

say \$18,000 a mile, the contractor would get \$3,200 a mile and 70 per cent of the extra \$1,500. If on completion it was ascertained that the average cost was under \$15,000 a mile, he would be in that 70 per cent.

Mr. FIELDING. That is if the estimates were unreliable.

Mr. R. L. BORDEN. There is that danger, which possibly should be removed by providing that if the subsidies paid were afterwards discovered not to be earned, the money should be recovered. Suppose the engineer estimated the cost at \$18,000 and it afterwards turned out that the cost did not exceed \$15,000 per mile.

Sir WILLIAM MULOCK. Could he err that far?

Mr. R. L. BORDEN. It is possible. Does the contractor get his \$3,200 per mile before the completion of the work?

Mr. FIELDING. As it progresses.

Mr. R. L. BORDEN. He gets \$3,200 per mile as the work progresses and then he gets 70 per cent of \$1,500 per mile additional, assuming the road to cost \$18,000 per mile. When you retain from him 30 per cent, do you retain it on the \$3,200 as well as on the \$1,500?

Mr. FITZPATRICK. No, he is entitled to the \$3,200 absolutely.

Mr. R. L. BORDEN. Would it not be well to amend the statute so that the government would retain 30 per cent of the whole until they had the final statement of the chief engineer as to the cost?

Mr. EMMERSON. It seems to me that in the interests of the department this is a very desirable measure, because you fix the amount and there is something determined. It is not left to what I may term the haggling that results thereafter. I can very well understand that it is not merely in the interest of the contractor that you should fix a definite sum, but it is certainly in the interest of the country. The monied interest, the banks, are interested, and the fact that you have a subsidy determined in the first instance is based upon the theory that inquiry has been made by the chief engineer into the conditions and surroundings of the proposed road.

Mr. CLANCY. I am afraid the hon. minister is taking some of the risks the bank would take under the present law.

Mr. EMMERSON. By no means. For the department, through its engineer must have a thorough survey—the quantities and all the data—to enable them to fix the amount. I recognize that it is advantageous to the department and to all concerned, but I think it is more to the advantage of the department really than it is to the others, because you can have the amount fixed beyond all

question. It does not depend upon circumstances which may afterwards arise.

Mr. R. L. BORDEN. I must confess I do appreciate very much the argument of the hon. gentleman. How he can say that it is in the interest of the department and the country to pay an additional subsidy of \$1,500 per mile passes my comprehension. We are basing our arguments upon the case of a road estimated to cost \$18,000, but which turns out to have cost \$15,000 per mile. In one case the company is entitled to \$3,200 of a subsidy, but in the other case it would be entitled to \$4,700. Why pay the additional amount?

Sir WILLIAM MULOCK. Suppose it cost more than \$18,000 a mile?

Mr. R. L. BORDEN. Then, you go on and pay a subsidy accordingly.

Sir WILLIAM MULOCK. No. The bonus is fixed.

Mr. R. L. BORDEN. I think the hon. gentleman is right—

Mr. FITZPATRICK. It all turns on the estimate of the engineer.

Mr. R. L. BORDEN. I should think it would be the fairest way to let the matter be controlled in the end by the actual cost of the road.

Mr. FIELDING. The advantage gained is, to some extent, the purpose of the Bill—certainty. It will be an advantage to the railway man. If we aid a railway it is because we believe it will benefit the country, and we want, within reasonable limits, to help the contractor. Of course he is certain of his \$3,200 a mile, but he desires also, within reasonable limits, to know what surplus subsidy he is entitled to. If he goes to the bank and says: This railway is going to cost a sum which will entitle me to \$6,400 a mile, and I want you to finance accordingly, the bank may say: It may be that you will be entitled to that subsidy, but what guarantee have we of that? We have the guarantee of the \$3,200, and you ask us to advance large sums on the theory that this road is to be a costly one, but we have no guarantee. So, the contractor says to the government: Make an estimate of the cost and put me in such a position that I can tell the bank how much I am to get. That is a legitimate request. The engineer who is called upon to make his estimate will be aware that his estimate will be subject to comparison and examination when the road is finished, and that if it proves to be seriously wrong, he will be discredited. His natural tendency therefore, will be, in the first instance, to make a careful, safe, conservative estimate, for his own reputation—unless we assume that he is a man who wants to be dishonest. But, going on the fair assumption that he is a man who wants to do his duty, his tendency