

the construction of this road from Winnipeg to the Pacific ocean? Assuming that the road across the mountains is 600 miles long, the cost of construction will be \$18,000,000, and the total interest for three years will be \$3,780,000. This is the whole of the liability which is incurred by the government for the construction of the railway from Winnipeg to the Pacific ocean.

I pass now to the eastern section. It is provided that it shall be operated by the company under a lease. As we are to build a railway that they are to lease it from us at the rate of three per cent per annum, we have thought it advisable that they should have a joint voice with us in the construction of it. Therefore, section 7 provides:

In order to insure, for the protection of the company as lessees of the eastern division of the said railway, the economical construction thereof in such a manner that it can be operated to the best advantage, it is hereby agreed that the specifications for the construction of the eastern division shall be submitted to, and approved of by, the company before the commencement of the work, and that the said work shall be done according to the said specifications and shall be subject to the joint supervision, inspection and acceptance of the chief engineer appointed by the government and the chief engineer of the company, and, in the event of differences as to the specifications, or in the case the said engineers shall differ as to the work, the question in dispute shall be determined by the said engineers and a third arbitrator, to be chosen in the manner provided in paragraph four of this agreement.

When completed, the company will lease the road and will pay to us a rental at the rate of three per cent per annum upon the cost of construction, whatever that may be. The same abatement of rent is provided also as in the case of interest on the western section. During seven years the company will be exempt from the payment of rent. For three years the company will be bound to pay the revenues and tolls of the road if they amount to three per cent; and if they fail to amount to three per cent, then the difference between the revenues gathered and the three per cent will be capitalized and added to the cost of construction, and the company will pay interest upon it. So that here again the whole of the liability which is incurred by the government for the building of that section from Moncton to Winnipeg is simply seven years of interest. The sum total of the money to be paid by the government for the construction of that line of railway from Moncton to the Pacific ocean will be in the neighbourhood of \$12,000,000 or \$13,000,000, and not a cent more. Now, Sir, what is \$13,000,000 in the year 1903? It is about the surplus of our revenue over the expenditure. The surplus for this year will pay for the construction of this road. I will come presently to the objections which I see in the faces of hon. gentlemen opposite. They will ask me: What guarantee have you that the company will be able to pay that rate of interest?

I will come to that presently. But let me first give to the House the provision we have made for the use of the railway for traffic by other roads. It is our intention that this line of railway shall be a common highway for all the railways who want to use it, and for this purpose we have made a provision in the contract in the following language:—

24. The said lease shall also contain proper and usual provisions.

(a.) Reserving to the government in respect of its ownership, present and future, of the Intercolonial and any other line or lines of railway, running powers and haulage rights over the said eastern division upon equal terms with the lessees, subject to such reasonable restrictions as may be necessary to secure safety and convenience in the operation of all the traffic over the said division and subject to the payment by the government to the company of such reasonable compensation as may be agreed upon between the government and the company:

(b.) Reserving power to the government to grant running powers and haulage rights sufficient to enable any railway company desiring to use the said eastern division or any part thereof, to do so upon such terms as may be agreed upon between the companies, or, in case of their failure to agree, then upon such terms as may be deemed reasonable and just by the government, having regard to the rights and obligations of the lessees:

(c.) Securing to the government, in respect of its ownership as aforesaid, running powers and haulage rights over the western division, or any portion thereof, upon such terms as may be agreed upon between the government and the company:

(d.) Securing to any railway company desiring to make use of the same, running powers and haulage rights over the said western division, or any portion thereof, upon such terms as may be agreed upon between the companies, or, in case of their failure to agree, then upon such terms as may be deemed reasonable and just by the government.

(e.) Securing to the company running powers and haulage rights over the Intercolonial Railway, or any portion thereof, upon such terms as may be agreed upon between the government and the company.

So that under this agreement an Intercolonial train can leave St. John or Halifax and proceed all the way to Port Simpson. Under this agreement, a train of the Great Northern or of the Canadian Northern can enter upon this road at any point and go as far as the maritime provinces. So we have guarded this point in every way, and I believe that in this respect the provisions we have made will command the full satisfaction of the Canadian people. But coming back to the rental, I may be told, you have taken provision, you say, that the rental shall be paid by the company for all the time the bonds run, with the exception of seven years. What guarantee have you that this will be implemented? We have taken precautions upon this point, which I will now recite to the House.

25. For the purposes hereinafter in this paragraph respectively defined, the company