On the 3rd clause,

HON. MR. DEBOUCHERVILLE—I wish to call the attention of the Government to a point that seems to me to be very important. By this 3rd clause the act of last year is changed. Last year an alternative was provided that the Pacific Railway Company might either buy the North Shore road from the Grand Trunk Railway Company or build a new line. By this clause of the bill there is added a provision that the Government may buy the road, and rent it to the Pacific Railway Company. Is that not correct?

HON. SIR ALEX. CAMPBELL—Yes, that is correct.

HON. MR. DEBOUCHERVILLE—The hon. gentleman must not forget that when the Syndicate obtained, by some means, the control of the road which belonged to the Government of Quebec, they also got the right to issue debentures to the amount of $25,000 a mile on the road. They then made an arrangement with the Grand Trunk Railway by which that company guaranteed the interest on those debentures, which amounted to $1,225,000. Those debentures have not reached par, but they have been taken as security, and money has been loaned upon them. Now if the Government buy this road, the holders of those debentures will be in this position: they will have the right to say that the Federal Government is bound to pay them the interest, and those debentures will immediately have a par value. If it is shown, however, that the sale of this road was made under—I do not like to use too strong an expression—but was made under circumstances which may bring about a cancellation of the contract, the Federal Government will be obliged to buy those debentures; I therefore call the attention of the Government to the fact that they may be in great danger, because the Local Government has appointed Judge Routhier of Quebec as commissioner to inquire into all the circumstances connected with the sale of this road. Supposing Judge Routhier should report that fraudulent means have been used in connection with the purchase and sale of the road, this contract may be cancelled, and the Local Government would have the right to any surplus if the road was sold again. I call the attention of the Government to this fact to put them on their guard, that if they should buy the road they may be obliged to pay twice for it, as the Local Government may have a claim on it afterwards.

HON. SIR ALEX. CAMPBELL—I am obliged to my hon. friend for the information he has given us. Of course it is necessary in a large and important transaction like this to proceed very carefully, and the Government will be more on the alert because of the information the hon. gentleman has given. I believe we are in a safer position since we have the liberty of acquiring those debentures at their present market value.

HON. MR. DEBOUCHERVILLE—But the moral effect will be this: The Federal Government, having bought the road, the debentures will undoubtedly increase in value.

HON. SIR ALEX. CAMPBELL—But if the Government have made arrangments by which they may acquire those debentures at their present value there will be no danger.

HON. MR. DEBOUCHERVILLE—As I am informed the debentures have been pledged as security, and money has been borrowed on them.

HON. SIR ALEX. CAMPBELL—I cannot explain myself as frankly as I would like to do; but I will suppose a case. Supposing the debentures are in the hands of a monetary institution which holds a claim against them, and the Government acquire the right to get hold of those debentures by paying the amount for which they are held as security?

HON. MR. TRUDEL—The road was acquired by a syndicate; then it was resold by the syndicate to certain persons who are supposed to represent the Grand Trunk Railway, and they got for it one and a quarter millions of dollars more than they paid for it, or undertook to pay for it, to the province of Quebec. In the case suggested by the hon. gentleman from