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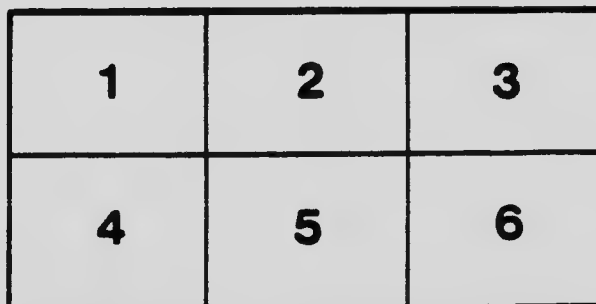
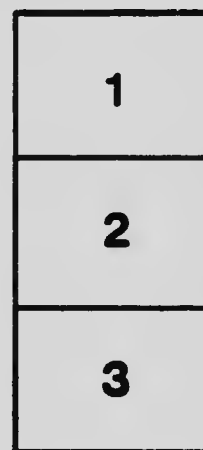
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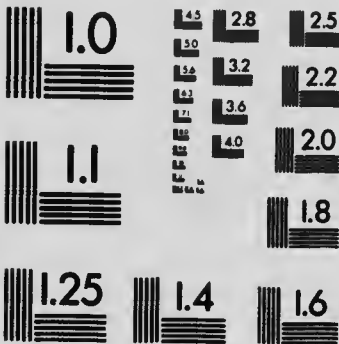
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CANADA

The Debates of the Senate

OFFICIAL REPORT.

SPEECH

OF

The HON. FREDERIC NICHOLLS
SENATOR

ON

The Grand Trunk Railway Acquisition Bill

In the Senate of Canada, Ottawa, on Wednesday, November 5, 1919.

Estate of the late
Sir Edward Beatty.

Hon. FREDERIC NICHOLLS: Honourable gentlemen, I rise to address the House on this important question under a very grave sense of responsibility. I am a loyal supporter, I hope, of the Government of the day, and my natural desire is to follow in accordance with their views. I may also say that my personal and material interests would be benefited by my following the path of least resistance and voting for the general principle of the Bill without question. On the other hand, I personally have believed in the ideals of this Upper Chamber. We are the last court of appeal against hasty and unconsidered legislation, and we are here supposed to act in the best interests of the country irrespective of what our own personal feelings may be. I confess, honourable gentlemen, that I have been very much worried over my line of action on the floor of this House. I have tried to argue with myself that I as a supporter of the Government would be justified in believing that they had given this matter such fair and full consideration that I might vote for the Bill as introduced in another place without

question. But I regret to say that my final conclusion is that I should be lacking in my duty to myself, and also in my duty to the country, did I not have the courage to rise in my place in this House, and give expression to my feelings in regard to this matter. I am not, honourable gentlemen, opposing government ownership; I am not opposing in general the wisdom of the purchase of the Grand Trunk railway; but I am opposing with any power that I possess the unwisdom of the country at this particular time engaging with so little thought and consideration in practically the greatest transaction that has ever been brought before this Parliament.

I listened with a great deal of interest this morning to the honourable the leader of this House, whom both sides of this House admire and respect. In his speech I think he surpassed any previous effort he has ever made; at all events, he surpassed any previous effort that I have heard since I have been a member of this House. But, notwithstanding his brilliant effort, I think that in many respects his arguments were

really in the direction of delay. Naturally I do not desire to adopt a line of argument that would be unfriendly to him in any respect. I feel towards my honourable leader as I have no doubt he feels toward me.

To his virtues ever kind,
To his faults a little blind;

and I intend to be blind to a good many of the arguments that he has advanced, because they are not material to the question as I propose to argue it in connection with this Bill.

There are, however, one or two matters to which he refers that I feel it is my duty, or my privilege, to deal with. I must say that the brilliant oration of the honourable leader of the Government almost persuaded me to be recreant to my oath of office. But I believe that our oath of office imposes upon us the necessity of giving all affairs of state due consideration. We are sworn to give our best, whether that best be good, bad or indifferent, to the service of the country; and we are sworn to give fair and full consideration to every measure of importance that may be brought before Parliament, and to cast our vote in accordance with our honest convictions.

