

expended and has lost about \$4,000,000 on the railway—a Government scheme entirely—while the Government is in pocket, with interest, more than a million dollars collected in duties and railway rates from the Company.

Mr. Fielding said the unsoundness of the scheme was the reason for withholding the subsidy. But it is equitably impossible for the Government to make the Company responsible for a scheme which was their own entirely. Everything said in regard to unsoundness strengthens our claim, for the scheme was none of ours. The worst that can be said of it makes our claim for compensation all the more irresistible. The Government examined, adopted, incorporated and subsidized the railway and afterwards amended and re-amended the Acts doing so during seven sessions of Parliament—from 1882 to 1888. On the faith of these Acts we expended about four million dollars on the railway, and after having done so, it is surely impossible for the Government to endeavour to attach any responsibility to the Company in regard to the commercial unsoundness of the undertaking.

The expected traffic was taken from a statement prepared in the Government office and signed by George Johnson, the Government Statistician. And even although it might afterwards have been shown that the figures submitted were entirely misleading and that there would have been but little traffic, I beg to submit that this would not justify the Government in withholding the Company's subsidy. The Company would have been the loser, not the Government, which had contracted to give a fixed amount as subsidy which limited what they could be called upon to pay.

The Government knew the railway could not be self-supporting, and for this reason they voted the subsidy. It was on all fours with innumerable other enterprises which the Government has subsidized because they could not in the beginning be profitable. Depriving the railway of its subsidy on such grounds would justify the Government in withdrawing the subsidies they pay on the manufacture of iron or steel, or on mining lead, which are paid because these industries would not be profitable without them.

The last administration intended to compensate the Company and on the 10th June, 1903, the Hon. Mr. Haggart, formerly Minister of Railways, when addressing the House commented on the strong moral claim of the Company, and said that:

"Sir Charles Tupper if he had continued in the Government of this country would have brought down a measure for the purpose to a certain extent of indemnifying these people for the money they had put into the undertaking."

The confidence the Company showed in the Government and the Acts of Parliament is proved by the fact that no one connected with the Company has been in Canada except myself. The Company rightfully looked on the Acts and the statements of the Government