since my husband has no longer the opportunity of patronizing the corner saloon, how things have changed! Myself and my children are better cared for; every day of the week is a working day for their father, whereas formerly he ill treated me and all his wages were spent on liquor. Now he hands me his wages every Saturdy evening, and instead of staying out at night drinking and playing cards until four or five in the morning, he comes back home early, takes a good night's rest, and we are happy.

Mr. Speaker and hon gentlemen, who now are paying such a religious respectful attention to my words, you are not without being aware as well as myself, if not better, that this is a fact, and you appreciate that this is a common happening at the present time throughout the land.

But no sooner does the thought of carrying out any reforms or doing away with a bad habit, occur to their mind than people are seized with a dread of the strong arm of trade, they are afraid that the manufacturers, importers, distillers of intoxicating liquors, powerful and wealthy men as they are, having their say in an election, may turn round and oppose this Government. So they say: Let us hold with the hare and run with the hounds; let us assume no responsibility.

I venture to say this to the hon. minister, who is now following my address (Sir George Foster). Do not act the coward; take the initiative and bring down a Bill providing for total prohibition so as to relieve the situation; but you shrink back, because you will not take the responsibility before the electors of this country.

A few moments ago, the hon. Minister of Justice (Mr. Doherty) was put in a similar predicament to that I find myself in. His feelings were somewhat hurt by the remarks made by the hon. leader of the Opposition. I sincerely say that I have much respect for the hon. Minister of Justice, but let me tell him, voicing as I do the sentiment of my electors, that he is not in earnest about this measure being passed into law. He wants to temporize, he wants to relieve himself of responsibility. My hon. friend said to himself: Let us keep watch over the situation and we shall abide by the decision taken by the provinces; we shall bring the matter up again, and when a general election is held we shall perhaps be absolved by the people.

Well, Mr. Chairman, there are in my district very important concerns, which manufacture intoxicating liquors, there are influential distillers, but I intend to say to them, in due time: "My duty first, last and always." If you are able to do away with me as a representative of the people, very well; but I shall have discharged my duty at any rate; I shall have no qualms of conscience over the efforts I have put forth to reform bad habits, to make my electors more temperate and more thrifty,

but I do not disclaim responsibility for the stand I take here, as a representative of the people. In the meantime, I say this to the hon. minister: The Bill that you brought down some time ago, does not tally with the request, coming from the people of the Western provinces, from the provinces of Ontario and Quebec. All the provinces in this Dominion of ours advocate the passage of a law for total prohibition by Parliament. It is the trend of public opinion. Protestant ministers of every denomination have never relaxed their efforts and the Roman Catholic clergy likewise have bent all their endeavours towards the bringing about of the conditions now prevailing; under their leadership, the cause of temperance has made very substantial progress. They trusted that this Government, at the present session or at the next one, as soon as an opportunity offered for expressing their views, would have taken a decided stand and passed an Act providing for prohibition.

When those clergymen learn by the press, on Monday morning, that the provinces still enjoy their rights of option between prohibition and the traffic in intoxicating beverages, they will be grieved sorrily, and I venture to say that you are far from coming up to the expectations entertained by clergymen of the two largest religious denominations in this country.

Some hon. MEMBERS: Carried.

Mr. LAPOINTE (Quebec-East): Order.

Mr. LAFORTUNE: In regard to that temperance issue, there is practically a consensus of opinion in this fair Canada of ours; however, I admit that perhaps there are pros and cons. Many people say that it is not so great an evil to allow farmers, labourers and everybody else to take a little drop before meals. Many people maintain also that we should try to spread temperance by moral suasion, good order and example, that it would be easy by those means to check this liquor evil and to promote temperance which makes for the happiness of the people. But I do not subscribe to that opinion, Mr. Chairman.

For over fifty years, this temperance question has been discussed under all its different aspects before large public gatherings, and yet we have made very little progress. Why? Because of this old saying: "Habit is second nature," and the man who has been addicted for years to intemperance, finds it very hard to break a settled habit, I am prepared to admit that a few people could be reclaimed, but it would be a small minority indeed, whereas if the members of this Administration were willing to cooperate and help in solving this liquor problem, we should get far better results

Mr. Chairman, it is stated that if the Government puts a stop to manufacturing and selling intoxicating liquors, they would be deprived of a large amount of revenue, that there would be a falling off in the duties collected, if we are prevented from importing alcoholic liquors into Canada. With all due respect I answer: No. I assert that the sums that are annually spent by the Government for the maintenance of the judiciary and the criminal machinery and for the upkeep of prisoners in jails throughout the country, exceed considerably the revenue derived from that branch of trade.

I say that prohibition would result in abating to a great extent the number of criminals, of patients in the hospitals, of destitutes kept in the poorhouses and in the workhouses at the expense of the State and that, far from being the loser, the State would realize, thereby, a substantial benefit. Mr. Chairman, we must not forget to take into consideration the many joys which we shall have brought to the homes of our people if we succeed in checking this evil, and the happiness of the whole population would then mean ample and more than ample compensation for the loss of revenue entailed, a revenue which was derived from that line of trade. Under the circumstances, why should we hesitate any longer? I consider, Mr. Chairman, that this question is most important for the electors whom I have the honour to represent, and I should consider that I was recreant to my duty if I failed to do my utmost to prevent the enactment of this measure which, far from promoting the cause of temperance, rather tends to encourage the use of intoxicating liquors.

Mr. LAPOINTE (Quebec East) (translation): It is now Sunday.

Mr. LAFORTUNE (translation): If it is, I shall stop.

Mr. LAPOINTE (Quebec East) (translation): Move the adjournment.

Mr. LAFORTUNE (translation): I move that the debate be adjourned and that the committee rise and report progress.

The CHAIRMAN (Mr. Steele): Do I understand that the hon. member wishes to move the adjournment of the debate?

Mr. LAFORTUNE: Yes, Mr. Chairman.

The CHAIRMAN (Mr. Steele): It is not in order for the hon. member to move the adjournment of the debate in committee.

Mr. LAFORTUNE: Then I move, Mr. Chairman, that the committee rise and report progress.

The CHAIRMAN: Is it the pleasure of the House to adopt the motion?

Some hon. MEMBERS: Lost.

The CHAIRMAN: I declare the motion lost.

Mr. DAVIDSON: I suggest that this oration might be finished at the next session of Parliament.

Mr. LAFORTUNE: The hon. member has a right to say anything he likes, but I am not bound to do what he proposes.

Mr. McKENZIE: If the hon. gentleman who has the floor will permit me, I suggest that there is nothing to prevent his going on with his speech when the committee resumes at a subsequent sitting. But it is now Sunday morning, and we are not in the habit of sitting on Sunday.

Mr. LAFORTUNE: In our country, Mr. Chairman, we never work on Sunday. It is the law of our province and the law of God.

Sir GEORGE FOSTER: I see no objection to proceeding with the Bill. Other legislatures do these things, and I do not see why we may not. It is all very well to make a kick against doing this kind of work in Parliament on Sunday, but I do not suppose there are any of us who do not do some work on Sunday, may be not as meritorious as this. I think the committee had better go on and finish its consideration of the Bill. I am sure that my hon. friend, who has given us so much pleasure and himself so much pleasure in the address which he is making, will remember that we are all mortals and not try us too long, to satiety at least, with his very pleasant and very able speech. He might draw it a little shorter.

Mr. LAFORTUNE: To me, this is not a question of pleasure; it is a question of duty. The Minister of Trade and Commerce is not very generous; I have never interfered when he has taken up three or four hours in making a speech to the House. It is not my desire to speak against time; the question is too important for that, Mr. Chairman. I feel it my duty to do the best I can to convince hon. members that they are wrong; that is my only desire.

(translation): What have we seen, Mr. Chairman, since mitigated prohibition was imposed in the several provinces? A great number of stills were seized which had been hidden in cellars, or in barns, in the woods or in the fields, and by means of which intoxicating liquors were made, with the result that the provincial laws forbidding this manufacture were eluded and frustrated.

What have we seen in the province of Ontario as well as in the other provinces, not excepting Quebec? We have seen a great number of seizures made by the revenue officers, who also found large quantities of intoxicating liquors in cellars, in underground recesses, in the fields and in the woods. Those liquors, manufactured underhand, are not alcohol, they are real poisons.

And this is tolerated by the Government. When things have gone so far as to make it necessary for them to do away with such conditions, they talk about a referendum, and the advisability of consulting the people. We shall see, then, do they say, what people's opinion is, as though we were unaware of the fact that this opinion is well moulded into shape and was put on record whenever an opportunity offered for the people making its voice heard.

Well, Mr. Chairman, I claim that this Government is unwilling to face the situation and instead of introducing a prohibition Bill it brings down a half-measure which will not be satisfactory to the electors of the Dominion.

Several of the hon. ministers and members would like me to take my seat forthwith, so that this half-measure might be allowed to pass. Well, I must tell them that in spite of all the work which they may have done in behalf of temperance, they are not serious when they pretend to be temperance men.