The honourable the leader of the Government refers to the fact that much of our early railway legislation was a series of blunders. I believe that that very argument was the strongest argument that could be advanced in favour of delaying final action on this Bill until we have a very much larger fund of information before us than has been submitted to us up to the present time. It is all very well to take a chance. The honourable gentleman's argument puts me in mind of the lady who came home to her husband and said, "I have bought a ticket for a raffle of a motor car." "Well," he said, "how many chances are there?" "Oh," she said, "that is what decided me; there are a thousand chances, and we ought to have a pretty good show with so many chances." In this case there are a thousand chances of making a mistake. The honourable gentleman has told us that there are forty or fifty subsidiary companies. Each of these companies has hundreds of ramifications in connection with their different phases of indebtedness and in connection with the physical upkeep and equipment of their properties. I confess that I have very little information about all these matters to enable me to come to a decision at this juncture. I have read carefully every speech made in another place as

it has been spread upon Hansard; I have read as diligently as I could the public press in search of information; and yet I feel, and conscientiously feel, that I have not at this time sufficient information to enable me to form a fair and unprejudiced judgment, not as to the wisdom of purchasing, but as to the wisdom of taking such an important step upon the meagre information that has been submitted to the country for only two or three weeks.

In the business world there are always two factors to be considered in making a purchase. One is: is the price fair, and such as to yield a profit to the purchaser? The other is: is the time opportune? There has been no argument, honourable gentlemen, in reference to the price, because we have decided to delegate our own responsibilities to a Board of Arbitration to adjudicate this matter without Parliament having anything to say in regard to the final basis of purchase. That of itself would not affect my views so seriously had we been favoured with a copy of the agreement which is to be submitted to the Grand Trunk shareholders for consideration. As a matter of fact, I believe that no such agreement has any existence, and the Parliament of Canada is placed in the invidious position that whereas we are asked to pass an enabling Bill, and to give a blank cheque, the Grand Trunk shareholders are in a much more favoured position, because they have not been called upon to express an opinion until they have seen a copy of this agreement, signed, sealed, and delivered—an agreement in which Parliament is to have no voice, and, in fact, which it is not going to be allowed to see before the transaction becomes an accomplished fact. I do not believe that is a reasonable position to place Parliament in, and I cannot see what harm can be done by delaying the passage of this Bill until next session. To that extent I am in hearty sympathy with the amendment proposed by my honourable friend from Middleton (Hon. W. B. Ross) that the consideration of this question be deferred until next session. During the interval we shall be able to get further information; inquiry can be made; we can get a better idea of the opinions of the people of this country in regard to the advisability of such a venture or undertaking. It is assumed that Parliament will meet within three months. Then, are we to assume that, if this question, which came like a bolt out of the blue, is not settled within two or three weeks,

Canada is to be very greatly disadvantaged? I think the honourable the leader of the Government gave away the whole position when he referred to the fact that it is absolutely necessary to the solvency of the National railway that this purchase should be completed. That is the very worst argument that could be placed before a Board of Arbitration. It is not usual in commercial life, if a man or a corporation is wishing to purchase an article of any nature, or property of any description, to preface the bargaining with the statement that "unless we are able to purchase it from you it really means the insolvency of our own enterprise." I think that the statement of the leader of the Government that the purchase is absolutely necessary to the successful operation of the present state railway is an intimation to the arbitrators to place a very high value upon the assets which may be submitted to them for adjudication. That, after all, would not be so vitally important, if Parliament, the representative of the people, were to have an opportunity after the award to express any opinion thereon. But I believe that in another place the proposition was made that the award of the arbitrators should be subject to the final ratification of Parliament, and that the amendment was not accepted, and it is not in the Bill at the present time.

