

enable them to finance the undertaking and complete it. It did not do it within \$45,000,000 last year, and I say that \$45,000,000 will not come within \$45,000,000 of completing it this year; and they will have to come back again. So we must vote this money with our eyes open to the fact that within two years or thereabouts this company will be back again to us for another \$45,000,000 or \$50,000,000, and we must decide whether or not we are prepared to go on with the scheme. I think we should have more positive information than we have before we go any farther.

Mr. BORDEN: I think my hon. friend, and perhaps also my hon. friend from Lambton (Mr. Pardee), misunderstood something I said before luncheon. I was speaking of the practically certain cost of the road. At the present time it is in excess of what was contemplated originally, and I was using certain illustrations to show how that might be accounted for. It must be apparent to my hon. friend that I was not alluding to a discrepancy between the amount now estimated as necessary to complete the road and what will actually prove necessary. It is apparent, I think, from the experience of the Government in connection with the eastern division of the National Transcontinental railway, and also from the experience of the Grand Trunk Pacific with respect to construction in the West, that when a road has advanced so far towards completion as this system has advanced, it is very much easier to make an accurate computation as to what will be required to complete construction. I merely mention that in order that my remarks may not be understood quite in the sense attributed to them by my hon. friend. I do not quite see the point of my hon. friend from Welland, when he asserts that this company will be more tied up and more restricted in respect to its future efforts to raise money outside of Government aid than the Grand Trunk Pacific Railway Company will be. I am aware that the Grand Trunk Pacific came to Parliament either a year or two years ago and got power to issue further securities. Is that what my hon. friend alludes to?

Mr. GERMAN: No, what I allude to is the fact that the Government of Canada is taking a mortgage on every asset that the Canadian Northern Railway system has. The Government is tying up the whole concern, and the Canadian Northern will have nothing to offer to proposed lenders of money.

Mr. BORDEN: I am asking this only for information. Will my hon. friend tell me in what respect this road differs, so far as that is concerned, from the Grand Trunk Pacific railway? My hon. friend draws a distinction between the two. The Grand Trunk Pacific, for instance, has given a first mortgage to indemnify the Government in respect to the securities guaranteed by the Government, a second mortgage to indemnify the Grand Trunk in respect to the securities guaranteed by that company. It has given a mortgage to secure the Government against a loan of \$10,000,000. It is covered by another mortgage to secure the Government against a further loan of \$15,000,000. If I am not mistaken, it is also covered, so far as its assets are concerned, by a mortgage to provide rolling stock. Thus, I do not quite see the difference between the situation of the Canadian Northern and the situation of the Grand Trunk Pacific in that regard. I understood that was the point my hon. friend was making.

Mr. GERMAN: I was making that point from this outlook of the situation that, after this proposition is completed, after this mortgage is executed and is registered against the assets of the Canadian Northern system, the Canadian Northern Railway Company will then have no further assets to place on the market. Everything will be tied up with the Government and with the prior mortgages. With what then can they go on the London market to raise money? They will have nothing. The money lenders will say: We cannot lend you any money; the Government has you tied up so that you cannot raise money here. The only way in which they can raise money will be to come to the Government.

Mr. BORDEN: That is largely a matter of opinion. It would depend upon the probable success of their enterprise; and the same conditions precisely would prevail with regard to the Grand Trunk Pacific Railway Company. It would depend upon the impression made upon the investing public in the large financial centres as to the probable results of the enterprise after it had gone into operation. So far as we are concerned, we have made the best inquiries possible under the circumstances, and we feel convinced that the \$53,000,000 now available, subject to its being earned, and the proceeds of these securities, will complete the road. It is of course necessary, as my hon. friend knows, even after a road is completed in the sense of its being