

before the line can be opened, on a second mortgage of the western division. It could not be raised by the Grand Trunk, and could only be raised on a Grand Trunk guarantee at a high rate of interest.

We on this side of the House in our innocence thought that under the old agreement this was exactly the obligation that the Grand Trunk Railway Company entered into, and we were led to believe by the Ministers of the Crown that such was in fact the agreement. The Minister of Finance tonight said that the Grand Trunk Railway Company would not touch the first agreement, that it was so favourable to the government of Canada they would have nothing to do with it, and he quoted in support of his statement what Mr. Allen said. But this is what Mr. Allen did say :

But suppose that the Grand Trunk could raise it at 4 per cent, the annual interest would be £376,000 per annum. I have not added anything for the probably very large expense of carrying out the conditions of clause 45 of the agreements.

Let us look at the cool way in which the president of the Grand Trunk Company knocks out the whole argument of Mr. Allen and disposes of his objection. This is what the president of the Grand Trunk said :

Mr. Allen differed in opinion from the rest of the board, and he showed his conviction that we were wrong by leaving the board, and that he was right. The matter treated of in the paper read and the remarks made by Mr. Allen, Jr., show me conclusively that Mr. Allen has not studied the second agreement, the modified agreement—

According to the Minister of Finance the second agreement was before the board, and Mr. Allen was supposed to know all about it, but the president of the Grand Trunk Company disposes of that assertion. He says :

—but that he has founded his criticisms upon the first agreement which was laid before the board when he was a member of it. I will only take one instance of the inaccuracy of his criticisms. He boldly states that the liability upon the Grand Trunk will amount to nine millions sterling, and he divides that nine millions sterling into three millions liability in respect of guarantees, five millions in respect to rolling stock, and one million in respect of the deposit. As regards the three millions of guarantee, that, as I stated to you, will undoubtedly be a liability, and, as I stated to you also, will swell the liability of the Grand Trunk Company.

Now, the Minister of Finance argued that the liability of the government is \$13,000,000 on the ground that the government will get the interest returned to them. But it is a very strange thing that the president of the Grand Trunk Company does not use the same argument as the Minister of Finance does in this regard, for if he did, he would prove to a demonstration that the Grand

Trunk Company undertook no liability at all. Sir Rivers-Wilson said :

As regards the five millions for rolling stock, it is not five millions—it is estimated at three millions. With that the Grand Trunk has nothing to do. The rolling stock will be provided by the Grand Trunk Pacific Company, and, as the general manager will tell you, they have laid their plans for providing that rolling stock by a trust fund.

There is the statement which the Finance Minister quoted in support of his argument and there is the statement along side of it of the president of the Grand Trunk Railway Company, which shows that the Minister of Finance has not a leg to stand on.

Why were the opposition so unfair that they did not dare to quote from the document which was under their noses ? Why does the hon. Finance Minister when he quotes anything in support of a statement which he has made, quote in such a way as to lead the House to think one thing when the documents state another ? The hon. gentleman states that when the first contract was submitted to the board of directors of the Grand Trunk Railway Company, the president of the company found that his board, and indirectly his shareholders, would not approve of it. But by what authority did the president of the Grand Trunk Railway Company take bonds belonging to that company, and deposit them to the credit of the government for the purpose of carrying out the contract ? Was he justified in doing that ? An election was coming on shortly. Was it not heralded from one end of the country to the other that the deposit of the £1,000,000 sterling was made in securities which would realize more than the cash ? Hon. gentlemen opposite found that it was not possible to hold the election last fall, and there had to be another agreement, and that is the agreement we are discussing at the present time. I remember listening to the hon. Finance Minister last session declaring what a great benefit it would be to the people of this country to insist on the Grand Trunk Railway Company retaining the common stock of the Grand Trunk Pacific. The hon. gentleman is usually clear on financial matters. I tried to follow his reasoning on that matter, but I could not do so. What possible object would it be for the Grand Trunk Railway Company to have \$25,000,000 of stock of the Grand Trunk Pacific locked up in its vaults ? The only advantage would be that it might at some time pay a dividend.

I have peculiar views in reference to stock watering. They differ a little from those of the hon. leader of the opposition. My views are more like those of the hon. leader of the government, while they differ from those of some of his colleagues—the Postmaster General, the Finance Minister and the late Minister of Railways. In fixing rates on railroads, I do not think it