

fell into the hands of Cornelius Vanderbilt about the year 1860. That road's stock was watered, and watered, and watered again, until every dollar of that stock to-day represents a cost of 25 cents; and yet the great volume of watered stock goes on paying dividends of 6 per cent per annum, due simply to increased value from increase of business. The same conditions apply to all the principal railroads. They will apply to this road. This road will inevitably increase in value. I think it is a very moderate calculation to suppose that this road, at the time it reverts to the government, will be worth twice its original cost. The agreement provides that if the government do not then choose to assume the road and run it themselves, the Grand Trunk Pacific Company shall have the right to lease it if it offers as good conditions as the government can secure elsewhere. Well, do you suppose that that road will be leased a second time at 3 per cent on its original cost—a road that will be worth twice what it cost? Is it unreasonable to suppose that the road will then become a great source of revenue to the government? It is a moderate calculation to suppose that while the government will continue to carry its bonds at 3 per cent, the company on the second lease will pay at least 6 per cent on the original cost. I do not know but that is a better arrangement than to rush into a scheme of government construction of railroads. At all events, it is an arrangement which will certainly enable the government to establish an efficient railroad from ocean to ocean, and leave that road under the absolute control of the government in every essential respect.

Now, I wish to refer to the matter of the management and practical basis of this scheme. The Canadian Pacific Railway distance from Montreal to Winnipeg, is 1,424 miles. The length of the Grand Trunk Pacific from Quebec to Winnipeg, if my calculations are correct, will be 1,435 miles, eleven miles longer from Quebec to Winnipeg than the distance on the Canadian Pacific Railway from Montreal to Winnipeg; and I doubt if, when the surveys are made, the difference will be as much in favour of the Canadian Pacific Railway. The length of the entire road is considerably greater than that of the Canadian Pacific Railway, but that increased length is all but eleven miles of it west of Winnipeg, and it is a consideration that does not matter much, for every mile of it is developing a rich country, which will afford business to the line.

The government retains running powers on the road, or the right to give running powers over the entire line—over the line from Winnipeg to Moncton, and over the line from Winnipeg to Port Simpson or to Bute Inlet, whichever may be the terminus. The eastern division, from Winnipeg, is made a great artery as an outlet from the west, connecting with every road which

comes from the west into Winnipeg; and, if it carries grain as cheaply to Quebec as it can be carried to Boston or Portland, it will divert to Quebec and the maritime ports all the traffic it can possibly handle. Was there any wisdom in the government retaining this right, and making the provisions for joint use and joint running? Certainly there was, and the question is, can this right be secured on reasonable terms for other companies? I answer, beyond question it can.

The criticisms made by my hon. friend the ex-Minister of Railways and Canals with regard to this matter betrayed an utter ignorance on his part of the conditions surrounding this question. As I said last night, the gauges of the roads in the United States have been made uniform for the purpose of exchange of freight and avoiding the breaking of bulk when one road connects with another. No bulk is broken now. Cars go from where they were billed to their destination over one or two or a dozen roads, and arrangements are made for the division of freight on the basis of mileage. And if a railway does not return the cars it has borrowed promptly, it must pay a certain rate per day for the use of those cars. The whole business is carefully systematized; and even where there is no special arrangement, if one road runs its cars over another, there is no trouble in ascertaining what it should pay. Traffic is carefully exchanged and the flux and flow of business goes on from ocean to ocean over all railway lines on a well recognized system. If the Northern Central or the Canadian Pacific Railway or any other line wishes to send its cars through to Quebec to be hauled by the Grand Trunk Pacific Railway, it is the simplest thing in the world to make a division of the freight; and if there should be any disagreement, the government can step in as an arbitrator and decide the dispute on a fair and equitable basis. But if these roads desire to make use of this line practically as part of their own lines, there will be no difficulty. We know that by practice already. I pass over a road almost every week which is used by two lines a distance of 229 miles. There is one division from St. Thomas to Detroit 110 miles and another division from St. Thomas to Buffalo 119 miles long. Each of the lines which uses this road has its own round-houses, its own appliances, its own engines, and runs its own trains, and there is no friction between them. Their system of train despatching is arranged in the easiest manner. Passenger trains take precedence over freight trains, and stock freight takes precedence of ordinary freight. The whole business is conducted with the utmost system and works with the utmost regularity and without friction. If you can run a road where there are two divisions, you can run a road where there are three or four or a