

provide for it. I do not think it was reasonable that we should penalize the Grand Trunk Railway for a possible default of our own. We do not anticipate that there will be any such default. We fully understand that the eastern division will be pushed forward to completion as rapidly as possible, and we expect it to be completed as soon as the western division. If that be the case, then this amendment has no effect whatever. But if it should turn out from any cause that they have finished their road before our road is finished, then we say that if they have provided \$15,000,000 worth of rolling stock under the terms of the contract, and if they ear-mark \$5,000,000 worth of that as belonging to the eastern division, even though we cannot yet put it on the eastern division, we will regard that as a substantial compliance with the conditions of the contract. Surely no one would contend that we should penalize the company for a possible default of our own. That is the explanation and all the explanation that is needed as to the change in the contract with respect to the rolling stock.

IF FORECLOSED AND SOLD.

Then as to the foreclosure and sale. The company asked that no temporary default should lead to foreclosure, and that that power should not be exercised by us until they should be five years interest in default. We thought that that was not an unreasonable request. In the ordinary relations between the owner of a house and another man who holds a mortgage on it, the mortgagee does not usually desire to force his friend and customer into difficulty by foreclosing the mortgage, because the interest may be for a time in default. In the ordinary relations of life a reasonable time would be allowed the mortgagor to overcome his difficulties and make good his default, and it generally happens that a foreclosure does not take place because a man may be one or two or even three years' interest in default.

Mr. R. L. BORDEN. But the power is there.

Mr. FIELDING. Yes. What we were asked to agree to was, that we would not exercise the power of foreclosure unless the default in the payment of interest should be for five years. As a matter of business between man and man, I think that was a fair and reasonable arrangement and no one in the country is going to be alarmed because we gave the company that assurance. Then as to the matter of foreclosure. In the original contract it was provided that we might take possession of the road in case of default, but in the amended contract it is agreed that as the government and the company would have an interest jointly, then, what I understand is the English system will be adopted, and the road will be put into the hands of a receiver, who will act as a representative of both parties and who will distribute the earnings in proportion to the interest of the parties concerned. That does not seem to be a very grave or a very serious change in the original contract. Surely, when the Grand Trunk has an interest in common with us, we should be willing to see that the earnings are fairly distributed, and that while we have received our portion the Grand Trunk Company should receive theirs. Their obligation to pay the interest on the second bonds still remains.

RUNNING POWERS AND BRANCH LINES.

Another amendment is, as regards the running powers over the eastern division after fifty years. Why should we not give them running powers over the eastern division at any time? Is not the whole design of the scheme that the eastern division should be a common national highway between the east and the west; is not the whole theory that we should give running powers to every railway company who desired them? And, if the Grand Trunk Company after fifty years are dispossessed; if the government then determines to take over the eastern division and not allow the Grand Trunk Pacific to operate it any longer, what possible objection can there be to granting running powers to them or to any other railway which is able to utilize the privilege?

There is another change in the contract as respects branch lines after fifty years; but we discussed that so recently that I would not be justified in enlarging upon it

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