

stand that the Federal Government in some cases, at any rate in one case that I am sure of, ranked before anybody else. I think the honourable gentleman said that the Federal Government always came after the provincial governments in ranking on the guarantees.

Hon. Sir JAMES LOUGHEED: Yes.

Hon. Mr. CASGRAIN: I have been careful not to antagonize our friends on the other side of this House in my remarks, because, in view of the uncertainty of the amount of the liabilities on account of the meagre information given us, some of our friends on the other side might be in favour of the motion of the leader of the Opposition to obtain more information. Therefore I wanted to forget for the moment that there are Conservatives and Liberals, or that there had been one Administration before the present one; but in the very preface of his remarks the honourable leader of the Government said that if we were put in this situation it was due to the Administration of Sir Wilfrid Laurier. We are quite willing to take out part of the blame. Since we have to discuss this matter, I shall go a little further, so as to put only that part of the blame that belongs to Sir Wilfrid Laurier and the Liberal party on their shoulders, and at the same time put on the shoulders of the present Administration that part of the blame which belongs to them. They cannot deny that they are blameable for the greater part. They cannot go back on their own child. We were guilty, if there is any guilt in it, of guaranteeing \$35,000 a mile for a distance of 1,050 miles, from Port Arthur to Montreal, making roughly a little over \$35,000,000. When the agreement to give that guarantee was made I was one of the parties who was strongly in favour of it, and I thought at that time that we were making a good bargain; and, if this House will bear with me, I think I can prove that the then promoters of the enterprise, Messrs. Mackenzie and Mann, said that, instead of asking for the ordinary subsidy of \$6,400 a mile for a road costing \$35,000 a mile for a distance of 1,050 miles, they preferred a guarantee. That is to say, if the railroad cost above \$15,000 a mile, half of the \$6,400 would be applicable to the second subsidy. For every additional dollar that was spent above that if the double subsidy was earned, the road had to cost more than \$15,000 a mile by at least \$6,400. There is no question that the road between Port Arthur and Montreal

would cost more than the amount necessary to ensure the double subsidy. The leader of the House told us yesterday that it cost \$52,000 a mile, therefore they were entitled, under the law, to the \$6,400. A subsidy of \$6,400 a mile for a railroad 1,050 miles in length makes very nearly \$7,000,000. The applicants for this subsidy said: "Do not give us the ordinary subsidy; we prefer taking a guarantee; you will keep the \$7,000,000 in the public treasury, but you will give us a guarantee of \$35,000,000." Up to that time the Canadian Northern had always honoured their obligations, had always paid their coupons, and apparently there was no risk whatever in giving them this guarantee. The road was to cost a great deal more than the amount required, and we were getting a first mortgage on that road from Port Arthur to Hawkesbury. I have the very words here:

It was a first mortgage on every mile of that road, barring the small piece near Hawkesbury of 50 or 60 miles on which bonds had already been issued, and on which the Government had to be satisfied with a second mortgage.

The road cost \$52,000 a mile; therefore they had to get \$17,000 more on every mile. The Government was perfectly well guaranteed; and to-day, if the Government wanted to exercise their legal power and bring that part of the road to sale, they would find more than one railway in this country that would be glad to take it and recoup the money to the Government for the \$35,000,000 guarantee given to that road. Why the Government does not do that I do not know. There is to my mind no excuse for sacrificing that.

Hon. Sir JAMES LOUGHEED: Is my honourable friend at liberty to say what company would take over that road from Port Arthur to Montreal?

Hon. Mr. CASGRAIN: I am not at liberty to say, but I know it.

Hon. Sir JAMES LOUGHEED: Perhaps the honourable gentleman would inform the Government of the fact, so that these parties could take advantage of the offer.

Hon. Mr. CASGRAIN: Supposing this guarantee had been given by trustees or some big financial institution, what would happen if they let this first mortgage go by default? Would they not be recreant to their trust? Not only would they be recreant to their trust, but there would be only one place for them, if they did it with criminal intent—it would be jail or the penitentiary.