

sions and connections—that the \$5,000,000 put into the road by the original company, with the \$25,000,000 of subsidy, and what would be received from the sale of lands, would be sufficient to complete the undertaking. I take it that the hon. gentleman will not dispute that position.

Mr. BLAKE. Oh, no; we agreed to increase that stock to \$25,000,000.

Mr. IVES. If necessary; but I am speaking of the original idea of the Government, who took the responsibility of the measure, and of the hon. gentleman who took the responsibility of criticising it. It must be admitted that there was not much attention paid at that time to such matters as building elevators or providing for the extension from Callander to Montreal; no provision was made for that at all. Well, Sir, if it was thought that \$5,000,000 would be sufficient, what was it expected that the company, as a company, would do? Their original undertaking was to risk \$5,000,000 of their own money in the enterprise for \$5,000,000 of stock; that is all they ever undertook to risk. The hon. gentleman himself admitted, after some two hours of most elaborate figuring, that the company had invested in equipment and construction of the main line—independent of the branches, independent of the extension from Callander, and independent of all outside investments and of all provision for dividends—the sum of \$6,800,000. Then, Sir, if the company only undertook to put \$5,000,000 into the main line and equipment, while they have put in \$6,800,000; what point is there in the hon. gentleman's saying that the company have failed to risk their money, but, on the contrary, are only making provision for themselves? In other words, he would lead us and the country to suppose that the object of these gentlemen was to invest their money at a high rate of interest. What were the circumstances that led to the change of the original plan? The company very soon found that they could not stop at Callander. The hon. member for East York (Mr. Mackenzie), years before, saw that this line must be extended south of Callander, and he subsidised the Canada Central Railway to make the extension; but the Canadian Pacific Railway Company, soon after that arrangement was made, foresaw that provision must be made for the extension from Callander. They foresaw that they must get access to these boards in one, two or three or more directions. They foresaw that branches must be built to Algoma, and in Manitoba itself. There were no funds to do this. It was understood that \$5,000,000 would be required to build and to equip the main line, and it was found that amount would be required. They ran into debt; they must have these connections, these extensions. What did they do? They came to the Government and asked for power to increase the capital stock, and the capital stock was increased to \$100,000,000. Now, what three courses were open to the company at this stage? They must have money; they must have these connections and extensions. The three courses open to them were these: The company might apply to the Government for an increased subsidy; that would not have suited the hon. gentlemen. They might have applied for power to issue bonds, but if they had taken power to bond the road, some new arrangements would have to be made, with reference to the stock they themselves had taken. That stock would have to be converted into bonds if the road was permitted to be bonded.

Mr. BLAKE. Why?

Mr. IVES. These men were not making a present to the country of \$5,000,000 for the honor of being connected with this contract. They proposed, under this first arrangement, to be the owners of the road, subject to what it owed. Nobody understood anything else. It was supposed they would be the owners of the road, subject to what it owed, free from bonds; and if the second course were

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adopted, of putting bonds on the road, manifestly some arrangement would have to be made with reference to their purchase at par of the capital stock of the company. That course was, in many respects, more objectionable than the course of increasing the capital stock. But the increase of the capital stock meant the sale of that stock below par, and its sale below par, when the original members of the syndicate had paid par for their \$5,000,000 of stock, would have been manifestly unjust to the members of the syndicate, the original promoters of the company. Therefore, although they took \$5,000,000 stock at par, the hon. gentleman tells us they took the other \$20,000,000 at 25 cents on the dollar. Supposing his statement to be correct, and I am not prepared to dispute or admit it, they paid, according to his statement, for \$25,000,000 of stock \$10,000,000, or 40 cents in the dollar, which is more than its market price to-day, or at any time within the last three or four months; so, there was not so very great advantage obtained by the original members of the syndicate in the purchase of this \$25,000,000 of stock at 40 cents in the dollar. But that course was taken. It was taken with the consent of the country, without objection from anybody, as the most feasible plan of meeting the necessity of increased capital, for the purpose of making extensions and connections, which it was at that time considered necessary for the success of the undertaking to make; \$30,000,000 of stock was disposed of to outsiders, I understood the hon. gentleman to say, at an average of 51 cents in the dollar. Then it was found that the balance could not be sold. There remained \$15,000,000 unsold, which the company depended upon for raising the money to complete the undertaking; and owing to the course of hon. gentlemen opposite, about which I will have more to say later on, it became impossible for the company to dispose of this stock, and they were obliged to come to the Government for a new arrangement. Now, what was that new arrangement? It was this: The company represented that if the public could be assured that at least 3 per cent. would be paid annually for ten years, as a dividend on that stock, the stock would become marketable. I admit I should myself have considered such would have been the case, but I remember very well what the hon. gentleman said, with reference to that matter, last Session, when this same subject was being discussed. What course did he take last Session? Did he move against the course of the Government in permitting this arrangement to be made? Not that I am aware of. Did he ever move a vote of censure on the Government with reference to that arrangement? Not that I am aware of. What was the complaint made last Session, with reference to this matter? Was it that it was placing all that the stockholders had given for the stock in the hands of the Government to secure repayment to themselves? No; the hon. gentleman's objections, last Session, were that it was perfectly useless as a financial scheme, that any fool would have seen it was useless, that the merest tyro in finance would see that taking the resources of the company out of one pocket and putting them into another could not possibly enhance the value of the stock. That was what he said. If this money was taken out of the pocket of the company on the one side, and put into its pocket on the other, it was as valuable on the one side of the leg as on the other, and the objection the hon. gentleman raises to it is entirely a new objection. But the Government consented to that arrangement. They consented to receive a sufficient sum of money to guarantee 3 per cent. dividend for ten years; an Act of Parliament was passed, ratifying that arrangement, and under that arrangement stock has since been sold—\$40,000,000 being held in Europe, \$10,000,000 in the United States, \$15,000,000 in Canada. But still the arrangement did not succeed, owing to the same causes which prevented the sale of the \$45,000,000 of stock. This stock, with a guarantee of 3 per cent., which the hon. gentleman would lead us to suppose was a bonanza,