

Railway, which in the Bill before the House to-day is \$75,000,000, is to be reduced to the sum of \$45,000,000. Of this sum \$45,000,000—\$20,000,000 shall be preferred stock and \$25,000,000 common stock; and I would ask special attention to this feature of this common stock; It is provided that the whole of the \$25,000,000 shall be acquired and retained at all times by the Grand Trunk Railway itself. When we were approached by the gentlemen associated with the intended Grand Trunk Pacific Railway with the view of coming to an arrangement for the building of this line, strong and responsible as were the gentlemen connected with the enterprise, we told them that we would not act with them separately or individually. We told them that we would not act with them unless they brought into this enterprise the old Grand Trunk Railway, well tried, with a foothold in every city, town, village and hamlet in the provinces of Ontario and Quebec, and there is the consequence of this first covenant between the corporators and ourselves. Then the preamble of the contract recites:

Whereas, having regard to the growth of population and the rapid development of the production and trade of Manitoba and the Northwest Territories, and to the great area of fertile and productive land in all the provinces and territories as yet without railway facilities, and to the rapidly expanding trade and commerce of the Dominion, it is in the interest of Canada that a line of railway, designed to secure the most direct and economical interchange of traffic between eastern Canada and the provinces and territories west of the great lakes, to open up and develop the northern zone of the Dominion, to promote the internal and foreign trade of Canada and to develop commerce through Canadian ports, should be constructed and operated as a common railway highway across the Dominion, from ocean to ocean, and wholly within Canadian territory.

Section 2 provides that the line is to be divided into two sections—the eastern section, from Moncton to Winnipeg; and the western from Winnipeg to the Pacific ocean. Another clause provides also that the western section shall be divided into two sections—the prairie section and the mountain section.

As I indicated a moment ago, it is our intention that the government shall build the eastern section from Moncton to Winnipeg, but it shall be leased to and operated by the Grand Trunk Pacific Railway. It is also provided that the western section, from Winnipeg to the Pacific ocean, shall be built, owned and operated by the Grand Trunk Pacific Railway.

Before proceeding further, perhaps it would be advisable to give to the House the respective covenants of the government and the company with respect to the building, owning and operating of the western section. If I do that, the other covenants with regard to the eastern section shall be better understood. It is provided in the contract that the government will under-

Sir WILFRID LAURIER.

take to guarantee the bonds of the Grand Trunk Pacific Railway for the construction of the western section to the extent of 75 per cent of the cost of construction, the liability in no case to exceed \$13,000 for the prairie section and \$30,000 for the mountain section per mile. It may be asked if the aid of the government is to be given only to secure the construction of 75 per cent of the road, where is the company going to get the other 25 per cent? The answer to that is this: That it is provided in the contract that the company shall be authorized to issue a second series of bonds which are to be guaranteed, not by the government, but by the old Grand Trunk Railway Company of Canada. Let me read here to the House this section, as it is an important one:

Inasmuch as the bonds to be guaranteed by the government only make provision for a part of the cost of construction of the western division, the company hereby agrees that the Grand Trunk Railway Company of Canada shall guarantee bonds of the company for the balance required for the construction of the said western division, exclusive of the said twenty million dollars required for first equipment, which the company is required to provide under paragraph 22 of this agreement, and the company may issue a second series of bonds, to be guaranteed as aforesaid by the Grand Trunk Railway Company of Canada, to be a second charge upon the property described in paragraph 25 (b) hereof, and to be subject to, and to rank upon, the said property next after the said bonds so to be issued and guaranteed by the government.

I need not dwell upon the importance of this covenant on the part of the company. It practically takes away from the guarantee of the government all risk. There is not a dollar to be advanced by the government. We do give our credit and nothing else. And our guarantee of seventy-five per cent of the construction of the road is to be supplemented by the credit and all the backing of the Grand Trunk Railway Company itself.

The company is to provide, upon the completion of the road, equipment to the amount of \$20,000,000. Let me quote the contract on this also—section 22:

The company shall equip both divisions of the said line of railway with modern and complete rolling stock suitable and amply sufficient for efficient operation and handling of all classes of traffic to the satisfaction of the government, and the first equipment for the completed road shall be of the value of at least twenty million dollars, of which not less than five million dollars worth shall be supplied for the operation of the eastern division of the said railway, and the said five million dollars worth of rolling stock, together with all renewals thereof and additions thereto, shall be marked as assigned to the said eastern division and shall be held to be and form part of the equipment of the eastern division of the railway during the said period of fifty years and shall be used as the equipment appertaining thereto, according to the ordinary practice of railways during the said period of fifty years.

Now, Sir, I have to call the attention of the House to another important provision.