they pay off or take the power to pay off or redeem the $35,000,000 bonds on the railway proper. That makes $87,000,000 which they propose to deal with in this Bill, and how do they propose to deal with it? They propose to take power to issue the consolidated debenture stock sufficient in amount to pay off not only the whole $35,000,000 but the whole $52,000,000 upon the leased lines as well, and, properly enough, they propose, that if they can make any profit by the transference of the security from the old form to the new by issuing the new at a lower rate of interest and capitalising the new issue, they shall be entitled to do it. The result will be that if they can succeed in floating the new issue over the original Canadian Pacific Railway and the leased lines at 4 per cent. and can still keep within the annual charge for interest which these securities as they now exist call for, they will be able to issue instead of $87,000,000, $109,000,000 at 4 per cent. That will be a large profit (if they were able to carry out the exchange at once) of some $21,000,000 for the Canadian Pacific Railway in that transaction. Now I know perfectly well they will not be able and they cannot possibly expect to make the whole of that $21,000,000 by the exchange, but under favorable circumstances they will be able to make a very considerable profit. I do not know how many millions of profit that will be, and I am sure it is not likely that they can even approximate it, but there is a maximum of $21,000,000 which they have an opportunity of reaching and making a profit of. I said a little while ago that we would be placed behind $120,000,000 if this Bill went through. That sum will be composed of these $109,000,000, and also of the new further issue of the consolidated debenture stock to the extent of £500 sterling per mile of their railway, which, I believe, will produce about $12,500,000, making something over $120,000,000 that will be charged upon the Canada Pacific Railway property, where, to-day, there are only $35,000,000 charged, as Sir Charles Tupper said last year. Well, the Government, of course, in respect to their guarantee of over half a million a year, will come behind that $120,000,000 just as they stand behind the $35,000,000 to-day; except in this way: whereas the $35,000,000 is only the security upon the Canadian Pacific Railway proper, the new issue of $120,000,000 will comprise the leased lines as well. The question then which, I think, the Government is bound to consider, and I suppose they have considered it, and I have no doubt they can explain to the House, is this: Does the transference of $109,000,000 to the double security of the Canadian Pacific Railway and the leased lines leave the country as good a security against loss upon their guarantee as before? I do not know how we can consider that question better than by asking this question: What proportion of the cost of the Canadian Pacific Railway does the $35,000,000 of the charge upon it represent? Now, from the last annual report of the Canadian Pacific Railway Company I find that they state the cost of the railway to be $180,000,000. That is the railway upon which the $35,000,000 to-day is the first charge, and the only charge ahead of the Government. It is made up in this way: "Main line and branches, $135,000,000; Government lines, $35,000,000; equipment, $10,000,000." It may be more since that date, but that on the 31st December, 1887, was the estimate. Well now, upon that a charge of $35,000,000 is just about 20 per cent. of the cost of that railway. Let us look and see, as nearly as we can estimate, what percentage of the cost of the leased lines $52,000,000 will be, which sum is the charge we take off the leased lines and put upon to the whole concern? I am assuming for the moment that the Canadian Pacific Railway has a right to mortgage all these lines, I am assuming for the moment that they have a fee simple in these lines, and that they can mortgage them just as effectually as they have already mortgaged the main line of the railway proper for $35,000,000. But I do not think they have that right, and the Bill itself does not claim that they have a fee simple in these railways or in any of them. It only purports to mortgage the leasehold interest. That leasehold interest may or not be equivalent to the full value of the road subject to the securities. I will assume that the leasehold interest of the Canadian Pacific Railway, which they are putting into a blanket mortgage, is equivalent to the fee simple value. Well, what proportion will $52,000,000 bear to the value of these lines? I do not know what information the company are prepared to furnish to the House on that point, or what information the Government have on that point, but I have made a partial estimate which, I dare say, will be of some value in guiding us to an estimate of their value. I see that by far the largest and most important of these leased lines, as set forth in the schedule, is the Ontario and Quebec system. That, including the Toronto, Grey and Bruce system, forms a length (as I gather from the report of the company) of 745 miles, and I find that the charges now existing upon that portion of the line, according to the schedule, amount to just about $25,000,000. Very well, what amount per mile is $25,000,00 as a charge upon 745 miles? I think it will be found that it is $33,000 per mile of a charge to-day. I have very little hesitation in expressing a strong and positive opinion that that is the full cost of that leased system, the Ontario and Quebec, and the Toronto, Grey and Bruce. I do not believe there is $1 a mile of margin; and I will give you one reason. I have looked into the statistics of the cost of the Toronto, Grey and Bruce Railway; and according to returns furnished to the Ontario Legislature, and found in the Sessional Papers of that Legislature of 1877, the cost of 191 miles of this railway was only $19,208 per mile; that is the return the company made to the Government. It did not cost the company anything like that, because there was to be deducted from that $6,700 a mile of Government and municipal bonuses. However, we are not talking now of what it cost the company; we are talking about the cost of construction, from all sources. The original stock has been wiped out, of course, and the Government bonuses were all given in, and still the whole cost of the railway was $19,000 per mile; and there was a change of gauge which cost, perhaps, $3,000 or $4,000 per mile; so that the whole cost of the Toronto, Grey and Bruce Railway was most distinctly and positively within $25,000 per mile, and the Ontario and Quebec system, of which it forms a part, is mortgaged now for $33,000 per mile. The Credit Valley Railway is also a part of this system. There were not complete returns showing the cost of that line which I could find yesterday; but, in Toronto, engineers and others claim that it cost less than the Toronto, Grey and Bruce, and I know it did not cost more. So that if we allow that the Ontario and Quebec line from Toronto to Montreal cost considerably more than the others, $33,000 a mile is a handsome average for the cost. Well, it is for the House to consider how far that change of a security will advantage the country. Now, I have not been saying anything about the proposed increased loan of $12,500,000, which it is proposed to apply to equipment purposes, and which will come in ahead of the shareholders and ahead of the Government. So far as the shareholders are concerned, there is a provision in the Bill that they shall not be bound by the proposal unless two-thirds of them shall accept it; so I do not think we need trouble ourselves about the shareholders But the Government and Parliament have no opportunity of voting upon it or considering it after this Bill becomes law, and that is one reason why we should talk it over here. It may or may not be an advantageous thing for the company to take power to raise $12,500,000 more for equipment; but certainly