I do not intend to go very deeply into the financial question; but I think that before we assume such a heavy responsibility we should at least give some consideration to the financial position of the country at the present time. In ordinary commercial life, if a bargain is to be made, if a purchase is to be considered, the prime question the purchaser has to consider is, can he afford it? Therefore I make no apology for bringing a few facts before the honourable members of this House in regard to our financial position at the present moment. I will deal very briefly, perhaps, all too briefly, with some few facts and figures that I think may cause honourable gentlemen to give consideration to the importance of the financial situation in the final consideration of whatever action they may decide upon in connection with the passage of this Bill. Five years ago the interest on our Federal debt was only \$13,000,000 per annum; to-day, after such a short space of time, it is \$115,000,000. In addition to this \$115,000,000, there is an annual charge of from \$30,000,000 to \$40,000,000 for pensions, etc., or a definite

fixed charge of \$150,000,000 annually, to which again must be added the deficits from the operation of our national railway, of perhaps some \$25,000,000 more, making a total in all of some \$180,000,000. Our total estimated revenue for the year, including customs and excise receipts, war profits tax, income tax, etc., is \$250,000,000, leaving a balance of only \$100,000,000 for ordinary and extraordinary expenditures. I believe, honourable gentlemen, that I am correct in saying that our total expenditure this year will be between \$700,000,000 and \$800,000,000—more nearly \$800,000,000 than \$700,000,000, including demobilization and capital expenditure, which would leave a shortage of over \$500,000,000. We have been so accustomed during the last few years to dealing with such great sums that perhaps these figures may not have the same effect that they would have had a few years previously; but when we come to consider that we would have a shortage of receipts of over \$500,000,000 this year over the estimated expenditure, and \$650,000,000 in excess of the total expenditures of government five years ago, surely it is time to pause and give consideration to a question that is going to add another half billion dollars to our liabilities. We know that our liabilities will be added to to the extent of half a billion dollars. We also know that from that should be deducted a certain amount of assets, but the liability is fixed and the assets are conjectural.

I noticed, as I suppose honourable gentlemen all did, that the other day Mr. Boville, Deputy Minister of Finance, submitted a statement to a committee of Parliament, showing that in addition to the capital expenditure of \$52,122,445 covered in the estimates for the current fiscal year passed by Parliament at its regular session there must be added the following: To meet cost of Grand Trunk receivership, including interest and deficits on operation, \$15,000,000; provision for credit for Great Britain and allied countries, \$125,000,000. These figures increased the country's obligation, other than current expenditures, to an amount in excess of \$699,122,445. Since this statement was made, I have seen supplementary estimates brought down totalling \$62,000,000 additional.

Now, honourable gentlemen, it is all very well during this time of prosperity to congratulate ourselves on our ability to meet expenditures; it is all very well to feel that our Victory Loans in the past have been a success—and I hope our present

Victory Loan will be a great success. But these figures that I have read entail the necessity for further Victory Loans of several hundred millions a year for several years to come, and the question is whether the country will be in the same prosperous condition then to raise those loans as it is to-day. We are blessed at the present time with a great favourable balance of trade, because our exports exceed our imports by a very large amount. One reason for the very favourable balance of trade is the high price of wheat and other agricultural produce. But, fortunately or unfortunately, our trade returns are in dollars and not in tonnage. To-day the farmer is receiving \$2.25 a bushel for wheat as against \$1 a few years ago. The reason for that is that the devastated countries of Europe have not been producing, and therefore we, in common with other nations that have a surplus to export, are able to sell our surplus products at a very high price. It is reasonable to assume that these wheat-producing countries, however, now that the war is over, will soon be able to attain as great a measure of production as during the pre-war period, and that to a certain extent will limit our export trade of the future. As soon as our export trade of the future becomes limited, the prices must of necessity fall, and, although our tonnage available for export may increase, our receipts in dollars will be certain to fall off. In 1917 our foreign trade reached the crest of the wave, amounting to \$2,552,000,000. This was 250 per cent greater than in 1915 and 350 per cent greater than in 1914. In 1912 our imports exceeded our exports by \$293,000,000. In 1917 this balance was reversed, and, instead of being \$293,000,000 against us, there was \$542,000,000 in our favour. Because of this, and because of the war and the prosperity that has come to Canada on account of the war, we have been able to bear these financial burdens. It is because of the great influx of money into this country for munitions, for war materials, for wheat, for every kind of farm produce, every kind of woollen goods—in fact, every line of production in which Canada is able to engage—that we have been able to undertake the obligations that we have undertaken. Honourable gentlemen, can that continue? Is it reasonable to suppose that it can continue? There is no one more anxious than I am—and I am sure every member of this Chamber is anxious—that it shall continue, but I am sure that there was never a flood-tide without an ebb. There

