

much alarmed about the operating of this railway. I did not observe that there was, last year, any tremor in his voice or any signs of dismay. Upon that subject last year, the Minister stated that he believed that the road would forthwith, after payment of running expenses, pay a considerable return of interest on the money expended on its construction. I was really a little surprised that the hon. gentleman should have become so much less hopeful, seeing that everything else was so very bright and smiling. The estimates are reduced, the country is in a more prosperous state, the prospects are very much brighter, and everything has become in a better state, and I was rather surprised to find that he was somewhat dismayed, now as to the operation of the road, instead of believing that it would pay a considerable sum for interest on the capital expended. But the other day he says that he had got the security of five millions of dollars of bonds or acres of lands. Now there is an easy way of arranging about giving security, and I think that the hon. gentleman has devised a patent plan by which his objection to securities may be wholly obviated. I think he should consider whether it would not be well for him to bring it into execution. For example, supposing a contractor is to pay a million and he wants fifty thousand for security, he should say, as in old times, "take thy book and write four score," put it down as \$1,050,000 instead of a million and let us have the \$50,000 security. That would be rather an improvement upon the present plan, for in this case the hon. gentleman seems to give some ten or fifteen millions in order to get the security of five millions. I recommend him, as an improvement in his policy, not to give so much more than the security he demands. It is an easy thing to obviate the difficulty by increasing the amount of the contract without going beyond the amount of the security you exact. The provisions as to the guarantee of interest, the provisions as to the land grant bonds, are rather complicated, and I do not profess to have wholly mastered them. I should like some explanations as to them, and the explanations of the gentlemen to whom I referred would be useful. They require careful consideration in order that we may understand what they require. So far as the interests of the country are concerned, these financial propositions require careful scrutiny. As to the provision as to the Government being bound to receive upon deposit these indefinite sums, I may say this, the hon. gentleman has stated that the Finance Minister can use them. Well, but the Finance Minister may not always be able to use them. It may be that these sums may be received for a time which is not determined; it may be that he may not know how soon he may have to pay them out; it may be when he goes to his bankers and tells them that he wants to swell his balance by twenty or twenty-five millions, that the bankers may be extremely indisposed to give any rate of interest on that deposit at all. Such things have happened before, and I believe that a much more proper and prudent provision would have been this: to provide that the money should be placed in the banks, or otherwise, under the control of the Government, and in its name, the Company being allowed to make such arrangements as they can with the bankers for interest, provided that the Government may take such sums as from time to time they find they can use, at the four per cent. interest. Such a plan would give the Government the power to take upon deposit at four per cent. what the public needs may require, whilst the Company would be entitled to make such arrangements with the bankers for such sums as the Government did not take. But the absolute obligation on the part of the Government to pay interest at the rate of four per cent. on the twenty-five millions, is, I think, objectionable. Then, as to the practical operation of the proposed plan, that the subsidy shall be placed in the shape of

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coupons or interest on Company's bonds. I do not know the rate of interest at which the bonds will be issued, or upon what terms, but I have assumed they would be four per cent. at 20 years, or five per cent. at 20 years; and that in either case the Government would allow interest of four or at the rate of five per cent. I need hardly say that it would be necessary, in computing the interest the Government should give in the way of coupons on the interest of the bonds, to assume that a very large sum of the total would not be payable as part of the subsidy for many years. Therefore, it seems to me that the Government should not be bound to pay interest from an earlier date, and it seems to me that the uncertainty which exists, the impossibility of telling beforehand at what time the cash subsidy will become payable in its different proportions, renders it impossible with justice and certainty to ascertain and determine how much should be given in the way of coupons. We do not know when we shall have to pay, it depends upon the progress of the work, and, therefore, it seems to me impossible to ascertain at what time the money should be deemed to be due in calculating the amount of the coupons. But supposing \$25,000,000 is to be regarded as presently payable, the results would be these:—At four per cent. bonds for twenty years, the Government allowing four per cent. on the deferred payments, there would be a semi-annual payment by the Government of \$913,823, which would represent interest at four per cent. on a bonded capital of \$45,694,683, say 45 millions and a half. The Company thus get into their hands 45½ millions in bonds at four per cent. for 20 years, the interest at four per cent. being the Dominion's bond to pay that interest, and not a guarantee, so that the public who are takers of these bonds would know there was no obligation on the Company whatever to discharge the interest, and that all the Company would have to discharge would be 45½ millions of capital at the end of 20 years. Under these circumstances they are likely to float the bonds, in the present condition of the money market, at something near par. At five per cent. the result would be that the semi-annual payment of interest by the Government would be \$995,006, and the capital sum of the bonds, say 40 million dollars. Then you have a capital of 40 millions which could surely be floated at or over par. Now the four per cent. arrangement would give for the eastern link, of bonds which are the representative of the cash subsidy, \$18,280,000; for the western end, \$10,968,000, for the central or prairie, 900 miles, no less than \$16,452,000. This is confessedly an outrageous arrangement, for the contract provides that, in this event, \$2,000 a mile is to be lopped off the 800 miles of prairie section and put on to the western end of the central section. I want to know why that \$2,000 a mile is not kept at the end to which it belongs. If it is right in the one case, it is right in all cases, and the provision that at least \$2,000 a mile should be taken from the prairie section and added to the end, in this event, shows that, in the mind of the Government themselves, they knew they were wrong when they made this arrangement. These are tolerably extensive and valuable privileges which are about to be given to the Company, as the means of constructing a railway, which that Company is afterwards to own. But these are not the chief privileges. There is in this Bill one of the most extraordinary provisions. I dare say there may be found a precedent in some Act of a State Legislature, but I do not know of any. It is a grant of all powers, not merely necessary, but all powers which may be useful, in order to do all the various things they are authorized to do by the charter, and I do not know of anything they are not authorized to do. This generality of words is not to be derogated by from any particular franchises which are conceded, but it is to be as wide as can be. I suppose it is copied from the