Great work was achieved by associations of ladies who held meeting, travelling all over the country, in their endeavour to have temperance laws enacted in order to uplift public morality; but those ladies will find that they are not given a fair deal when the Government denies them its help, when they are losing the fruits of their labour, of the efforts which they put forth during more than ten years and when the result of their activities is reduced to nothing

Mr. PROULX (Prescott) (translation): You are in favour of this Bill?

Mr. LAFORTUNE (translation): No, no, I am obsolutely opposed to the Bill which is now before us, because it does not go far enough, because it leaves the people free to drink as they used to in the past. The Canadian people want no such legislation.

I shall now follow the advice of the hon. Minister of Trade and Commerce (Sir George Foster). I was bound to register my protest against this Bill, and I think I have done so in such a manner as to warrant my electors in giving me credit for my efforts in that direction. Those will be my concluding remarks. I shall now resume my seat, thanking, at the same time the hon. gentlemen for having so intently listened to me.

Mr. DOHERTY: I move that the Bill be amended by substituting the Roman numerals "IV" for the Roman numerals "III" in line 8 on the first page. This is a printer's error. I further move to amend section 152 as reproduced in the Bill, by inserting in the fifth line of the section after the word "territory" the words "in which there is at the time in force a law prohibiting the sale of intoxicating liquor for beverage purposes." I announced this amendment and explained the reason for it in moving the second reading.

Amendments agreed to.

Mr. DOHERTY: I move further to amend section 152 by striking out subparagraph (a). This is carrying out what I said about limiting the scope of the Bill.

Amendment agreed to.

Mr. E. LAPOINTE: Notwithstanding what the Minister of Trade and Commerce (Sir George Foster) has said, I do not think it is a good precedent to create, for this House to continue to sit on the Lord's Day. That has never been done during the fifteen or sixteen years I have been a member of the House, and for my part I protest against continuing the work of the House at the present time.

Mr. LAFORTUNE: I also protest very earnestly against this method of procedure.

Mr. DOHERTY: I move to strike out the letter (b) in the 18th line of section 152 because as there is now but one paragraph, there is no occasion for the lettering.

Amendment agreed to.

Mr. DOHERTY: I move to strike out the words "or prohibitions" in lines 23 and 24 on page one of section 152. There is only a question of one prohibition now.

Amendment agreed to.

Mr. DOHERTY: I move to strike out the words "or prohibitions" in line 4 on page 2 of section 152.

Amendment agreed to.

Mr. DOHERTY: I move to strike out the words "or prohibitions" in line 17 on page 2 of section 152.

Amendment agreed to.

Mr. DOHERTY: I move to strike out the words "or prohibitions" in line 22 on page 2 of section 152.

Amendment agreed to.

Mr. MACKENZIE KING: Before the minister proceeds further, I should like to understand clearly the significance of this legislation. As I understand it, at the present time there is an Order in Council which prohibits the importation and manufacture of intoxicating liquors anywhere in Canada. That Order in Council will expire when we get out of the state of war. There is, I believe, an impression which, I think, the hon. member for Lambton East (Mr. J. E. Armstrong) shares, that this legislation is in the nature of a measure which will continue that prohibition.

Mr. J. E. ARMSTRONG: No.

Mr. MACKENZIE KING: I want to understand that that is not the case, that this Bill does not continue that prohibition. If this Act were law to-morrow there would be no greater measure of prohibition in Canada than there is to-day.

Mr. DOHERTY: No greater than at present under the War Measures Act.

Mr. MACKENZIE KING: And with the War Measures Act abolished.

Mr. DOHERTY: With the War Measures Act abolished there would be this greater measure of prohibition, that if the people of the province so expressed their will the importation of intoxicating liquor into any area of the province would be prohibited.

Mr. FIELDING: That would be a year hence.

Mr. DOHERTY: If the people chose to wait a year. This law will not force anything on any one. It gives to all what they are willing to take the trouble to get.

Mr. MACKENZIE KING: Assuming that the Order in Council were out of existence

and this law were in existence, then unless the people acted under it of their own initiative there would be no prohibition in the Dominion and no further prohibition in the province.

Mr. DOHERTY: No.

Mr. MACKENZIE KING: That is what I want to be clear on. As a prohibition measure it seems to be a humbug, it is not prohibition in any province or in the Dominion.

Mr. DOHERTY: If the hon. member looks upon all conditional legislation as humbug, perhaps he is justified in his assertion.

Mr. J. E. ARMSTRONG: I move that at the end of section 152 there be inserted the following subsection:

152 (a) The said proclamation shall be issued within three months after the receipt by the Secretary of State of the copy of the resolution referred to in the preceding section.

There is not time limit in the Bill, and this merely fixes the time limit.

Mr. McKENZIE: The amendment says that the proclamation " shall ' be issued in three months. I think that in all legislation in which the King is supposed, to act the word " shall " is never used, but the word " may ".

Mr. J. E. ARMSTRONG: I am willing to accept the hon. gentleman's suggestion.

Amendment agreed to.

Section as amended agreed to.

On section 153 of the Act—Proceedings thereafter to be the same as are prescribed for bringing Part II of Canada Temperance Act into force. Returns to be made to Governor in Council, who shall declare prohibition in force if more than one-half of total vote is in favour.

Mr. PORTER: This section provides that the Governor in Council shall declare the " prohibition or prohibitions " in force if more than one-half of the total number of votes cast are in favour of such prohibition. This means that a single vote in favour of a referendum would be sufficient to compel the passing of an Order in Council. This is not a fair proportion, and I think it should be three-fifths. I therefore move that the words " more than one-half," in line 36, be struck out and the words " three-fifths " be substituted.

Amendment negatived: Yeas 8; Nays 26.

Mr. DOHERTY: I move that this section be further amended by striking out, in lines 34 and 36, the words, " or prohibitions."

Amendment agreed to.

Section as amended agreed to.

On section 154—If prohibition of manufacture declared, the manufacture of liquor is forbidden.

Mr. DOHERTY: I move to strike out sub-clause 1 of this section, as we have abandoned the question of prohibition of manufacture. I move further that we strike out the figure 2, at the beginning of the second subsection, which now becomes the only provision in the section.

Mr. DAVIS: Mr. Chairman, may I ask if this is a private conversation? I cannot hear a single thing, and I am in the dark as to what is going on, although I have stayed here till after midnight and well into Sunday morning to hear what is taking place.

Mr. DOHERTY: I am moving to strike out the figure 2 in section 154; it now becomes subsection 1 by the disappearance of the pre-existing section 1, which I moved to be struck out a moment ago.

Mr. LAFORTUNE: Permit me, Mr. Chairman, to draw your attention to the fact that there is a law known as the Lord's Day Act, in which it is enacted that the Lord's Day shall mean the period of time beginning at 12 o'clock after noon on Saturday and ending at 12 o'clock after noon on Sunday.

Sir GEORGE FOSTER: The point is not pertinent to the section under consideration.

The CHAIRMAN: Until the House adjourns it is still Saturday.

Mr. LAFORTUNE: Then how long does Saturday run—until 2 o'clock Sunday morning?

Mr. DOHERTY: It depends upon how long the hon. gentleman talks.

Mr. LAFORTUNE: Well, allow me to state that this is very irregular. It is un-Christian.

Mr. DOHERTY: I beg to amend sub-clause A by striking out the words in line 48, " or deliver, or cause to be delivered ". The reason for this amendment is that the clause would make legislation within the province itself, which the province can attend to. In subsection 2, which now be-

comes, as I have said, subsection 1, in lines 44 and 45, I move to strike out the words, "against the importation or bringing of intoxicating liquors into the said province". So that it will read: "If the prohibition is declared to be in force".

Mr. DAVIS: Again I must ask for a little information. I am not, as I fear some members are, anxious to go home and get this thing through with undue haste. I really want to understand what we are doing, but so far I have found it very difficult to follow the proceedings. It seems that we have not the proper Bill before us, or something is wrong; the numbering of the lines is evidently different in the copy I have.

Mr. DOHERTY: I am proceeding, as I have to proceed, on the Bill as it was originally introduced.

Mr. DOHERTY: For the convenience of the members, so that they would be able to grasp the effect of the amendments contemplated, I had printed and distributed a Bill showing the situation after amendment. If we were proceeding on that it would not be necessary to move these amendments, but I have to proceed upon the Bill as it was originally introduced, copies of which, I think, are available to all the members.

Mr. DAVIS: We were not provided with them.

Mr. DOHERTY: It has been distributed since the Bill was introduced at the beginning of October.

On section 154, paragraph (a)—no importation, etc., allowed:

Mr. DOHERTY: I beg to move to amend subclause (a) by striking out the words "or deliver or cause to be delivered in."

Amendment agreed to.

On subclause (b)—no sale or contract to sell liquor to be delivered in province:

Mr. DOHERTY: I move that subclause (b) be struck out and the following substituted for it:

No person shall, either directly or indirectly, manufacture or sell, or contract or agree to manufacture or sell, any intoxicating liquor to be unlawfully imported, sent, taken or transported into such province.

The reason for changing that clause is that it dealt with the prohibition of sale within the province itself. That is dealt with by the provincial legislation and we do not desire to supersede or interfere with it. The proposed clause as moved makes it unlawful to sell for the purpose of the liquor being sent into another province. It will be unlawful to manufacture it for the purpose of sending it into a prohibition province.

