

nlpeg, or to some point north of Winnipeg wherever the line may be supposed to run to, will cost this country \$65,000,000 upon the calculations which I have made. That may be somewhat in excess of the actual result; but no man can say that the cost may not exceed the figures I have given, and it is a question which this House and this country may well pause, and consider, whether such an obligation, incurred in the absence of information which I have tried to point out is so essential in arriving at a wise judgment on a question of this character, should be undertaken, and whether we can take the hazard of impairing the financial strength of Canada, to some extent at any rate, by undertaking an enterprise which may saddle us with an addition to our debt of \$65,000,000.

The prairie section, we are told, will cost the country \$13,000 per mile of guarantee. Then we have 600 miles of mountain section, which it is said, will cost \$30,000 per mile. Nobody, I think, is informed sufficiently to say whether that is very much of an underestimate, or whether it is an ample estimate. We know very well that mountain railway construction is expensive construction, although there are good reasons for supposing that this line can be built through one of those passes at substantially less cost than the mountains can be crossed at any point to the south of where it is proposed that this railway shall pass to the coast. I figure that \$35,000 would not be out of the way. I figure that to make a fair and reasonable calculation. That means \$24,000,000 of guarantee for the prairie section and \$18,000,000 of guarantee in respect of the 600 miles through the mountain section. When we once have started on this enterprise, when we have got into it—

An hon. MEMBER. We do not guarantee the whole of the cost.

Hon. Mr. BLAIR. My hon. friend says we do not guarantee the whole of the cost. That is quite true, I am going to make my statement covering that point and my hon. friend need not be in the least concerned. We have to see this undertaking through, when we once embark into it, even though it should cost a great deal more than is estimated.

Hon. Mr. ROSS (Victoria, N.S.). We will go through with it.

Hon. Mr. BLAIR. We will go through with it, says my hon. friend beside me. I have no doubt the country can do it, but you do not convince anybody by a statement of that kind unless you can show good and sufficient ground for calling upon the country to make this draft upon its resources. It is all very well to say the country can stand it. I have as much faith and confidence in the capabilities of Canada as any of my hon. friends, but I say that when you are incurring large obligations you should see that you are incurring them in the true interests of Canada.

I want now to examine for a moment clause 54 of this contract:

Inasmuch as the bonds to be guaranteed by the government only made provision for a part of the cost of construction of the western division, the company hereby agree that the Grand Trunk Railway of Canada shall guar-

antee bonds of the company for the balance required for the construction of the said western division, exclusive of the said \$20,000,000 required for first equipment, which the company is required to provide under paragraph 22 of this agreement.

There is a plain intimation, a plain expression of opinion by the government that the proceeds which would be supposed to be available ordinarily out of the stock and those which would be covered by the government guarantee, are not going to be sufficient to complete the undertaking on the basis of \$30,000 per mile. The government estimates \$30,000 per mile for the mountain section. \$22,500 per mile of this is to be covered by the government guarantee and \$7,500 per mile to be provided by the company. The company therefore puts up \$4,500,000 in respect of such 600 miles. That disposes of the mountain section. Then we come to the prairie section, the estimated cost of which is \$13,000 per mile. Of that amount the government guarantees \$9,750 and the Grand Trunk Railway \$3,250. Therefore the company puts up \$3,250,000 for one thousand miles or \$7,750,000 for both sections. This leads to the very proper and legitimate inquiry. What are the company's resources outside of the government's guarantee? Well, they have \$20,000,000 preference stock which is to be used for equipment, with the exception of \$5,000,000 which is to be put up as a deposit to secure the carrying out of the contract. If you look at section 13 of the contract you will see this:

The government shall return the said deposit to the company on the completion of the construction of the western division and the first equipment of the whole line of railway, according to the terms hereof.

So, that you see the return of the deposit of \$5,000,000 is provided, and it comes out of the \$20,000,000 which is all the company engages to expend on equipment. I have pointed out that the \$20,000,000 of preference stock goes to equipment, what else have we? We have \$25,000,000 of common stock. Now the borrowing capacity on the Grand Trunk Railway guarantee, recognized by clause 34 of the contract, is necessary to furnish the balance over the government guarantee. One would naturally suppose that the \$25,000,000 common stock in the treasury, in respect of which, if the company be prosperous, dividends would be expected to be paid, would have a value as an asset of the company, available for the purposes of building its line or for any other necessary purposes connected with the undertaking. But turn to clause 27, and what do we find? We find:

The company undertakes that the Grand Trunk Railway of Canada shall acquire and take the said common stock to the amount of \$25,000,000, except shares held by directors, not exceeding 1,000 shares, and to hold the same during the term of the said lease, and so long as any of the bonds guaranteed by the government under the terms of this agreement shall remain outstanding and unpaid.

The agreement does not provide the company shall subscribe for these shares everybody subscribes for shares, but the