

taken over and opened for operation, as traffic develops to improve the road, to provide betterments, to provide more rolling stock, to perfect the permanent way, to provide sidings, and so on. I suppose two or three hundred million dollars have been spent by the Canadian Pacific Railway Company in the last ten or twelve years in that way, as its traffic has developed and as its earnings have warranted that expenditure. I suppose it will be the same with the Grand Trunk Pacific railway, although perhaps to a more limited extent, because that road was built to a higher standard in the first instance. Undoubtedly it will also be true, in the future, of the Canadian Northern Railway system; but as traffic develops, if the enterprise should be successful, the earnings of the company will enable it to make the necessary provision from time to time for those purposes.

Mr. PUGSLEY: I think my hon. friend, the Minister of Finance, before the committee is called upon to pass this section, ought to give some answer to the very strong indictment made by the hon. member for Pictou (Mr. Macdonald). I do not know whether my hon. friend the Minister of Finance was present or not when the hon. member for Pictou was speaking; but the latter certainly showed beyond any possibility of doubt that the Minister of Finance at the last session of Parliament assured the House that the \$7,000,000 worth of stock, which the Government received for the subsidy of \$15,000,000, was to come out of the \$70,000,000 of paid-up stock of the Canadian Northern. The record shows that beyond the shadow of a doubt. My hon. friend the Minister of Finance was questioned about the matter, and made the statement more than once that it was to form a part of the \$70,000,000 worth of stock then issued. We find, however, that afterwards Mackenzie, Mann and Company simply put the printing press to work and issued some \$7,000,000 of additional stock, which was not paid for, which had nothing to represent it, which could not in any sense of the word be called paid-up stock. That was taken by the Government as a consideration for the bonus or subsidy of \$15,000,000. Therefore, I think my hon. friend ought to make some reply to that indictment. I do not imagine for a single moment that the Minister of Finance, with his high sense of honour, would intentionally deceive the House; but from the record as read by the hon. member for Pictou, the Minister of Fi-

[Mr. Borden.]

nance must have been deceived by the gentlemen who were then asking for the subsidy. If the Minister of Finance were so deceived, it seems to me that, before Parliament should be asked to give a further credit of this enormous sum of \$45,000,000 to the Canadian Northern, that matter ought to be set right. The people of Canada, in getting the \$7,000,000 worth of stock, which was simply turned off the printing press without consideration, did not get that which Parliament was assured the Government would get.

I agree with my hon. friend the ex-Minister of Railways (Mr. Graham) that, in the consideration of this first section, we might very properly deal with other parts of the resolution, because, when the first section is adopted, it being the most vital and the most important, the House might well be supposed to be committed to the entire resolution. There are one or two things in the resolution which strike me as being very peculiar. One is a section which has been referred to in the newspapers supporting the Government, and which has evidently been put there with the intention of inducing the people of Canada to believe that in some way they are getting a better trade, so far as routing traffic through Canadian ocean ports is concerned than the late Government got in dealing with the Grand Trunk Pacific. I understood from reading the discussion in the House that the Solicitor General made the statement that the Canadian Northern railway would be bound to route ocean-borne traffic, inward or outward, to Canadian ports and over Canadian routes. Just how the railway would be able to route inward-bound traffic it would be a little hard to understand unless it would be by the steamships which are owned by a subsidiary company of the Canadian Northern railway. Does the hon. gentleman pretend that the Canadian Northern railway could route freight differently from the way the shipper directed it to be routed? In the agreement with the Grand Trunk Pacific, which was most carefully drawn, the Government provided that in all cases where freight was not specifically otherwise routed it should be carried to Canadian ports and through Canadian channels, the object being to develop as far as possible Canadian ports and Canadian transportation systems. Now, if my hon. friend believes that the Canadian Northern railway can disregard the instructions of