Amendment agreed to.

On section 154, subclause 3—burden of proof on person accused:

Mr. DOHERTY: I beg to move that the clause be amended by striking out the words "or prohibitions" in lines 33 and 39.

Amendment agreed to.

Mr. DOHERTY: I beg to move to further amend the Bill by adding the following as section 156:

156. (1) Upon the receipt by the Secretary of State of a duly certified copy of a resolution passed by the Legislative Assembly of any province (or, in the case of the Yukon Territory, of the council of the Yukon Territory) requesting that the prohibition in force in such province may be revoked, a poll shall be held and a vote taken to decide whether such prohibition shall be revoked or not, and the provisions of this part as to the proceeding to be taken for bringing the prohibition into force, and the provisions of Part 1, with respect to the revocation of an Order in Council bringing Part 2 of this Act into force, shall apply mutatis mutandis, and the proceedings shall be taken accordingly.

(2) No poll or voting, whether for bringing into force any prohibition or for the revocation of the same, shall be held or had within three years of any previous poll or voting held or had under the provisions of this Part.

It merely makes applicable for the repeal of any prohibition in this part of the Act the provisions already made for the repeal of prohibition under the existing part of the Act.

Mr. MACKENZIE KING: Am I to understand that in so far as the amendment is concerned this is an Act for getting rid of prohibition?

Mr. DOHERTY: It is an Act to provide for those who brought prohibition into force, because in their judgment it was desirable, the very reasonable right of putting an end to the operation of a law, which operation rested upon the expression of their will.

Mr. PORTER: That may be done on the same class of vote as that which brought prohibition into force?

Mr. DOHERTY: Yes.

Section agreed to.

Mr. DOHERTY: I beg to move that the Bill be further amended by adding as sec-

tion 2 of the Bill, subsection 1, the following:

2. (1) When any intoxicating liquor is seized and brought before any judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or any magistrate having the power or authority of two or more justices of the peace, in pursuance of the provisions of this Act, and the consignor or consignee or owner thereof or person entitled thereto or claiming the same cannot be ascertained, and if no person establishes a claim to the possession of such intoxicating liquor within a period of fifteen days after the seizure thereof as aforesaid, or within such extended time as the judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, may allow, or as may otherwise be allowed by any competent tribunal, then the judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace who issued the warrant in execution of which such intoxicating liquor was seized, or, in the case of the death, absence or inability to act of such judge of the sessions of the peace recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, any other judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace, may adjudge and declare such intoxicating liquor, together with all kegs, barrels, cases, boxes, bottles, packages, containers and other receptacles of any kind whatever found containing the same to be forfeited to the Crown.

This is precisely the same provision in regard to the disposition of liquor seized and for which an owner cannot be found that we made this afternoon in connection with Bill No. 27.

Subsection agreed to.

Mr. DOHERTY: Subsection 2 is likewise a reproduction of the clause adopted this afternoon. It is as follows:

(2) As soon as any intoxicating liquor and the receptacles containing the same are forfeited to the Crown, the judge of the sessions of the peace, recorder, police magistrate, stipendiary magistrate, two justices of the peace or magistrate having the power or authority of two or more justices of the peace by whom such forfeiture is adjudged and declared shall immediately transmit to the Minister of Customs and Inland Revenue a notice in writing specifying the quantities and descriptions of the intoxicating liquor so forfeited, and shall order that such intoxicating liquor shall immediately be deposited in a Custom Bonding Warehouse within the province wherein such intoxicating liquor is forfeited as aforesaid, to be disposed of as the Minister of Customs and Inland Revenue may direct.

Subsection agreed to.

Bill as amended reported.

Mr. SPEAKER: When shall the Bill be read a third time?

Mr. LAFORTUNE: On Monday.

Mr. SPEAKER: The Bill, of course, can only be read a third time by unanimous consent at this sitting.

Motion for third reading agreed to and Bill read the third time and passed.

On the motion of Sir George Foster for the adjournment of the House:

Mr. McKENZIE: Has any time been fixed for Prorogation or is there any business left for another sitting?

Sir GEORGE FOSTER: The only business that is left for the Commons is the Supply Bill which we will take up immediately the House assembles at eleven o'clock on Monday. Then there may be some business that will come to us from the Senate, but if the Upper House makes as good progress on Monday morning as we have made to-night—

Mr. ERNEST LAPOINTE: Sunday morning.

Sir GEORGE FOSTER: —and in the small portion of Sunday that we have used up in a good cause, I think we shall be able to prorogue about four o'clock in the afternoon.

Motion agreed to and House adjourned at 12.48 a.m. (Sunday).

Monday, November 10, 1919.

The House met at Eleven o'clock.

SOLDIERS' CIVIL RE-ESTABLISHMENT AMENDMENT ACT.

Mr. SPEAKER: I beg to inform the House that I have received a message from the Senate informing this House that the Senate has passed Bill No. 10 to amend the Department of Soldiers' Civil Re-establishment Act with amendments.

Hon. J. A. CALDER: With the consent of the House, I would like to make a motion with reference to the printing of the Report of the Special Committee on Bill No. 10. The House has already ordered some 3,000 copies of that report but I understand they have all gone and there is a very considerable demand for further copies. If the House consents I would move, seconded by Mr. Sifton:

That the report of the Special Committee on Bill No. 10, an Act to amend the Department of Soldiers' Civil Re-establishment Act, the minutes of their proceedings and the evidence taken by them and presented to the House on the 31st October, together with a suitable index to be prepared by the Clerk of the Committee, be printed in the Appendix to the Journals of the present session.

That 1,000 extra copies in English and 250 extra copies in French of the said report, minutes, proceedings and evidence, and 50,000 copies in English and 10,000 copies in French of the said report be printed forthwith for distribution, and that Rule 74 thereto be suspended in relation.

Mr. FRANK CAHILL (Pontiac): Does the minister expect to distribute these extra copies among the returned soldiers?

Mr. CALDER: Many members of the House have expressed a desire to have extra copies—in some cases as many as 1,000—of this report, and even if they are each limited to two or three hundred copies, the 50,000 copies asked for will not go very far.

Mr. D. D. McKENZIE: Do I understand these proceedings are to appear in a separate volume, or will they form part of the Journals of the House?

Mr. CALDER: The idea is that the report itself and all the proceedings, including the evidence, shall be embodied in the Journals of the House. In addition to that the extra copies provided for in the resolution are to be printed.

Hon. W. L. MACKENZIE KING: How does the minister intend to make distribution of these reports? Will regard be had to the different constituencies of the Dominion, or has he any particular form of distribution in mind?

Mr. CALDER: I should think a regulation should be made allotting a certain number to each member. After the demands of members of the House have been met, the distribution could be made in any way deemed advisable by the officials who have it in charge. I think a certain number of copies should be at the disposal of members of the House for a certain length of time and after they have been exhausted the distribution office, or whatever official may be supervising the matter should distribute the remainder.

Mr. McKENZIE: It is intended then to print the report and the evidence in a separate volume?

Mr. CALDER: Yes.

Mr. J. A. ROBB (Chateauguay-Huntingdon): I suppose it is well understood that when the report does go out it will not be padded in any way, for instance, by incorporating with it the speeches of hon. gentlemen who spoke in favour of making a grant of extra gratuities, and of referring the report back to the committee.

Mr. CALDER: The motion speaks for itself.

Motion agreed to.

QUESTIONS.

(Questions answered orally are indicated by asterisks.)

AMNESTY TO M. S. A. DEFAULTERS.

*Mr. GAUVREAU:

1. Is it the intention of the Government to advise the Imperial authorities that it would be desirable that His Majesty King George V should proclaim a general amnesty throughout the whole of His Empire, in favour of those who violated the Military Service Act either in England or in the Dominions, on the day of the official proclamation of Peace?

2. If so, is it the intention of the Government to take advantage of the official proclamation of the Peace in Canada in order to proclaim a general amnesty to the defaulters of the Military Service Act, especially to the sons of farmers who have always understood that their services on the farms were just as valuable as those who had enlisted for overseas service?

Hon. Mr. DOHERTY: Any action that the Government may decide upon in reference to the matter referred to, will be announced in due course.

EXPENDITURE ON PUBLIC WORKS.

Mr. CAMPBELL:

1. What is the estimated cost of laying steel on the Hudson Bay railway, from Mile 332 to Port Nelson, Mile 424?

2. Will the financial condition of the country now permit of this cost being incurred?

3. Does the financial condition of the country permit of the expenditure of $1,329,000 on the Trent Canal this year?

4. Does the financial condition of the country permit of the expenditure of $3,675,000 on the Welland Canal this year?

5. According to the newspaper reports a proposition has been submitted to the Government for the Government to purchase the Edmonton, Dunvegan and B. C. railway. Will the financial condition of the country at the present time permit of the purchase of this railway?

Mr. DOHERTY:

1. Approximate estimate to complete track laying on Hudson Bay railway from Kettle Rapids Mile 332 to Port Nelson, Mile 424 with permanent structures over Limestone and Kisemachisk rivers using 80 lb. steel, ballasting, train filling, erecting tanks and telegraph line, $1,750,000.

