

now. The Grand Trunk may during the fifty years of this lease build branch lines and when the government take over the road these branch lines will be useful to one party or the other. It may be that some of these branch lines would not be profitable to the Grand Trunk Pacific, but would be profitable to the government as owners of the main line. I pointed out the other day that in the case of a short branch it would not pay the company to run it as an independent road, and what might then be an unprofitable transaction for the company, might be a very profitable one for the government who would be owners of the main line. In connection with that I may present the view that in this period of great expansion in the Dominion, with the splendid growth of our country, evidence of which we see around us on every side, surely there is no one so lacking in faith in the future as to believe that fifty years hence any one of these branch lines would be unprofitable. I am sure that on reflection hon. gentlemen opposite will agree with me, that with the rate of progress our country is happily making, and especially our western country, the increase of traffic over all these lines must be such that it is hardly reasonable to conceive that fifty years from this date, any one of these branch lines could be regarded as unprofitable.

THE MOUNTAIN SECTION.

There are two remaining amendments and they are of some financial importance. One is with regard to the guarantee on the mountain section of the western division. In my calculation last year I was advised that 480 miles was the proper estimate of the mountain section, and I shall continue to use that calculation, although I notice that Sir Rivers-Wilson speaks of it in round numbers as 500 miles. As regards the prairie section, we guarantee three-fourths the cost of the road, not exceeding \$13,000 per mile, and there is no change in the contract in that respect. But with regard to the mountain section 480 miles or 500 miles, our agreement of last year was that we would guarantee three-fourths of the cost not exceeding \$30,000. It was roughly estimated that this part of the road would probably cost \$40,000 per mile. We quite understood from the beginning that we would be expected to guarantee three-fourths of the cost, and the limit fixed was supposed to represent that. But we provided that if the road should cost more than \$40,000 per mile, the Grand Trunk Pacific people had then to take the risk. The company came to us and said that this was regarded as a difficulty in the minds of some of their people. They said that the cost of the mountain section might prove to be more than \$40,000 a mile, and some of their people were afraid that if the government were only to guarantee \$30,000 a mile the Grand Trunk's proportion would be larger than they expected, and that prospect introduced an element of uncertainty.

They thought the element of uncertainty should be divided between the government and the company. They thought the government should agree to guarantee three-fourths of the cost, whatever it might be. Both parties will have an interest in seeing that that cost is not an extravagant one. Both parties will have a common object in seeing that the cost is kept down. But they proposed that instead of limiting our guarantee of the mountain section to \$30,000 a mile, we should make it three-fourths of the cost, whatever it might be found to be; and that amendment the government have agreed to make. That amendment involves us in some measure of increased obligation. Precisely what that increased obligation is I suppose must remain a matter of debate. It was roughly estimated at first that the mountain section would cost \$40,000 a mile. I notice in the discussion that took place before the Grand Trunk shareholders in London, Sir Charles River-Wilson made reference to that part of the road as likely to cost \$50,000 a mile, to which he added interest during construction, bringing the cost up to \$56,000 a mile. We are inclined to think that is a high estimate. But let us frankly say that if the mountain section of the western division costs much in excess of the original estimate of \$40,000 a mile, then to the extent of our proportion of the increased cost we are assuming an additional obligation. I do not think, however, that it is a very great obligation, and if it maintains the proportions of three-fourths and one-fourth, we do not think the country will regard it as a very formidable charge.