

Mr. COCHRANE: The calculation is worked out according to the Act.

Mr. PUGSLEY: The statement which is attached to the correspondence shows clearly in detail that the interest has been compounded.

Mr. LALOR: Did you ever understand it in any other way?

Mr. PUGSLEY: I understood it absolutely the other way, and any man who reads it, with any common sense, will understand it as I understand it. Let me read it again:

The interest upon said outlay in each year—

That is, the outlay in each year:

—shall be capitalized at the end of such year and interest charged thereon at three per cent until the completion of the work.

That does not mean compound interest, and the Solicitor General realized that was so because he told me that only simple interest and not compound interest had been charged. I find in a further statement which the minister was good enough to send over to this side of the House, that the very heading of the statement shows the interest was compounded, because it says:

Statement showing expenditures on the National Transcontinental railway, eastern division, to 31st December, 1914, and compound interest at three per cent per annum.

It is only a matter of a few million dollars in the total, but still it is an extraordinary thing that in the face of the provision in the statute, this statement should be sent to the company as the amount upon which they would be called to pay interest.

It does seem to me that the Government ought to make this temporary arrangement with the Grand Trunk Pacific Company and I say to the Minister of Railways that from what Mr. Hays told me and told the sub-Committee of Council of the desire of the company, and from what Mr. Chamberlain has told me since this Government came into office, I believe that if that company were approached in a proper spirit—and not in the spirit which is shown in this correspondence, compelling them to accept as completed a road which the Government knows is not completed according to the specifications, compelling them to begin at a specified time to pay interest, which they are not bound, under the law, to begin to pay until a certain period after the road is completed—if instead of acting in this spirit against this company the Government were to approach them and endeavour to have

them enter into this agreement, which the president of the company expressed his willingness to enter into when the late Government was in power, there would not be the slightest difficulty in bringing that arrangement about, and it is an arrangement which would be eminently in the interests of the people of the country.

The Solicitor General spoke about the Quebec bridge. The late Government had from the company a declaration in writing that they would not regard the Quebec bridge as an essential factor in connection with the construction and completion of the Transcontinental.

Mr. COCHRANE: That is not in the Act and there is no correspondence with reference to it.

Mr. PUGSLEY: I know they agreed to it, and I think there is correspondence on the subject.

Sir WILFRID LAURIER: There was.

Mr. COCHRANE: It must have been taken away.

Mr. PUGSLEY: I am certain that any objection, so far as that was concerned, was positively waived by the company, and in the correspondence which has been brought down there is no intimation, upon the part of the Grand Trunk Pacific Company, that they rely upon the non-completion of the Quebec bridge. If the Government wants the Grand Trunk Pacific Company to enter into the operation of this line, why do they not approach them and ask them if they are willing to carry out the agreement they offered to carry out when the late Government was in power?

Mr. COCHRANE: We have asked them that.

Mr. PUGSLEY: Will the hon. gentleman produce the correspondence on that subject?

Mr. COCHRANE: I think there is a letter there.

Mr. PUGSLEY: That letter does not say a word about it. What the minister is asking the Grand Trunk Pacific Company to do is to enter into a lease before the road is completed, and he is taking the ground that they are bound to enter into that lease and bound to begin paying rental within the seven years of entering into the lease. The Grand Trunk Pacific Railway Company say: We will not do that, we are not bound to do that because the road is not completed according to the specifica-