2, 3 and 4. Work on the Hudson Bay railway, Trent Canal and Welland Ship Canal

together with other works were closed down during the war. During current year work was resumed on the Welland and Trent Canals for the purpose of giving work to the unemployed civilians and returned soldiers in the districts affected.

5. The Government is not proposing to purchase the Edmonton, Dunvegan and British Columbia railway at the present time.

EXPRESS, PASSENGER AND FREIGHT RATES ON RAILWAYS.

Mr. REID (Mackenzie).

1. Are the rates (passenger, express and freight) on the Intercolonial railway under the control of the Board of Railway Commissioners?
2. If not, why not?
3. If so, on what date were they brought under control?
4. Are the local rates and through rates on freight the same as are charged on the C.P.R. on the prairie sections?
5. Are the express rates the same as are charged by the C.P.R. on the prairie sections?
6. Are the following figures as given by the Hon. T. A. Crerar in the House on October 20th correct, viz: That the rate charged on the C.P.R. for freight was 18 per cent higher than it was on the Intercolonial railway; and the average passenger rate was 24 per cent higher on the C.P.R. than it was on the Intercolonial railway?
7. What is the total mileage of the above railway?

Mr. DOHERTY:

1. Express rates are under control of the Board of Railway Commissioners. Freight and passenger rates in dispute have been referred to the Railway Commission. When all Government railways are consolidated with other systems, rates will be on the same basis.

2. See answer to No. 1.

3. Express—from date the Board of Railway Commissioners was constituted, which was in 1904, and for passenger and freight —See answer to No. 1.

4. No.

5. No.

6. For year ending June 30, 1918, the average earnings per ton per mile, and per passenger, per mile were, approximately 18 and 24 per cent respectively higher on the Canadian Pacific railway than on the Intercolonial.

7. The mileage of the Intercolonial railway is 1,527.76 miles.

QUEBEC AND SAGUENAY RAILWAY.

* Mr. CASGRAIN:

1. Does the Government intend to discontinue the service of the trains of the Quebec and Saguenay railway between Quebec and Murray Bay?
2. If so, why?
3. Is it the intention of the Government to operate trains between Quebec and Murray Bay only twice or three times a week?
4. If so, why?

Mr. DOHERTY:

1. No.

2. Answered by No. 1.

3. The matter is under consideration by the management.

4. Answered by No. 3.

PAYMENT TO PATHESCOPE COMPANY.

* Mr. MURPHY:

1. Referring to a return presented to the House on the 5th instant containing the terms of an agreement made with the Pathescope Company, and to the statement therein that $5,000 had been expended by the Department of Public Information in connection with the moving picture business over and above the amount paid to the Pathescope Company:— What are the details of the said payment of $5,000?
2. To whom was the said payment made, and on what date?
3. Out of what fund was the said amount taken, and upon what authority?

Hon. Mr. CALDER:

1. The actual amount expended by the Department of Public Information over and above sums paid the Pathescope Company was $1,385.39. This amount was in payment of the production of a picture entitled "The Call of Freedom."

2. The Specialty Film Import Limited, Montreal, on January 29, 1919.

3. Out of the appropriations set apart for the Department of Public Information and upon the authority of the Order in Council constituting that department.

EXPORT OF COAL INTO CANADA.

Mr. KENNEDY, M.P.:

1. Have the Government any information as to the possibility and probability of a stoppage in the immediate future of the export of coal from the United States into Canada?
2. If so, what measures have the Government taken to arrange for a supply of the fuel necessary for Canada?
3. If the Government have taken no measures to ensure a supply of fuel, do they propose to do so, and how soon?

Mr. DOHERTY:

1. At present Canada is on the non-embargo list and is being treated without discrimination on the part of the United States Government.

2. The Government is taking such steps as are possible to preserve our proportionate supply from the United States, and the mines in the Dominion are relied upon for domestic supply in so far as there may be any

deficit from importations from the United States.

3. Answered by No. 2.

AMERICANS IN FIRST CONTINGENT.

Mr. BALDWIN:

How many Americans went overseas with the first Canadian contingent?

Hon. A. K. MACLEAN: This information is not available at the present time. It is not possible to say how many Americans went overseas with the first Canadian contingent. It will be possible to state how many men proceeded with the first contingent who stated, on enlistment, that they were born in the United States, but this cannot be done until the documents of all individual soldiers have been returned to Militia Headquarters, which will not be until after demobilization is completed.

C. G. S. CHAMPLAIN.

* Mr. CASGRAIN:

1. Is it true that the Government, through the Department of Marine and Fisheries, Trade and Commerce, and through the Post Office Department, have received demands from the Gulf St. Lawrence Shipping & Trading Company to charter to said company the C. G. S. steamer "Champlain"?

2. If so, has the Government given any answer to the said company and what was the same?

3. What is the intention of the Government as to the operation of a line of steamboats by the Government between Murray Bay and Tadoussac?

Mr. A. K. MACLEAN:

1. Yes.

2. Yes; that the department has no present intention of chartering or selling the C. G. S. Champlain.

3. The C. G. S. Champlain is now operating on this route.

ST. JOHN RIVER WHARVES.

Mr. McLEAN (Royal):

1. What wharves were built by the Federal Government on the St. John river and tributary waters, New Brunswick, and on what respective dates were the said wharves built?

2. Is the Minister of Public Works aware of the fact that these wharves require repairs and many of them have been in a bad state of repair for over a year?

3. If so, will the said wharves be put in proper repair?

Hon. Mr. SIFTON:

1. Bayswater, 1917; Earles, 1914; Gunters, 1909; Iron Bound Cove, 1910; Maugerville, 1909; Oromocto (2), 1904-1909; Rothesay, 1909; Heustis Landing, 1915; Fredericton, 1914; Hatfield Point, 1915; Long Point, 1916; McAllisters, 1910; Renforth, 1916; Whites Bluff, 1915.

2 and 3. Of the above, the only wharves that have been reported as in need of some repair by the Engineering Branch are Gunters and Oromocto, and orders have been issued to make the necessary repairs.

Mr. McLEAN (Royal):

1. Why has the Federal Government not accepted the transfer of the wharves on the St. John river made by the Government of New Brunswick in the months of May and June last?

2. Who is now responsible for the repair and maintenance of said wharves?

Hon. Mr. SIFTON:

1 and 2. Matter is under consideration.

REGISTERED MAIL.

Mr. STEVENS:

1. Have instructions been given to postmasters, that in future they may discontinue entering the name and address of the persons to whom registered mail is addressed, in the certificate of registration given to the sender when the registered article is posted?

2. If so what is the reason?

3. Have many complaints been made to the department by public concerns or private citizens to the new order?

4. Has the department considered the desirability of returning to the former practice of inserting name and address on the certificate?

Hon. Mr. BURRELL:

1. Yes.

2. It was found that although the work of filling in the name and address in the certificates of registration was being undertaken by the post office, and in this way five million such forms were filled in each year at city post offices, the records show that in not more than one out of forty thousand cases was the form ever used, as the registration system is so complete that not more than one out of forty thousand registered articles is lost. It followed that a great deal of work was being done by the post office and no useful purpose was being served, as the name and address appear in the post office records, and may be obtained if needed upon inquiry at the post office. Moreover, the sender has the option of inserting them in the certificate of registration should he desire to do so for the purpose of identifying the form with records of his own. A great saving of labour was therefore effected, and the work at registration wickets reduced, and unnecessary crowding, delay and inconvenience to the public done away with.

3. No.

4. No.

SUBMARINE CABLES.

Mr. PARENT:

1. How many submarine cables for telegraphic purposes exist at the present time between Canada and the European countries?

2. When has each one been laid?

3. How many belong to private corporations, and how many, if any, to the Canadian people?

4. Is any one owned by the Canadian people, partly or wholly? If so, how many purchased, from whom, and how many laid by the Government?

5. Has any one been built or laid by the Government? If so, at what cost?

6. Has any one been purchased by the Government? If so, from whom and at what cost?

7. What revenue has this country derived from these cables?

8. Under the administration of what minister of the Crown did the laying or purchase of such submarine cable or cables take place?

9. What department is in control of such cable or cables, and who are the employees connected therewith in this country and outside of this country, respectively?

10. Have any messages, from ministers of the Crown or under their direction, such messages paid by the public treasury or sent free of charge, been transmitted through submarine cable belonging partly or wholly to the Canadian people, said messages having something to do directly or indirectly, with the soldiers' votes overseas and also the return to this country of officers and soldiers before demobilization took place?

11. If so, from whom did such messages come, and to whom have they been addressed?

Hon. Mr. BURRELL: No information.

QUESTIONS PASSED AS ORDERS FOR RETURNS.

Mr. MURPHY:

1. Were tenders submitted to the Department of Public Printing and Stationery on September 25, September 29, and October 16, 1919, respectively, for the following supplies of envelopes: 1 Mil. 100M No. 11 White Wove Envelopes; 1 Mil. 100M. No. 8 White Wove Envelopes; 1 Mil No. 11 Manila Envelopes; 100M. No. 14 White Wove Envelopes; 300M. No. 12 White Wove Envelopes; 1 Mil. No. 7 Manila Envelopes?

