

late date a statement that the proposed steamship communication, with mutual subsidies I suppose, between Canada and Mexico, had run up against some difficulty. The minister who has had that matter in charge is in his place, and I would like to know how it stands at present.

Sir WM. MULOCK (Postmaster General). Last spring the Mexican government agreed with the Canadian government to grant a subsidy of \$50,000 in gold towards establishing two lines of steamers between Canada and Mexico, one on the Pacific ocean and the other on the Atlantic. The Canadian government, in pursuance of that understanding, asked and obtained a vote from this parliament of \$50,000 last session, and the Mexican government did the same. I understand that the Department of Trade and Commerce invited tenders for both services, and received tenders; but the tenders were quite in excess of the total sum of \$100,000 gold voted by the two governments.

Mr. FOSTER. Were they monthly services?

Sir WM. MULOCK. Yes, monthly sailings. Negotiations I think, were entered into by the tenderers for the Pacific service—speaking from memory, I think the names were Weir & Co., of Glasgow—with a view of making some modifications in the specifications and details. A representative of that company, after consulting with the Minister of Trade and Commerce, left him, expressing his intention of proceeding to Mexico and presenting some request to the Mexican government. I am not aware if he has yet had this interview with the Mexican government. But when I was in Mexico in the month of December last, the Mexican government informed me that they were much disappointed at the amount of money demanded for the service on the Pacific; and without explaining to me what they had definitely in view, they did suggest that the proposition for completing that contract should stand over for a short time until Sir Weetman Pearson, a very eminent engineer, a man who is carrying on very large works in Mexico for the government, should reach Mexico, and then the government of that country would discuss the subject with him with a view to proceeding with the matter. They have no desire to withdraw from it, but they seem to think that perhaps they could make some arrangements through him that would be helpful to the scheme in view. But they expressed a willingness to grant at their approaching Congress another subsidy of \$50,000 in gold, if we would do the same, for the establishment of a line on the Atlantic. That would mean that the Mexican government would contribute \$100,000 in gold and we would contribute \$100,000 in gold, by which we would get at least a

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monthly sailing on the Atlantic and on the Pacific. Therefore, as I understand it, there is nothing now in the way of our completing an arrangement for the Atlantic if we can get it within the subsidy; and the Mexican government think they will be able to arrange for the completion of a similar service on the Pacific. I think we may hopefully regard the prospects and that we may have both services in operation within a reasonable time.

ARBITRATION BETWEEN GOVERNMENT AND GRAND TRUNK RAILWAY COMPANY.

Mr. FOSTER. I do not happen to understand it myself, and on asking some of my fellow members I find them to be quite as much in the dark with reference to the subject as I am, but we see frequent references in the papers to an arbitration taking place between the Dominion Government Railways and the Grand Trunk Railway Company. Under what authority is that arbitration proceeding, and will the results, in so far as the evidence is concerned, be presented to the House when the arbitration is finished? Is it by commission or by virtue of the agreements themselves between the two parties?

Hon. H. R. EMMERSON (Minister of Railways and Canals). The arbitration in question is being held by agreement between the government and the Grand Trunk Railway Company. The question was submitted mutually to the arbitration of three gentlemen. This occurred in 1903—I think in the fall of 1903—and the arbitration has been continuing, but the question as to submitting the evidence to this House has not been considered by myself; it has not come before me at all yet. It is sub judice at the present time.

Mr. FOSTER. Then as I understand it this is something that has taken place by virtue of the action of this government?

Mr. EMMERSON. Yes.

Mr. HAGGART. I understand that there was a difference or dispute between the Intercolonial Railway and the Grand Trunk Railway Company as to the carrying out of the contract entered into between the Intercolonial Railway and the Grand Trunk Railway. I understand that the government entered an action in reference to it. Is this arbitration being conducted by a committee or parties appointed by the Exchequer Court, or by any other court, for the purpose of taking evidence instead of leaving the question to the courts to decide?

Hon. CHAS. FITZPATRICK (Minister of Justice). This is an arbitration in respect of differences that have arisen between the Grand Trunk Railway Company and the government under diverse contracts entered into at different times. One of them was