is no doubt we have reached the crest of the wave. The trade returns show it to-day. Our favourable balance of trade is gradually receding, and to my mind it is doubtful whether we are going to be in such a financial position that we shall be able from year to year to assume a burden of several hundred millions of dollars over and above our annual receipts from the taxation which is now imposed.

It has been estimated by the government statistician that the present total value of the whole resources of this country is equal to about seventeen billion dollars. I want to be careful about these figures, and therefore I have taken the official figures of the Dominion Bureau of Statistics, as published in The Canadian Official Record, and I am going to ask the indulgence of this House while I read the details of this compilation, which are very illuminating, very instructive. I make no apology for bringing these figures before the members of this House, because in my judgment each and every one of us ought to be acquainted with a matter of such vital importance to the future prosperity of this country. We talk in a grandiloquent way as to our undeveloped resources, and it is true that we have magnificent undeveloped resources, but they are not illimitable. It is also true that if we undertake the development of those resources we must find capital with which to develop them, and if we are to find capital for their development, we must save and serve. We must find the capital to develop our resources in this country, or we must go abroad to find it; and if we are to go abroad for it we must first of all show that Canada is in a prosperous condition and has not overweighted itself with obligations, in order to obtain the confidence of invested capital from abroad. The items of the inventory of the national wealth of Canada are as follow:

Table I.—Inventory of the National Wealth of Canada.

Items.	Estimated present value.
Agriculture—Improved lands.	\$ 2,792,229,000
Buildings.	327,548,000
Implements.	387,079,000
Live stock.	1,102,261,000
Fishing—Total capital invested	47,143,125
Mines—Value of buildings and plant.	140,000,000
Manufactures—Plant and working capital.	2,000,000,000
Railways.	2,000,000,000
Street railways.	160,000,000
Canals.	123,000,000
Shipping.	35,000,000
Telegraphs.	10,000,000
Telephones.	95,000,000

Real estate and buildings in cities and towns (based on assessments of 149 localities)	\$ 3,500,000,000
Clothing, furniture and personal effects	800,000,000
Gold and bullion—Held by Receiver-General	119,000,000
Specie in banks	\$2,000,000
Value of token currency	7,500,000
Imported merchandise in stores	250,000,000
Current production—Agriculture	1,621,028,000
Fishing	39,000,000
Forestry	175,000,000
Mining	190,000,000
Manufacturing	2,400,000,000
Total	\$19,002,788,125

These figures are not mine; they are from the Dominion Bureau of Statistics and are published in The Canadian Official Record. It has this further to say:

The Bureau of Statistics explains that although Table I adds up to a total of over nineteen billion dollars, some repetition of values among the items reduces this total. For example, the item "Real Estate and Buildings in Cities" overlaps upon the item "Plant" under the heading "Manufactures." The statistics given to show current manufacturing production in the table do not consider the fact that values of raw materials are repeated in the addition of such items as wheat, flour, bakery products, etc., and of such items as iron ore, pig iron, steel ingots, bars, wire, etc. The Bureau of Statistics believes that between sixteen and seventeen billions would be a liberal estimate of the total capital invested in Canada.