2. If so, how many tenders were submitted in each case; who were the tenderers and what were their prices; and to whom was the contract awarded in each case?

3. If, in any instance, the lowest tender was not accepted, why was an award made to a higher tenderer?

Mr. CURRIE:

1. Are any soldiers belonging to the Canadian Expeditionary Force serving terms in British or French prisons or detention camps?

2. If so, how many?

3. What are the names of said soldiers, the nature of the offence, and terms of imprisonment?

4. Is it the intention of the Government to grant an amnesty to soldiers convicted of military offences? If so, when?

5. How many soldiers of the C.E.F. are serving terms in British or French prisons for criminal offences?

UNOPPOSED MOTIONS FOR PAPERS.

Mr. McLEAN (Royal):

For a copy of all correspondence, telegrams and other documents exchanged between the Federal Government and the Government of New Brunswick with regard to the transfer of wharves on the St. John river and tributary waters, including a copy of all correspondence regarding the liability of the Dominion Government in maintaining and repairing these wharves.

For a copy of all reports and recommendations made by the officers of the Department of Public Works during the years 1918-1919, on the condition of the wharves in the St. John river and tributary waters, and the repairs required thereto.

INQUIRIES AS TO QUESTIONS NOT ANSWERED.

On the Orders of the Day:

Mr. J. E. ARMSTRONG (Lambton, E.): Might I ask that the answer to question No. 6 be sent in by the Government at their earliest convenience?

Mr. H. A. MACKIE (Edmonton): I would like to ask what is the meaning of saying that a question "stands," when no answer is given by the Government? Does it mean that this session's questions will be answered next session?

Mr. SPEAKER: If a question on the Order Paper is not answered it lapses at the close of the session.

Mr. H. A. MACKIE: That is what I thought, Mr. Speaker; but on account of what occurred last year I would like to call attention to the fact that question No. 5 standing in my name has been on the Order Paper since October 23 last.

Mr. W. L. MACKENZIE KING: In that connection, Mr. Speaker, I do not see why it is impossible for the Government to bring down answers to a great many of these questions. One or two of them I think I could answer myself with the knowledge I have of the facts. The information requested in these questions is no doubt quite reasonable, and it seems to me that it might just as well be understood now that when the House meets again, whether it be in January or February, any questions that have not been answered this session will be put on the Order Paper. Perhaps between now and the next two or three months ministers may have an opportunity to obtain the required information and present the answers when the House sits again.

Mr. DOHERTY (Minister of Justice): If any of these questions are urgent I will be very glad to see that as soon as the information is gathered it shall be furnished to the members in whose names the questions stand. Of course, as to the intimation that those questions will be asked again next session, that is a dire threat and

we will have to brace up our courage to meet it.

Mr. J. A. CURRIE (Simcoe North): Might I ask that question No. 12 standing in my name be treated as an order for return?

Mr. D. D. McKENZIE (Cape Breton North and Victoria): Might I suggest to the leader of the Government that if he would consent to make all the questions now remaining on the Order Paper orders for returns, then the work of gathering the information could proceed and the results could be sent to hon. members in due course. It would not involve any more labour to answer those questions as orders for returns, and it would save the necessity of again placing them on the Order Paper next session.

Mr. DOHERTY: I have no substantial objection to adopting my hon. friend's suggestion if any useful purpose will be served; but it does seem to me that all practical purposes will be served if answers are sent to the members who ask the questions, and I have no objection to undertake to request my colleagues who are concerned to see that that is done, and I will also undertake to do so in respect to my own department.

Mr. F. S. CAHILL: Sometimes other members are interested in the questions.

Mr. DOHERTY: If an hon. member receives an answer he can give it to the public.

Mr. SPEAKER: Of course, we have passed the stage when orders for returns can be had, but it seems to me that at this period of the session there can be no objection to our facilitating hon. members as much as possible. The hon. member for Simcoe (Mr. Currie) requests that question No. 12 be passed as an order for return. It will be so entered in the record.

Mr. W. L. MACKENZIE KING: It is understood that answers will be sent to the members in whose names the questions stand?

Mr. DOHERTY: That will be done as far as possible.

PURCHASING OF SUPPLIES.

On the Orders of the Day:

Mr. JOHN HAROLD (Brant): May I ask what is the policy of the Government in connection with the purchasing of supplies? Do they purpose to continue such purchasing through the War Purchasing Commission? And is it the intention to bring in a Bill similar to that dropped last session, to consolidate the purchasing?

Mr. DOHERTY: The purchasing at the present time is being carried on through the Purchasing Commission. As to the question of bringing in a Bill next session, that would depend upon whether legislation be considered necessary in order to continue the present system. I cannot give any decided answer as to what action may be taken in that regard.

MESSAGE FROM THE SENATE.

Mr. SPEAKER: I have the honour to inform the House that a message has been received from the Senate:

That a special committee of the Senate composed of the Honourable Sir James Lougheed, the Honourable Messieurs Bostock, Ross (Middleton) and Belcourt, be appointed for the purpose of conferring with the Honourable Members of the House of Commons in order that all Bills which purport to amend any Act of Parliament upon being submitted for first reading shall have printed therein in full and in italics, in English and French, the section or sections purported to be amended.

DATE OF NEXT SESSION.

On the Orders of the Day:

Mr. F. L. DAVIS (Neepawa): May I ask the Government if they can give us any information as to when the next session will be called? I understand a round robin was signed by hon. members, and rumours are circulating, that the next session may open in January or March.

Mr. DOHERTY: It would be quite impossible at the present time to announce when the next session would be called. We cannot judge what the requirements of the future will be.

Mr. E. LAPOINTE: Not before the New Year.

Mr. CAHILL: Does the Government intend to buy any more railways?

Mr. JEAN J. DENIS (Joliette): While on this subject, may I ask the Government if they realize the great inconvenience of having the House of Commons in session during the summer, and if they are making it a point to avoid that as much as possible in the future?

Mr. DOHERTY: The Government fully realizes the inconvenience, and shares, I have no doubt, the general desire to avoid inconvenience whenever possible.

Mr. MAHARG: As the hon. member who is leading the House seems to be somewhat reluctant to express his opinion as to the date of the calling of the next session, may I ask whether it is the intention of the Government to comply as far as possible with the opinion almost unanimously expressed by hon. members in a petition asking that the Government summon the next session as early in the year as possible?

Mr. DOHERTY: No such petition has yet reached us; at least, none has come to my knowledge. The Government desires to meet as far as possible the unanimous wish of members of the House or the wish of any number of hon. members. But I think hon. members must realize the impossibility of our announcing to-day the date of the calling of the next session.

SPECIAL IMPERIAL CONFERENCE.

On the Orders of the Day:

Mr. E. LAPOINTE (Quebec East): May I ask whether the Government has heard of any step being taken for the summoning of the special Imperial Conference which is to consider the constitutional relations of the Empire?

Mr. DOHERTY: I am not aware that any special step has been taken to summon that conference.

Mr. E. LAPOINTE: Would it not be advisable for the Government to suggest to the British authorities a postponement of the summoning of that conference until there is in charge of the affairs of this country a Government which is in harmony with public opinion?

Mr. SPEAKER: Order. The hon. member is taking advantage of his privilege on the Orders of the Day. If there is one rule which is well established it is that the action of the Government is in no case to be called in question.

Mr. E. LAPOINTE: It is merely a suggestion.

Mr. DOHERTY: The hon. member has furnished a most conclusive reason for the greatest possible haste in summoning that conference.

ADMIRAL JELLICOE AND THE GOVERNMENT'S NAVAL POLICY.

On the Orders of the Day:

Mr. E. LAPOINTE: The newspapers this morning say that Admiral Jellicoe has reached the shores of Canada and that he had been invited to Ottawa to confer with the Government about their naval policy. May I inquire whether a naval policy has already been settled upon by the Government and if it is proposed to submit that policy to the admiral for his approval, or whether the admiral will come here to suggest a policy? I think we are entitled to some information as to what is proposed to be done.

Mr. DOHERTY: Any policy that is to be adopted will be settled upon by the Government of this country, and for approval the Government will look to the Parliament of Canada. The advice of an officer of such great distinction as Admiral Jellicoe would undoubtedly be valued and most welcome to this Government, but the settling of policies rests with the Government of Canada and the approval of policies rests with the Parliament of Canada.

Mr. E. LAPOINTE: Do I understand, then, that no naval policy has actually been adopted by the Government?

Mr. DOHERTY: Just as soon as the Government shall have adopted a policy it will be pleased to communicate that policy to Parliament and to the people of Canada.

THE PRIME MINISTER'S HEALTH.

On the Orders of the Day:

Mr. W. L. MACKENZIE KING: I should like to say to the acting leader of the Government—there may not be another opportunity of doing so—that hon. members on this side, with, I am sure, hon. gentlemen opposite, regret the absence of the Prime Minister during the greater part of this session on account of illness. Can the hon. gentleman give us any information as to the state of the Prime Minister's health and his progress toward recovery? I am sure that we would all like to have some information with regard to that before the House prorogues.

