

which have given rise to the question now before the House. During the session of 1885, the Government submitted to the House certain resolutions which served as a basis for a law by which it was declared that in order to help the Pacific Railway Company to extend its road as far as the harbour of Quebec, the Government was authorized to spend a sum of \$1,500,000, either for the purchase of the North Shore Railway, which was then owned by the Grand Trunk, or for the building of another line between Quebec and Montreal. The resolution stated that if the Canadian Pacific Railway wanted to buy the North Shore Railway, the Government undertook to acquire the latter from the Grand Trunk Company in order to re-sell it to the Pacific, and to spend for this purpose the sum of \$1,500,000. Here are, in fact, the words of the statute 48-49 Victoria, chap. 68 :

"Sec. 2. Whereas it is essential, in the interest of Canada generally as well as of the Province of Quebec, that free access to the port of Quebec be obtained by the Canadian Pacific Railway, as contemplated by the said last mentioned Act, and such access has not been obtained, and it is necessary to make further provision for the purpose of procuring such access: therefore the Governor in Council may grant a further subsidy as an aid towards procuring free access as hereinafter described for the trains and traffic of the Canadian Pacific Railway Company from St. Martin's Junction, near Montreal, a sum not exceeding in the whole the sum of \$1,500,000, payable out of the Consolidated Revenue Fund of Canada."

Section 3 provided that if the Pacific Company failed within two months to obtain a free access to the Harbour of Quebec, then

"The Governor in Council may acquire the North Shore Railway, and may apply the said sum of \$1,500,000, or any part thereof, in aid of such acquisition, and upon such acquisition may transfer and convey or lease the said railway to the Canadian Pacific Railway Company, subject to such obligations as the Government shall have assumed in acquiring it."

This was therefore, in the intention of Parliament, an aid given the Pacific Company for the purpose of allowing it to reach the harbour of Quebec, and to give a first class railway service to that part of the country which extends from Montreal to Quebec. In this choice of either building a new road between Montreal and Quebec or purchasing the North Shore Railway, the Government, and the Company of the Pacific chose the latter. Of the million and a-half voted by Parliament, it was agreed that the Grand Trunk would receive \$525,000, that \$5,000 would be used to cover certain costs, and that the available balance of \$970,000 would go towards the improvement of the road. Instead of giving the road the benefit of that sum, and of obliging the Pacific Railway Company to spend it in improvements which were daily becoming more urgent, the Government bought and paid for an amount of North Shore Railway bonds, and forced the company to accept the following agreement, to wit: That if the net receipts of the North Shore were not sufficient to meet the interest on the North Shore Railway bonds which the Government of Quebec had on hand, the Government undertook to pay the deficiency out of the \$970,000; but the day the net receipts would be sufficient to pay such interest, then the Pacific would lose all right to this sum, and would even have to pay the interest on the bonds redeemed and held by the Dominion Government. This stipulation is contained in the following terms in the contract passed in September, 1885, between the Government and

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the Pacific Company, which is to be found in the Sessional Papers of 1886, No. 35d :

"In consideration of the premises the Government agree to apply and use part of the said sum of \$1,500,000, to wit, the sum of \$970,000 in aid of the said company in the acquisition of the said railway in the following manner, that is to say: in the event of the net receipts of the operation of the said railway, after paying the operating expenses thereof, proving insufficient to meet the interest on the first mortgage bonds of the said North Shore Railway Company, including those held by the Government of Quebec as collateral security for the balance of the price of the said railway, the Government will apply the interest on the said sum of \$970,000, at the rate of 4 per cent. per annum, in whole or in part, as may be required towards the payment of the deficiency. But if or when after payment of all such deficiencies, the net receipts of the said railway as aforesaid shall be sufficient to pay the interest on the said bonds, the said company shall cease to have any further claim or demand upon the Government in respect of the said sum of money."

And in order to prevent the company from being in a position to spend in works of renewal any portion of this sum, and with the view to secure its being employed only in the payment of the deficiency on interest, the Government have stipulated that no renewal could be made with materials more costly than those originally used and charged to operating expenses, without the consent of the Minister of Railways and Canals, and this had been done in the following terms:—

"Provided that as regards operating expenses the cost of no new works or renewals of a more expensive character than existing works were when new, shall be accounted as forming part of such operating expenses, unless the previous consent of the Minister of Railways and Canals has been obtained to their construction."

Mr. Speaker, what was the result of this proviso? For months, and I could say for years, the Pacific Company applied to the Government for the permission of replacing by iron bridges the wooden constructions which were falling into ruins; and and it has taken months and years of negotiations to obtain this permission. It is only last year for the most part, and the year previous for the rest, that this permission was granted, thus allowing the road to be put in a proper condition of safety. For there existed then, between Montreal and Quebec, dangerous bridges over which none could pass without fear, and which had been recognized as dangerous by the engineers of the company. Another result was that the company knowing that the Act of 1885 entitled it to \$970,000, while the contract of September, 1885, forced it to pay interest on that sum, was unwilling to make the necessary improvements to give that part of the country means of communication proportionate to its importance. The reason given by the managers of the Pacific was that they did not intend to work their line in the interest of the Government, and that they would not do anything until the question of the million was settled. It had been agreed between prominent citizens of Quebec and the Pacific Company that the latter would contribute to the construction of a large hotel in Quebec. The Pacific Company had even bought the necessary ground for the purpose; but owing to the temporizing of the Government the hotel was not built, and the ground was re-sold. The Pacific had also promised elevators and other improvements, but in consequence of the Government failing to put into execution the law of 1885 according to its spirit and its letter, Quebec did not get these improvements nor these elevators. I believe that it is more than time that the Government should fulfil the obligation contracted in 1885.