

a good commercial transaction because we were getting 5 per cent. Only one Session passes, and the Government come down and say: Let us reduce the interest to 4 per cent., which for the five or six years the loan has to run will amount to a loss of something like \$1,350,000 compared with our position last year. I want to know why? Do you tell me: I am shabby, that it is mean to ask 5 per cent. from the company. It is you that are shabby and mean. It was your bargain. No; it was the company's offer. The company offered to give 5 per cent. for the money. The Government thought it was right, and fair, and reasonable to exact that rate, and that rate was given as an inducement for making the loan. They induced the House to make the loan, because the rate was at 5 per cent., and now it is proposed to throw off 1 per cent. and thus save the company \$1,350,000. Were you shabby and mean last Session? If you say you were, let us discuss it. If not, if it was not a shabby and mean act then; it was the company's own proposal; in fact, it was that which induced the House to assent to the loan then; it is not shabby and mean now; and any such assertion would be absurd, particularly when we are dealing with a company so powerful and with such brilliant prospects as hon. gentlemen opposite have indicated. Then the Government impair our security. As to the \$20,000,000 of our loan, we are to be placed in partnership with the public which is to have \$15,000,000. I put to one side the temporary loan; I assume it may be repaid out of the sale of bonds at some price or other, and the whole \$15,000,000 of bonds will then get into the hands of the public. These being in the hands of the public, the Dominion will be holders of \$20,000,000 first mortgage bonds of the railway, the public having \$15,000,000 ranking equally with the securities held by the Dominion. That is nearly halving our security. While we will obtain only 4 per cent. for six years, the public will get 5 per cent. Hon. gentlemen opposite say it does not impair our security to put other \$15,000,000 alongside of our \$20,000,000. Such a statement is perfectly absurd. Reasonable men would not make such a statement. It is an attempt to gull the House and the public to say that you do not impair the security if you place \$15,000,000 on equal terms with our \$20,000,000. We do not go in even on equal terms. While I do not admit the theory of hon. gentlemen opposite that we would be bound as first mortgagees to pay off the stockholders if there was default, still it follows from that proposition, and it follows even without that proposition, that if there be default in this new arrangement, Canada will have to pay those \$15,000,000. The Dominion cannot take over the road without doing so. It is interested as a partner in the concern. If default is made, is the Dominion going to work the concern with the other bondholders of the company, they having \$15,000,000 in the partnership and the Dominion \$20,000,000? No. If there is default, the Government are going to pay the \$15,000,000 to the bondholders and take the road. That is the practical result. We are making ourselves in effect second mortgagees, because we are bound to pay off the \$15,000,000 if there is default in order to get the road. That is an unsatisfactory state of things. There can be no doubt that instead of being partners, we are practically, I say, second mortgagees, considering our relation to this enterprise in the present and in the future. It is a bad arrangement anyway. It is a bad thing to have a partnership between the Government and the public; it is an unfortunate arrangement which is sure to lead to complication. As to the price of the securities, the public may not take them up at par. They would not take them at par, if the interest were at 4 per cent. for six years, as we have done. We have taken our bonds for \$20,000,000 at par. It is true we have taken them as securities, but we have substantially taken them at par, irrespective of the price that the public is offering for them. The *Montreal Gazette* and other organs of hon. gentlemen opposite, when the proposal was first sug-

gested, stated this was an objection; that if the Government took those securities, they should take them at the same price they brought in the market. Now, it is said we should take them at par, and no doubt we shall have hon. gentlemen saying that it is all right. The time for payment is indefinitely extended. For what time are the bonds to run? I do not know. The resolution does not indicate it. The company may issue mortgage bonds for 40 or 50 years. If for 50 years, our loan becomes a long loan. We see what we are doing, and although Sir Charles Tupper told us last year that there was not the slightest shadow of a shade of doubt but that we would get our principal and 5 per cent. interest by 1891, we find now that we are throwing off an extra 1 per cent. interest, reducing it to 4 per cent. interest up to 1891, and giving the company a practical option of postponing the debt for the whole expected currency of the bonds, which may be 50 years. Then for the \$9,810,000 we take the land as security, and in effect if not in form, release the railway, because we take a third charge on the railway, after paying off \$35,000,000 and all the fixed charges, which include the interest and rentals upon the leased and acquired lines. And more than that, this is a fourth charge, because there are several millions of land grant bonds outstanding, not cancelled, and \$5,000,000 in the hands of the Government as security for the operation of the line—outstanding in this sense that they are our security. Is it intended to release them impliedly, and to say that there shall be no security for the working of the line? Is that term of the contract to be departed from? It is not said so here, and it surely is not intended to do so without saying it. Then there are \$5,000,000 of bonds in the hands of the Government for security, and those bonds and the portion in the hands of the public are charges, of course, over our charge for the \$10,000,000. So you have first of all the expenses of administering the lands; then you have the cost of the interest upon the loan, you have outstanding land grant bonds—those in the hands of the public; then you have the security for the operation of the line of \$5,000,000 of land grant bonds, and lastly you have our own \$9,810,000, or say, in round numbers, \$10,000,000. These are the charges, and this is the order of the charges upon the land of the company. Now, the hon. gentleman referred to my valuation of the North-West lands, as he called it, in 1880-81. I pointed out what the Government valuation had been in the preceding year. I was not, therefore, measuring their corn in my bushel, but in their own, and I think that is a fair way. They had valued the lands at such and such prices, and the following Session, within a few months, with no variation of circumstances except one of improvement having occurred, they brought up a proposal to hand over the picked lands—nothing which was not cultivable—lands fairly fit for settlement—that was the character of the lands; they were proposing to hand them over to the Canadian Pacific Railway, and I said: Now you are bringing forward this as a bargain. You told us the lands were worth on the average so much money last year. Are the circumstances worse now? No; they told us they were better. Then the lands must be worth as much? Yes, that could not be denied. Well, if you are giving so much lands to this railway, and if, according to your conception, they are worth so much money, then of course you are giving them the equivalent of so much money. That was my argument. But I have never said that the price of the North-West lands was a fixed figure. On the contrary, I have pointed out that under different circumstances, in varying years, under varying influences, the price of the lands in the North-West, as in other new countries, would rise and fall, and that we have to deal with the facts as they were presented to us at the time at which we were called upon to deal. I cannot say what the North-West lands will bring in the near or the distant future, but I can refer to some tests of the value of