Now, honourable gentlemen, our national debt at the present time is approximately \$2,000,000,000. We are now undertaking to add to that vast sum an additional \$500,000,000, making it \$2,500,000,000 as against a total invested capital of \$16,000,000,000. I do not say it is too large a proportion. Each one of you is able to form your own estimate just as intelligently as I am; but the point that I am trying to make is, not to argue against the purchase of the Grand Trunk Railway system by the Government, it may be a perfectly proper thing to do in good time; but I am arguing and I do urge that there is no such desperate hurry as to make it necessary to close this matter, which has been before the public for only three weeks. If we are to do justice to ourselves and to the country, we ought to take ample time; we ought to give ourselves the benefit of the doubt; and, when we do re-assemble for the purpose of casting a vote regarding the proposed purchase, we can do so intelligently, feeling that we have acted according to our best judgment and have not been hasty in support-

ing an enterprise injudiciously hurried, and which may mean that not only ourselves, but more particularly future generations, will have to bear such a burden of taxation as will tend to restrict further national development.

I do not wish to take up too much time in quoting figures; but I thought it would be in the interest of the House and of the country that there should be some recognition of the question of the proportion of our obligations to our national debt, that there should be some consideration given to the relation of our income to our outlay, and to the question whether now is the appointed time.

There has been a bogey held before us in connection with the argument that unless we come to an immediate decision for the Government of Canada to purchase this railway, the Canadian Pacific railway will gobble it up. Personally I do not believe that that is possible. I think the honourable member for Middleton (Hon. W. B. Ross), in reading the extracts from the statutes of Canada this afternoon, including extracts from the Railway Bill which we passed last session, fully exploded the idea that the Canadian Pacific railway had any power to purchase the Grand Trunk railway without the consent and sanction of the Parliament of Canada. It may be interesting to read, however, the remarks of the president of the Canadian Pacific railway in this connection, in a speech delivered in Montreal on the occasion of the organization of the Victory loan campaign in that city. He said:

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, which would render its acquisition 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 and, lastly, 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.

I feel, honourable gentlemen, that I am occupying the time of the House too long—

Som Hon. SENATORS: No, no; go on.

Hon. Mr. NICHOLLS:—and more particularly as I feel that when this Bill comes

before the Committee of the Whole, if it ever does come before the committee, I shall have something further to say in reference to certain amendments which, if adopted, may be reasonably expected to modify the effect of the passage of this Bill as now submitted to us. I desire to say again, as I said at the outset of my remarks, that I feel a great sense of responsibility. It is no easy task for a loyal supporter of the Government to rise in his place and criticize any action of that Government. But, on the other hand, honourable gentlemen, I want you to consider just this point: If you were in the highway and saw a car filled with your own friends taking a very sharp curve and you hoisted a danger signal to warn them against something that might lead them to destruction, do you not think that you would be doing your duty to your friends?

Honourable gentlemen, as we are discussing a railway measure, I want to draw your attention to the fact that probably the best known and commonest sign in connection with the railway business is a sign that will be found in every township at every point where a railway crosses the highway. That sign is well advertised. It is a very simple one and is designed to save the public from danger. It reads "Stop, look, and listen." Honourable gentlemen, I want to say with reference to this Bill that in my judgment it would be the part of wisdom to

stop until we have sufficient information to enable us to form an intelligent judgment before casting a vote on such an important question. I say we ought to look most carefully into all the multifarious ramifications of the large number of subsidiary companies, which may have all kinds of unknown liabilities; and we want to look very carefully into any international questions that may arise in connection with the operation of 1,600 miles of railway in a foreign country. And, in conclusion, let me say, honourable gentlemen, that we want above all to listen for the judgment and the voice of the people of this country, who have had no opportunity to express any decided views either for or against this most important proposal, because it has been before Parliament and before the country for a period of only three weeks. I should be very glad to vote for the purchase of this railway if I felt assured that the country would not suffer thereby. I am not opposing the principle of public ownership but I submit that it is unwise and injudicious for Parliament, and more particularly for this honourable House to come to any hasty conclusion on inconclusive evidence; and therefore I think it would be the part of wisdom for us, before committing the country to an expenditure of half a billion dollars, which, when once done, cannot be undone, to Stop, to Look, and to Listen.

