

IV.—*The Securities*.—This has been already touched on in the remarks on the \$5,500,000 required to be “deposited or otherwise secured or applied” to the purposes of the agreement. The amount as already shown will be inadequate by some \$3,500,000 to carry out the scheme. But, says Mr. Holmes, we are to have a first mortgage on all the railways, and such “other securities” as the Government may require. Very good. When Mr. Plunkett had his first little guarantee transaction of £50,000 with Mr. Holmes, he palmed off on that innocent, if honorable, gentleman as “other securities” some £200,000 worth of valueless Western Counties debentures. What is to hinder him from repeating the operation by the deposit of equally valueless second or third mortgage bonds or debentures of the Syndicate? Again, as regards the mortgage itself, will Mr. Holmes explain what he means by saying, “there is no reason therefore why the Company should ask the Province to pay one dollar of the \$73,062.” (This should at least be, as already shown, \$103,052, but what does a “few dollars” matter in Mr. Holmes’s calculations.) Having regard to this statement, which surely must have some meaning, may it be enquired if there is an understanding, or if the trust deed is to contain a proviso, that foreclosure and sale shall not take effect in respect of failure to pay the whole guarantee of \$225,000, but only in respect of failure to pay the balance remaining after the \$67,500 and \$54,278 had been deducted? An explanation would be welcome.

In connection with this question of security the people and representatives of Cape Breton should insist, if the measure is to be permitted to pass, that a clause be inserted in the Act to the general effect,—*That, inasmuch as \$900,000 is to be raised on the Provincial Guarantee for railway extension in Cape Breton, that sum in cash shall be deposited in the Treasury, and held by the Government in trust for that purpose, and paid out proportionately when and as the work of construction and equipment proceeds.* No specious arguments or cajolements should induce them to depart from this position if they are really in earnest to secure railway extension.

V. *Eastern Lines*.—Mr. Holmes can take what comfort is possible to him from Sir Charles Tupper’s telegram. It will be seen that my assertion that but for the intervention of the Syndicate scheme the Dominion Government would have retained the Pictou Branch, built the new Pictou and Dartmouth connections, and purchased the Eastern Extension was correct. I am not responsible for the *Chronicle’s* statement as to paying \$650,000 to the Province. The Eastern people should ponder this, and should ask themselves seriously what they are to gain by the transference of their roads to the Syndicate? Can they possibly get the same