

of the projected Consolidated Railway Fund which we propose to create, and to pay out of such fund the different subsidies as they are earned, and to use any sums of money not now immediately required for the payment of subsidies in the construction of the Provincial line, always carefully retaining an ample sum for all contingent demands. We consider this a wiser course than to allow the Commissioners, in the present state of the money market, to issue the bonds authorized by the Act of last session, which could probably only be disposed of at a considerable discount and bearing a higher rate of interest than a Province of the limited debt and ample resources like ours should pay for the construction of an enterprise belonging to itself, and which will have to be, or, at least, which it is intended will be, met, if not out of the earnings of the road, then out of the Consolidated Fund. It is expected the line will be running and yielding revenue within twelve months, and it is intended that this revenue, over and above what is wanted for working expenses, and the interest of any bonds guaranteed by the Province shall fall into and form part of the new fund. And it may even happen if the subsidized roads, other than the Levis & Kennebec, the Quebec Central, International, Waterloo & Magog, South Eastern, Montreal, Boston & Portland, St. Lawrence & Lake Champlain, and perhaps some others which I have mentioned do not go on, that we will be able to complete our road without borrowing the whole of this amount or even without issuing any more bonds whatsoever. On the other hand, we may and probably will have to raise money on the bonds, but if we are obliged to do so, they will in our hands, and with a guarantee that the interest and principal will be punctually paid, command a higher price if negotiated by the Province than if negotiated by irresponsible commissioners. In the next place, is it right or wise to retain in our hands the whole of the balances of money granted to such roads as have made great progress and are now arrested by the stagnation of trade, the tightness of the money market and the timidity of capitalists, and leave the partially completed sections of these roads to be worked at great risk to the safety of the general public and great loss to the companies? (if by modifying the manner of paying these subsidies we might aid them). I again suggest that it is not; that it is our duty to modify the terms under which they draw their subsidies and to advance to these companies out of their subsidies a sum of money which will enable them to put in good running and working order the completed portions of their roads (say an advance of \$1,000 per mile over and above the \$4,000 which they have received or may be now entitled to receive), and a further sum of money out of the total balance of subsidy which they have had accorded to them for any further portion of their road, which they may complete here-

after, in such manner and to such extent that no such advance will leave in the hands of the Executive a sum less than \$2,000 per mile hereafter to be paid on the portion of such road as shall remain thereafter to be completed, and that no more than six thousand dollars should have been advanced on any one mile of new road. Thus, take the Levis and Kennebec of 90 miles, with a subsidy of \$360,000. If it has 40 miles completed under the present law, it would be entitled to \$160,000, and would have to receive \$200,000 on the balance when built. Under the present proposal, they would get, so soon as their road had seen put in a thoroughly safe state for further service, \$40,000 for the 40 miles done, and if they completed the next section, say of 20 miles, they would be entitled to \$100,000 over such portion or \$5,000 per mile, leaving \$60,000 in the hands of the Government for the balance of their road to the Province line. It is also proposed to amend the first section of the Act of last session, Chapter 3, respecting subsidies in money made to certain railways in such manner as to enable any such guarantee of interest as is therein authorized to be made to be made, at any rate not exceeding six per cent. per annum, in place of limiting it, as it is now limited, to five; but of course, in such case, the guarantee would extend over a shorter period of time. It is further intended to amend the second section in such a manner as to allow any such company at any time before the completion of their enterprise to return to the Treasurer any payment of subsidy received by it, and to receive a like guarantee for any such portion of the subsidy returned. The object of these changes is to give to the companies every possible facility in availing themselves of the legislation of last session, and to make it more elastic, and, we hope, more effectual. This is the policy of relief of the Government for the Levis and Kennebec, Quebec Central and International Railway Companies, and will form a feature in the proposed railway subsidies amendment bill or whatever title may be given to such bill. I know this is very much short of the expectations of the promoters of these enterprises, but the words of wisdom of my predecessor yet linger in my ears when he said in his budget speech in 1874 dealing with these very railways:—"I cannot be a party to incurring liabilities to such an extent as to interfere with the efficiency of the public service or requiring additional burthens to be placed upon the people;" this, he added with a plaintiveness that was almost touching, "is my bounden duty, and one which I feel, being intrusted to my hands, must be performed even at the sacrifice, it may be of my personal feelings, or the feelings of some of my friends." I am sure it will afford my honorable friend great satisfaction to know that these sacred sentiments of duty are re-