Mr. DOHERTY: We are glad to be able to say that our information is that the Right Hon. Prime Minister is gaining in strength and that we may hope for his perfect recovery. Exactly when we may hope to have him back I am not in a position to say at the present moment.

SOLDIERS' CIVIL RE-ESTABLISHMENT.

On the Orders of the Day:

Mr. J. F. Fafard (L'Islet): Considering the request made by our returned soldiers that a gratuity be granted them towards their civil re-

establishment, I have much pleasure in enquiring from the Government whether it would not be preferable to favour them with such remittances instead of distributing to them pamphlets containing the speeches delivered by hon. members in this House.

Mr. SPEAKER: As I understand it, the hon. member's question is one which in any case ought not to be put upon the Orders of the Day, because it involves a matter of policy.

SHORTAGE OF RAILWAY CARS.

On the Orders of the Day:

Hon. J. D. REID (Minister of Railways): With further reference to the shortage of cars on Canadian railways, I had the Canadian Railway War Board meet on Saturday and take the matter up. They have wired me as follows:

Referring further your telegram yesterday. Several reports which have reached you with respect to car shortage as referred to therein dealt with at meeting this board to-day. As to coal situation Canadian Pacific state full supply of cars at all mines on their line. Canadian National railways had excess supply of cars at mines they serve until twentieth ultimo when there was slight shortage which existed for few days only. Since that time no shortage reported. Average daily shipments commercial coal from Canadian National mines since November 1st seven thousand tons and at same rate of shipment for balance of month, total shipments during November will be double those of corresponding month last year. Would point out that despite warnings issued repeatedly by Government and this board coal shipments early part of season were greatly under amount shipped last year with result that total shipments from April 1st last to present time are only fifty per cent of quantity shipped during same period last year. This apparently due to failure of dealers to place orders and to short hours worked at mines account labour troubles. Total tonnage commercial coal shipped from western mines April 1st to August 31st, 1919, was 332,977 tons as compared with 1,703,792 tons same period 1918. Since September 1st this year shipments total 544,495 tons as against 534,200 tons same period last year. As to stock car situation, improved delivery of empty cars from American roads within past few days has greatly improved condition and with continued prompt return of Canadian equipment sent to St. Paul and Chicago railways will be enabled to handle heavy live stock traffic. Administrative sub-committee of this board at Winnipeg has been directed to confer at once with Mr. Stewart of Wheat Board with view to determining what is actual reason for movement of wheat being less than desired by Wheat Board and to take what action may be necessary in so far as railways are responsible to meet situation. Regret board has no information available as to stocks of commercial coal stored in various parts of country, but understand fuel controller assembling this date with respect to movement coal from Canadian mines as mentioned in later portion your message. Assume this has particular reference to movement from Nova Scotia to Ontario. In absence of definite information as to what additional requirements may be placed on railways in this connection either as to territory or volume to be handled, it is difficult to give specific report. Railways are prepared however to move coal from Maritime Provinces to interior to capacity of equipment made available by release of cars to seaboard with export freight.

[Mr. Fafard.]

I might say, in reference to the last part of that telegram, that I asked the Canadian Railway War Board what the situation be in case we had to bring coal from the Maritime or the western Provinces to the interior provinces of Ontario and Quebec, and that is why they mention the question of bringing coal from Nova Scotia or the West in case there was a shortage in the interior provinces.

Mr. SHAW: Has the Minister of Railways had any more complaints regarding the Canadian National railways in the west refusing to give cars to parties wishing to ship hay to Canadian Pacific points, and if so, what is being done to remedy the situation?

Mr. J. D. REID: I have not received any more complaints; but when the hon. member brought this matter to my attention, I sent telegrams to the Canadian National railways and the Canadian Railway War Board. I shall likely receive replies during the day, and I will at once communicate them to the hon. member.

WAYS AND MEANS—THE SUPPLY BILL.

On motion of Hon. C. J. Doherty (Minister of Justice), the House went into Committee of Ways and Means, Mr. Steele in the Chair.

Mr. C. J. DOHERTY moved:

Resolved,—that towards making good the supply granted to His Majesty, on account of certain expenses of the Public Service for the financial year ending 31st March, 1920, the sum of $62,916,039.42 be granted out of the Consolidated Revenue Fund of Canada.

This is the usual resolution in order to bring into effect the Estimates which have already been passed.

Mr. McKENZIE: I take it that the usual Supply Bill will be submitted to Parliament.

Mr. DOHERTY: It is necessary to pass this resolution first, and then a Supply Bill based on this resolution will be introduced.

Motion agreed to.

Resolution reported and concurred in.

Mr. C. J. DOHERTY moved for leave to introduce Bill No. 44, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1920.

Motion agreed to, and Bill read the first and second time, considered in Committee and reported.

On the motion of Mr. Doherty for the third reading of the Bill:

Mr. DENIS: Before this Bill is read the third time, I should like to be informed whether it is not customary to have these Bills printed and distributed amongst the members before they are passed.

Mr. DOHERTY: As far as my experience goes, I do not think I can recall a time when the proceedings were stopped to permit of distributing a Bill of this kind, because there is absolutely nothing in the Bill except Supply that has already been dealt with, and we are quite in accord with the usual practice in what we are doing.

Mr. DENIS: I quite understand that the Bill is to give effect to the resolution which has just been passed; but it seems extraordinary to me that the Bill should be passed through the House without the members having any knowledge of its contents or without being physically able to have the Bill in their hands in order to see what there is in it. I am not opposing the Bill at all.

Mr. SPEAKER: I may say for the information of the hon. member that the Bill is printed and is probably available for distribution; but it is almost impossible at this stage to supend the proceedings in order to have a Bill of this kind distributed, as is the case with other Bills during the session.

Mr. McKENZIE: This will be my only opportunity of asking the Minister of Immigration and Colonization (Mr. Calder), something about the distribution of part of the money that is included in this Bill. I think he gave a general answer as to the methods by which the Department of Soldiers' Civil Re-establishment would distribute it, but it would be well to have some proper machinery or system established in each province. There should be in each province a board to which proper instructions have been given as to how the money is to be handled. Taking my province, for instance, I suppose what would be good practice there would be good practice in the other provinces. As regards Nova Scotia, what board is the minister going to establish and where is it to be established for the purpose of dealing with the distribution of this money amongst soldiers and their widows and every other person who is entitled to this money; with the idea that the same rule that will be established there will apply to each of the other provinces?

Mr. CALDER: I can only speak offhand at the present time, because no decision has been reached. There has not been an opportunity to consider the question as to the nature of the machinery that should be provided, but, as I said the other night, it seems to me that it is possible that new machinery will have to be established. I think that some one acting on behalf of the Government should take charge of the expenditure of the moneys appropriated for necessitous cases arising out of unemployment, and that necessary rules and regulations should be laid down as to the distribution of that money, the conditions under which it will be paid, the amount that will be payable to any one person, the length of time during which it shall be paid, and so forth. We shall have to have a central authority acting for the whole of Canada. I can conceive that it will be necessary to have in each province a small board of not more than three for the whole province, and there is just a possibility that we shall be able to get this work accomplished within a period of four or five months. In addition to the provincial boards, I think it will also be necessary to have local boards. For instance, in the province of Ontario, say, there may be an unemployment situation in Toronto, Hamilton, Peterborough, or elsewhere, and it will be essential to have local boards under the provincial boards to look into this work. We should very clearly establish by Order in Council the rules and regulations under which this money will be made available; and that the whole thing should be under one central authority for the Dominion there can be no doubt. We have not had time so far to consider the matter in its details. I should like to consult some of the soldier organizations regarding the best plan that should be devised to deal with the problem, and the opportunity is not by any means exhausted for carrying on these consultations.

Mr. MAHARG: Does the minister think that the legislation which has been enacted is sufficiently elastic to permit of dealing with the subject in a broad and generous manner? The hon. minister, if I understood

him correctly, himself suggested when we were in committee that some verbal change might be made in the Bill in order to render it somewhat more elastic, and from that view I gathered that he was of the opinion that there might be some modification.

Mr. CALDER: Under the Act creating the department, the Government can assign to that department the care or treatment of any returned man in any way it sees fit. The Bill is very broad in its terms, and any duties which the Governor in Council desires to assign to the minister of the department can be assigned under the Bill. As to whether the appropriation is sufficiently wide to deal with all forms of re-establishment is questionable. On the other hand, however, the department itself has certain appropriations out of which expenditures can be made, and I think there will be sufficient money to tide us over until the end of this fiscal year. If there is not, an urgent necessity exists for carrying out certain features of this work, and from what was said the other night, I am sure Parliament would agree to our getting a warrant for whatever expenditures might be necessary in that regard. That is, of course, if the appropriations prove inadequate.

SOLDIERS CIVIL RE-ESTABLISHMENT ACT.

SENATE AMENDMENTS CONCURRED IN.

Hon. J. A. CALDER (Minister of Immigration and Colonization) moved the second reading of the amendments made by the Senate to Bill No. 10, to amend the Department of Soldiers' Civil Re-establishment Act.

