

wrongly used in the case of these two roads. There is, Sir, a deep seated suspicion in the public mind that the whole subsidy system is rotten. It comes from rottenness and it makes for rottenness, and it seems to me that when a matter of this kind is brought up by a member of this House, an ex-minister, one who was but recently in the cabinet, the government are in duty bound to give it their special attention. What has been said this afternoon should be made the subject of strict inquiry, and I hope the matter will not be passed over.

Mr. T. S. SPROULE (East Grey). I have always thought that one of the great evils is the unlimited power we give companies to bond and to mortgage their roads. A subsidy is in some cases misapplied and not put into the road, sufficient care is not taken to see that every dollar of subsidy goes into the road, and the consequence is that with these additional obligations resting on it, no corporation can afford to buy the road out. Its debt is so heavy that its earning powers will never pay the interest on the money invested, and the road consequently cannot be operated at a profit. If we are to start at the root of the evil, we must be more circumspect in giving powers to bond roads, and we should also see that these bonds are sold at par, and that every dollar arising from the sale of the bonds and every dollar of subsidy should be spent on construction and not diverted into the hands of unscrupulous people, who care not what will be the result to the public provided they can only get their hands on the public money.

Mr. F. D. MONK (Jacques Cartier). When were the subsidies paid these two roads? It was rather surprising to hear the Prime Minister declare that although those railways have suspended operations during the past six weeks, the matter has not been officially before the government. When were the subsidies paid these two lines?

The MINISTER OF RAILWAYS AND CANALS (Hon. A. G. Blair). Before my entry into the department. I do not recollect that these contracts were made during my day. I think they were not, but perhaps the hon. member for Lanark (Hon. Mr. Haggart) will recollect. I think the dates were 1892, 1893 and 1894. I may say further that when these subsidy contracts are entered into, the contractor is required to complete his work up to a certain standard; and when he does that, he gets his subsidy. It might be that, under some conditions, he would be paid by ten mile sections upon progress estimates, but always with the necessary guarantee that the work should be completed before the subsidy is fully paid. When the contractor has completed the road and earned his subsidy, it would be extremely difficult for us to impose on him some further check as regards what he does with the money. It may be that he got

advances from the bank. Certainly the money must have come from somewhere to build the road, but when the contractor has complied with his contract there is no alternative with us but to pay. I think that the hon. member for East Grey (Mr. Sproule) has laid his finger upon the source of the difficulty. It is the issue of stock and bonds in unlimited quantities and the distribution of this stock and the sale of these bonds at nominal figures, and not at all because the money given by way of subsidies does not go into the road.

Mr. MONK. I asked the question because I was under the impression and still am—that some subsidy was paid to the South Shore Railway within the last five years.

The MINISTER OF RAILWAYS AND CANALS. I was not speaking of the South Shore. This motion has reference to the South-eastern Valley.

Mr. MONK. I am speaking of the South Shore, and of a bridge in connection with that.

The MINISTER OF RAILWAYS AND CANALS. If the hon. gentleman meant that, he is right.

Mr. MONK. Because the rumours referred to, as to much of these subsidies having been frittered away, have been rife in the city of Montreal and throughout these districts for the past five years, and I think there must have been payments made during that time. I agree with the hon. member for Winnipeg (Mr. Puttee) that it is high time the House should take some steps to investigate the manner in which these subsidies have been paid and disposed of.

Hon. Mr. HAGGART. The manner in which subsidies were paid when I was at the head of the department was this—after the vote was granted by parliament the money was paid when the road was completed in ten mile sections. These conditions, if I remember well are now altered. The rule, I believe, allows the minister to make advances on progress estimates in many cases.

The MINISTER OF RAILWAYS AND CANALS. No.

Hon. Mr. HAGGART. In some cases, I think.

The MINISTER OF RAILWAYS AND CANALS. There is one condition in which progress estimates are paid, and it was done as the hon. gentleman (Hon. Mr. Haggart) will remember in order to cover the case of large expenditures being made in connection with the Crow's Nest Pass. It made a limit of \$60,000 to be paid on progress estimates.

Hon. Mr. HAGGART. I thought the payment of progress estimates had been ap-