

Government was operating a line of railway between Dartmouth and Musquodoboit. It passed through a well settled country, with a larger population per mile than that between here and Yarmouth on the South Shore, yet the Dominion Government was giving a tri-weekly service only. Some person made the observation, the other day, that the Government should have insisted when they made the bargain with the H. & S. W. that McKenzie & Mann be held personally responsible. He (Hon. Mr. A.) wanted to know why it was that the Dominion Government, when they advanced \$45,000,000 to the Canadian Northern, did not insist on a personal guarantee from McKenzie & Mann; if the argument was good in one instance, it was good in the other. The hon. member for Queens made the statement that the mortgage was far in excess of the cost of the railway. He must take issue with that statement, but he would at the same time point out that there was no good reason to be served by saying that the Province furnished more money than the original cost.

**MR. HALL** said he was speaking of the right-of-way, the only thing that the mortgage covered. There was no security on the rolling stock.

**HON. MR. ARMSTRONG** said that he was satisfied that the mortgage covered the rolling stock.

**MR. HALL** said that they did not have any.

**HON. MR. ARMSTRONG** said he did not admit that, but if true, and it belonged to the Canadian Northern, we were in a better position today than before the guarantee was given. The railway was now a part of the C. N. R. It was no use to decry the Canadian Northern system. It was a big system, closely identified and linked up with the most vital interests of this country, and the financial backing of that project by the Dominion Government was so substantial that the Government of Canada could not afford to let it go into bankruptcy. What had happened to the Canadian Northern had occurred since the Conservatives came into power, since 1911. They encouraged them to go on with the construction of the Western or Pacific end of their system. Prior to that they had had a paying system, but when they undertook this further project he (Hon. Mr. A.) thought, financially, considering all the circumstances, they made a mistake. The cost of construction of extending the C. N. R. from the West to the Pacific was enormous. This was done since 1912, by virtue of the guarantees and grants since 1912, and if any mistake had been made it was since 1911. The Dominion Government had undertaken to give them \$45,000,000, and may have to give them more. He had here a citation from the Railway & Marine Journal for April, which showed that the net earnings of the Canadian Northern, during the last six months, had increased in a substantial way. This indicated a state of affairs showing that this Company was even yet far from circumstances that were alarming.

**MR. HALL** asked if the \$45,000,000 was for the Pacific branch?

**HON. MR. ARMSTRONG** said he would not say the whole of it or how much.