

results of an examination into the organization of the company, its capital stock, its bonds and liabilities, and without knowing whether or not its guarantee was worth the paper on which it was written? You may get a joint stock company to put its seal and the signature of its president and its secretary to a guarantee for any amount, yet they may not have, amongst the powers which the legislature has given them, the right to make that guarantee. Supposing that the firm of Mackenzie, Mann and Company, Limited, under the charter granted by the Ontario Government, had not as a matter of law the right to make these covenants with the Government, under which they assume the liability of paying \$10,000,000 of incurred indebtedness and \$20,000,000 that is due the banks, would not the whole basis of the agreement fall? Supposing the capitalization of the company were of such an amount that every possible resource might be had to the stock issue and the guarantee would not be worth anything as a matter of law or as a matter of fact. Supposing the liabilities of that company to-day, as compared with the assets, are such that it is not a solvent institution; of what use is it for us to insert an enacting clause in this agreement declaring that we shall loan or guarantee \$45,000,000 without possessing information to show whether or not the people who are making these covenants have any right to do so, and whether or not their company is a solvent one? I submit that before we proceed to pass this clause the committee should have that very important information, as well as other information in regard to these matters which has not yet been given. We do not know who these contractors are, other than the fact that they are the Mackenzie and Mann Company, Limited; we do not know anything about the Mackenzie and Mann Company, Limited; we have no information about their status and how can we proceed to pass this clause, which declares that the country binds itself to make a guarantee of \$45,000,000, when we know nothing about the other parties to the agreement?

Mr. GERMAN: Last session we received from the Minister of Finance and from the Prime Minister the information, given on the authority of the promoters of this enterprise, Messrs. Mackenzie and Mann, that the \$15,000,000 then granted would enable the company to complete the line. I

[Mr. Macdonald.]

think that before we pass this clause we should have authentic information as to whether or not this \$45,000,000 will complete the work and whether these gentlemen will be here again in the course of three or four years at the outside for further aid from the Government.

Mr. BORDEN: My hon. friend must realize that no one can foresee with absolute accuracy conditions in the money markets of the world and no one can foretell with absolute accuracy what the cost of a road will be. For example, an arrangement was made in 1903-04 which it was fully expected would provide for the construction of the Grand Trunk Pacific railway. Since that time two loans have been made to the company, one under the late Administration of \$10,000,000, and another at the last session of Parliament of \$15,000,000. It is an open secret that the cost of construction in the mountain section of that railway has been so great and has so largely exceeded the estimate made that the company have not been able to make provision with absolute certainty up to the present time for financial arrangements in connection with that part of the railroad. In 1905 the late Administration and the Grand Trunk Pacific Railway Company arrived at an estimate of what that road would cost, and, in accordance with that estimate, a certain financial provision was made which all parties believed would complete the road. It has failed to complete it, and I would like my hon. friend to remember that estimates of what will be a sufficient financial provision for completion have failed, not only in connection with this enterprise, but in connection with many other enterprises as well. I am giving only one out of many illustrations that might be given in that regard.

Mr. PARDEE: Then we have it in concrete form from the Prime Minister that, as a matter of fact, we are not at all sure that \$45,000,000 will complete this road, and that the chances are that Mackenzie and Mann will be back to the Government for further assistance.

Mr. BORDEN: I was not alluding in my observations to that; I was replying to the hon. member for Welland, who referred to a statement made last year in connection with the subsidy then granted.

Mr. PARDEE: As I understood it, the right hon. gentleman's remarks had to do