He said: It will be remembered that when this Bill was in committee in the House certain amendments were suggested, and they have been carried into the Bill by the Senate. In the original Bill, clause (h) of sub-section 2 reads:

> For imposing penalties recoverable upon summary conviction for the violation of any provision of any such regulation.

It was suggested that a maximum penalty should be inserted, and the Bill has been altered to read:

> For imposing penalties not exceeding in any case a fine of two hundred dollars or imprisonment for a term not exceeding three months enforceable upon summary conviction for the violation of any provision of any such regulation.

It is proposed that the department have power to make regulations in reference to certain work and that they also have power to impose penalties for infraction of those regulations. The provision as it now stands limits the penalties to not more than two hundred dollars or three months' imprisonment. Then it was suggested by the leader of the Opposition that any regulations made under this Act should be submitted to Parliament within fifteen days, and accordingly there is added a sub-clause (i) for the purpose:

> All regulations made hereunder approved by the Governor in Council shall be laid before Parliament within fifteen days after they are made, if Parliament is then sitting, and, if not, within fifteen days after the opening of the next session of Parliament.

In reference to sub-clause (b) of subsection 2, referring to the appointment of technical and special officers, a proviso is added by the Senate to this effect:

> Provided, however, that the rules and regulations referred to shall contain such proper provisions as are necessary to have such appointments from time to time as required certified by the Civil Service Commission.

Mr. McMASTER: "Certified" seems a strange word.

Mr. CALDER: That is the term that is used. All appointments must be certified by the commission.

Mr. McKENZIE: I daresay it is too late to make any changes in this Bill now, but it seems to me that sub-clause (h) added by the Senate, fixing a maximum fine of two hundred dollars or imprisonment not to exceed three months, is rather an incongruous provision. I would suggest to the Minister of Justice that there is palpably a discrepancy in proportion between two hundred dollars and three months. The common criminal law says that the limit of a fine is not to exceed twenty dollars or three months, which seems to be a fair proportion. To give the magistrate power of imposing a fine of two hundred dollars with an alternative of three months' imprisonment is not fair. He has, of course, the power to impose a fine of a dollar and upwards, but he can impose the maximum. If I may say so, I should like to see a more sensible ratio fixed between the fine and the imprisonment, and I would suggest that "not to exceed $50 or three months' imprisonment" would meet the case.

Mr. DOHERTY: No doubt it seems that the fine and imprisonment are not evenly balanced. When the matter was before the House I suggested a fine of two hundred dollars or imprisonment of six

months. The reasons which have led the gentlemen in the other House to reduce the term of imprisonment to three months I am not aware of, but I do not know that the clause is so framed as to call upon us to disagree with them in the matter. Probably three months would be adequate for both of these offences that are contemplated or, perhaps, at all events, not inadequate.

Amendment concurred in.

Mr. SPEAKER: What business does the leader of the Government propose to go on with?

Mr. DOHERTY: There are certain Bills before the Senate that we expect to come back to us but as they have not yet arrived perhaps we might suspend the sitting until three o'clock.

Mr. McMASTER: When does the leader of the Government expect that Parliament will be prorogued.

Mr. DOHERTY: It is expected that His Excellency will come down to prorogue the House at half past four o'clock this afternoon.

The House took recess.

After Recess.

The House resumed at three o'clock.

REPORTS AND PAPERS.

Relating to the extension for a further period of five years of the Arbitration Agreement between Great Britain and Italy.—Hon. Mr. Doherty.

Regarding the classification of the permanent employees of the House of Commons of all grades.—Hon. Mr. Burrell.

ORDERS FOR RETURNS.

Mr. JOSEPH ARCHAMBAULT (Chambly-Verchères): I would like to draw the attention of the Government to the fact that certain Orders for Returns which I moved quite a while ago have not yet been brought down. I refer to an Order of the 18th September regarding the Siberian Expedition, and another of the 29th September relating to the military hospital at Sainte-Anne-de-Bellevue. I might also call the attention of the House to the fact that a return passed on the 20th October asking for a list of the Grand Trunk shareholders, is not yet forthcoming. Although this list might have been more interesting before the Act providing for the acquisition of the Grand Trunk railway was passed, the necessity still exists for that information, and I hope the Government will see that the list is forthcoming without further delay.

Mr. DOHERTY: I shall endeavour to have the preparation of all these returns expedited. In regard to the last subject to which the hon. gentleman has referred, it will be readily understood that a list such as he asked for is not a thing that can be obtained between to-day and to-morrow; the stockholders of a company like the Grand Trunk are liable to change at any moment. However, I shall ask that all possible expedition be made in securing the most correct list available.

Hon. Mr. BURRELL: If the hon. gentleman will send over to me a memorandum of the returns he requires, I will see that their preparation is expedited.

Mr. SPEAKER: I declare the sitting suspended until four o'clock.

At four o'clock the House resumed.

THE IMPERIAL CONFERENCE.

Mr. ERNEST LAPOINTE (Quebec East): Mr. Speaker, would I be in order now in referring to the matter that I was prevented from discussing this morning?

Mr. SPEAKER: I am sure that under the circumstances the House will grant the hon. member for Quebec East every indulgence.

Mr. E. LAPOINTE: I wish to avail myself of the opportunity, Mr. Speaker, to impress on the House the importance of the question I raised this morning. We were told during this session by the Right Honourable the Prime Minister (Sir Robert Borden) and also by the Honourable the President of the Privy Council (Mr. Rowell), that in the near future a very important special Imperial Conference is to be held for the purpose of discussing and settling the future policy of the Empire so far as the relations of its component parts are concerned. Every one realizes that this matter is of the utmost concern to the people of Canada. Their national status, their destinies, and their honour will be discussed and may be decided at this eventful gathering. Therefore, Sir, I submit that the Government which is to be entrusted with the duty of representing our national interests at this most important meeting should be in harmony with public opinion and should have the support of at least a considerable portion of

our people. I do not wish to be disagreeable, but I think it is admitted by everyone that the present Government and even this present Parliament do not represent public opinion.

Mr. SHEARD: No, no.

Mr. E. LAPOINTE: There is no doubt that this Government has not the support of a large portion of the people.

Under such circumstances there cannot be between the ruling power and the governed that confidence and good will which are necessary for the efficient administration of the country, especially when such important matters as the one I have referred to are to be considered and decided. Friends of the Government in the press and elsewhere admit the situation, but they say: Perhaps the Opposition is not favoured with any more support. That remains to be seen. As far as I am concerned, I would not be afraid to go back to the people of Quebec East, and I think I can fairly claim that I represent their views on the floor of this House. And I think I can make the same claim for all my hon. friends on this side of the House.

Some hon. MEMBERS: No, no.

Mr. E. LAPOINTE: I do not know any one on this side of the House who would not be returned by his constituents in the event of a general election.

Mr. H. M. MOWAT (Parkdale): I would like to ask the hon. gentleman whether he represents the United Farmers of Quebec in making his pungent remarks.

Mr. E. LAPOINTE: Mr. Speaker, the United Farmers of Quebec are behind the Liberal party because the Liberal party is behind them. Quebec Liberals have stood by the farmers, and the farmers know that.

Some hon. MEMBER: What about Ontario?

Mr. E. LAPOINTE: Not one of my hon. friends on this side of the House would be afraid to go back to his constituents for re-election. How many members on the other side would dare make a similar venture? Even if it were true that the Opposition is not any more favoured by the public than is the Government, that would not weaken the force of my argument. On the contrary, it is a formal admission that the House of Commons of Canada as at present constituted does not represent the public opinion of the country, does not fairly represent or express the ideas and opinions and aspirations of the Canadian people. I ask the Government to put an end to this dangerous condition of things; I ask them not to force themselves any longer upon an unwilling people, but to go to the country, appeal to the electors and have a House of Commons which will represent fairly and properly the people of Canada. If I were in order, Mr. Speaker, I would move that the Government resign.

Mr. C. J. DOHERTY (Minister of Justice): Before making reply to the pathetic appeal of the hon. member (Mr. E. Lapointe), I desire to say just one word of warning by way of breaking news that may bring palpitation to the hearts of a great many of our friends on the other side. After listening to this pathetic appeal, and in view particularly of the implicit confidence that we all have that the hon. member has the implicit confidence he claims to have in the confidence which the people of the Dominion repose in him and his colleagues, one could not do less than say that so pathetic an appeal deserves the most careful and thoughtful consideration. I venture to say—and I know it will create a feeling of grave anxiety on the part of many gentlemen sitting on the other side as to how long they may continue to sit there—I venture to say that that appeal will receive the most careful consideration which can possibly be given to it by the Government.

The hon. gentleman, I may add, is very apprehensive of a Government being in power at the time of the Conference that is expected which would not possess the confidence of the people of Canada. May I remind him that it has already been stated that when the Conference does come about, in virtue of its importance, it would be thought proper to ask representatives not only of one side of this House to form part of the delegation which will represent Canada. As the hon. member has announced himself as the one member of this House who undoubtedly possesses the confidence of his constituents, perhaps he may look forward with hope to the probability of his being there, to make quite sure that just what the people of Canada think will be voiced in that gathering.

Mr. MAHARG: I remind the hon. gentleman who is leading the House that there are three sides to this House now.

