

why should not their Government guarantee them the money, because the Government is in a better position to appreciate their financial condition than outsiders would be? I consider that under those circumstances the Government had better guarantee the loan which is asked for by the Canadian Pacific Railway, because, if I understand the transaction, the Government will improve their own position by the change of security. We have no difficulty in concluding that there is no reasonable apprehension as to this transaction. I consider it in the same light as a loan which would be made to a farmer. A capitalist being asked for \$1,000 by a farmer to make improvements on his farm which is valued at \$2,000 he would at once loan \$1,000 on that security. Then the farmer would give a mortgage on the whole property, and it would be considered at the time that the loan would not be too much for the security. But after this \$1,000 is spent on the farm, if it is judiciously expended, then the farm has an increased value of at least \$1,000. The creditor is then in this position, having as security for his loan of \$1,000 not only the farm valued at \$2,000 but the improvements, in all a value of \$3,000. Then supposing the farmer would come again and say, "Last year you gave me \$1,000 on the security of my farm. Now my property has been increased in value by that \$1,000; I require some more money, say \$500. If you cannot lend it to me, I want you to consent to allow some other creditor to come in and take security for a loan of \$500. I think the creditor would consent to advance another \$500 on that security, or allow the farmer to obtain it from someone else on a second mortgage. I consider the present transaction with the Pacific Railway Company of the same character. It is true that in one sense the whole transaction is remodelled, and in such a manner as to leave the Government all that security which is reasonably sufficient to put them in such a position as to have every possible assurance that they will not lose one cent by this loan to the Company. I may say that I have some apprehension about these matters, but it is not at all in relation to this transaction. I believe it has been

very often said in this House that we are giving very great advantages to the Pacific Railway Company. To a certain extent I believe it is the case, but in the meantime I do not think it is possible to do better, and what I am about to say is not in reply to the arguments of political opponents, but from a consideration of the whole matter. In case it should be true that we are dealing too liberally with the Pacific Railway Company, the fault lies on those who seven or eight years ago were continually announcing to the country that it was an absurdity to undertake such a vast enterprise as the building of a railway from ocean to ocean. We all recollect that not long ago when the North-West Territories were purchased for the trifling sum of \$300,000 it was denounced all over the country as a waste of public money; that it was an extravagance that the country would never recover from. What was the consequence of those two assertions that it was absurd to undertake such a great enterprise as the Pacific Railway, and that the country would never recover from the burden they were assuming, coupled with the contention that it was a mistake to have acquired the North-West? The consequence was that the people in the mother country were inclined to undervalue or depreciate those immense territories which we had acquired. But this was not the worst consequence of it. It resulted in a want of confidence not only amongst foreign capitalists, but even amongst our statesmen in the future of our country. The hon. gentleman will recollect very well that in 1875, 1876, 1877, and even in 1878 here, in this very House, when the representatives of the Province of Quebec were pressing upon the Government the necessity for building the branch from Thunder Bay to Callander, the leader of the Government in this House used to say, and it was repeated a dozen times, and it is on record in the official report of our debates, that it is such an absurd enterprise for this country to undertake to build a railway across the continent at this period of its history that our grandchildren would hardly see the realization of the project.

HON. MR. POWER—Could the hon. gentleman point out the relevancy of the