Mr. DOHERTY: Well, we all recognize that it is in the middle way that virtue stands, and we will try to remember virtue, too.

Mr. McMASTER: As virtue has been voting consistently with the Government, I cannot blame the gentleman who so amiably leads the House this afternoon for forgetting about the third party.

Mr. LAFORTUNE: As a farmer, Mr. Speaker, I may have a chance to go.

Mr. MORPHY (North Perth) (translation): Mr. Speaker, it is difficult for me to reply in French to the hon. member for Quebec East (Mr. Lapointe) upon the subject which he has brought before this House. The hon. member says that the people of Canada lack confidence in the present Administration. I believe that the best way to settle that question is to take a vote immediately upon the question in the House when I shall be perfectly satisfied to abide by the result.

Some hon. MEMBERS: Oh, oh.

Mr. MAHARG: I would suggest that the hon. gentleman give us that in English so that we may have an opportunity of laughing as well.

Mr. MORPHY: I said in French that it was difficult for me to reply in French to the hon. member for Quebec East (Mr. E. Lapointe) upon the subject which he has brought before the Chamber. He says that the people of Canada have not confidence in the present Government. I believe that the best way to prove that question is to take a vote immediately upon the question in the House when I shall be perfectly satisfied with the result.

Mr. E. LAPOINTE: It is not an impartial forum.

INTOXICATING LIQUORS.

SENATE AMENDMENTS CONCURRED IN.

Mr. C. J. DOHERTY (Minister of Justice) moved concurrence in the Senate amendments to Bill No. 27, to amend an Act in aid of provincial legislation prohibiting the sale or use of intoxicating liquors. He said: The principal amendment consists in adding to the Bill a provision that its provisions shall not be deemed to prohibit the selling or causing to be sold, or the manufacture or importation into any province of any intoxicating liquor for sacramental or medicinal purposes, or the manufacture for commercial purposes other than the manufacture for use thereof as a beverage. The intention was never to strike at liquor except for use as a beverage.

Mr. DEVLIN: The question arose in the United States as to whether the prohibition of the importation of intoxicating liquor for use as a beverage excluded its importation for bathing and other purposes. Can the minister express any opinion regarding the advisability or otherwise of making an exception in regard to the use of intoxicating liquor for bathing purposes?

Mr. DOHERTY: Really, I had not contemplated the bathing question. We have heard of some one having been drowned in a butt of Malmsey, but I am not aware that the question of bathing in intoxicating liquor has arisen in connection with the prohibition laws of Canada. It is a somewhat remote theory.

Motion agreed to, and Senate amendments concurred in.

PROROGATION OF PARLIAMENT.

A message was delivered by Lieutenant-Colonel Ernest J. Chambers, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker:

His Excellency the Governor General desires the immediate attendance of this Honourable House in the Chamber of the Honourable the Senate.

Accordingly, Mr. Speaker, with the House, went up to the Senate Chamber.

In the Senate Chamber, His Excellency the Governor General was pleased to give, in His Majesty's name, the Royal Assent to the following Bills:

An Act to amend the Canada Grain Act.

An Act to amend the Militia Act.

An Act to amend the Criminal Code.

An Act to continue in force the powers of the Board of Grain Supervisors of Canada so that it may conclude its business, and to continue in force a Guarantee given by the Governor in Council with respect to the 1918 wheat crop.

An Act to amend the Royal Northwest Mounted Police Act.

An Act to amend An Act to confirm two Orders of the Governor General in Council respecting the Grand Trunk Pacific Railway System.

An Act respecting the North Empire Fire Insurance Company.

An Act for carrying into effect the Treaty of Peace between His Majesty and certain other Powers.

An Act to amend the Interpretation Act.

An Act to amend the Dominion Lands Act.

An Act respecting the Canadian Wheat Board.

An Act to permit the temporary importation, manufacture and sale of oleomargarine in Canada.

An Act to amend the Meat and Canned Foods Act.

An Act for the relief of Millie Wattlaufer.

An Act for the relief of Arthur Leroy Eastcott.

An Act to amend the Exchequer Court Act.

An Act for the relief of John Robert Stephenson Carson.

An Act for the relief of Frank Thimm.
An Act to amend the Immigration Act.
An Act to amend the Department of Soldiers' Civil Re-establishment Act.
An Act to amend the Civil Service Act 1918, with respect to the salaries of certain Postmasters and Assistant Postmasters.
An Act to amend the Civil Service Act, 1918.
An Act respecting the acquisition by His Majesty of the Grand Trunk Railway System.
An Act to amend the Canada Temperance Act.
An Act to amend the Opium and Drug Act.
An Act respecting Patents of Invention.
An Act to amend the Canada Shipping Act (Pilotage).
An Act respecting a certain convention between His Majesty and the President of the French Republic dated the nineteenth day of September, 1907, and a convention supplementary thereto and the French Convention Act, 1908.
An Act to amend the Adulteration Act (respecting Bran and Shorts or Middlings).
An Act to amend the House of Commons Act.
An Act to amend An Act in aid of Provincial Legislation prohibiting or restricting the sale or use of Intoxicating Liquors.
An Act to amend the Public Printing and Stationery Act.
An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1920.

To these Bills the Royal Assent was pronounced by the Clerk of the Senate in the following words:

"In His Majesty's name, His Excellency the Governor General doth assent to these Bills."

Then the Honourable the Speaker of the House of Commons addressed His Excellency the Governor General as follows:

MAY IT PLEASE YOUR EXCELLENCY:

"The Commons of Canada have voted Supplies required to enable the Government to defray certain expenses of the public service.

"In the name of the Commons, I present to Your Excellency the following Bill:

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1920

"To which Bill I humbly request Your Excellency's assent."

To this Bill the Clerk of the Senate, by command of His Excellency the Governor General did thereupon say:

"In His Majesty's name, His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to these Bills."

After which His Excellency the Governor General was pleased to close the Third Session of the Thirteenth Parliament of the Dominion of Canada, with the following speech:

Honourable Gentlemen of the Senate:
Gentlemen of the House of Commons:

In relieving you from further attendance on this session, I thank you for the diligence and efficiency with which you have discharged your duties.

Measures of great significance and importance have engaged your attention.

The Treaty of Peace concluded by the Allied and Associated Powers with Germany and signed at Versailles on the 28th June, 1919, and the Treaty of Peace between the same Powers and the Republic of Austria, signed at St. Germain-en-Laye on the 10th September, 1919, have been presented to you and have received your approval.

These Treaties having now been approved by Germany and Austria, on the one hand, and by at least three of the Allied and Associated Powers on the other hand, await only the exchange of ratifications to enter into full force and effect.

I fervently trust that the provisions of these Treaties, marking as they do the termination of hostilities, may usher in for humanity an era in which great wars may be prevented and the blessings of world peace effectually secured.

Canada bore a large part in the operations of the war and contributed notably to its successful completion, and it is therefore gratifying to be able to note the distinguished position accorded to her in the conduct of the negotiations in the Peace Conference at Paris.

The visit of His Royal Highness the Prince of Wales to Canada has been a source of deep and wide-spread satisfaction. The universal welcome which has been extended to him is an evidence of the devotion of the Canadian people to the Throne and to British institutions. This welcome, so whole-hearted in character, is an undoubted tribute to the high personal character and qualities of His Royal Highness, who, in peace as in war, has closely identified himself with Canada, and shown his earnest desire to promote the welfare of the people of this Dominion.

The acquisition of the Grand Trunk properties and their addition to the existing national railways will materially promote the successful and economic administration of the whole system, and greatly aid in the solution of the important problems of Canadian transport.

The adoption of the report of the Committee of the House of Commons on Bill No. 10 will extend the scope and application of the important measures already taken for meeting the needs of returned soldiers and their dependents.

The adoption of the Classification of the Civil Service of Canada will make it possible for the Commission to proceed at once with the further organization of the Service.

The success which has greeted the inauguration of the Victory Loan is a tribute to the patriotism and organizing capacity of Canadian business men, and fully demonstrates the determination and readiness of the country to fulfil its obligations to its soldiers, maintain the credit of Canada, and strengthen its trade position.

In a survey of the economic and social conditions throughout the world, it is satisfactory to note that Canada's position compares favourably with that of any other country and is far more favourable than most. With the accordant action of labour and capital, aided as it has been by the Industrial Conference lately held, and with the continued application of our people to productive pursuits, accom-

panied by rigid adherence to thrift and saving, we can face the coming years of reconstruction and adjustment with hopeful confidence.

Gentlemen of the House of Commons:

I thank you for the provisions made for the public service along the lines of reconstruction and aid for the returned soldiers.

Honourable Gentlemen of the Senate:

Gentlemen of the House of Commons:

I devoutly pray that Almighty God may incline our minds to sane and prudent counsels, may inspire all our people with the will to work and to save, and continue the blessings of peace and prosperity within our borders.

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Abbreviations.—1r., 2r., 3r. = first, second, or third reading. Amdt. = Amendment. Com. = Committee. Con. = Consideration. Div. = Division. M. = Motion. Ques. = Question. Ref. = Reference. Rep. = Report. Res. = Resolution. Sec. = Section.

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