

for St. John was right when he said Mr. Ketchum was a sub-contractor. The contract was made by the Government of New Brunswick with the Intercolonial Contract Company of England. Mr. Ketchum was a sub-contractor with that company, and as that company was settled with in full, it is clear Mr. Ketchum had no claim on the Government but had to deal solely with the Intercolonial Company. I agree also with the view that these claims could not properly come to this Government, that it really arises out of the application of the Government of New Brunswick; and it seems to me an extraordinary thing that the Intercolonial accounts should, at this date after the construction, be added to by this item. I think the hon. gentleman stated in Committee that the claim had been continuously pressed. I do not find evidence of that in the statement. As well as I can make out it was pressed in 1868, again in 1876, and then upon the present occasion, which has resulted in this reference. It does not appear to me, therefore, that the claim was continuously pressed, and I fail to see why, if the claim was just, it was not attended to by the Government in 1868, and it seems to me a very extraordinary item now to ask our concurrence in.

Sir CHARLES TUPPER. The hon. gentleman will see by the papers in his hands that Mr. Ketchum had continuously pressed his claim. In his application to the Government he reminds me of the fact that the Attorney-General and leader of the Government of New Brunswick, Mr. Fraser, had come to me with him—of which I have a distinct recollection—and had stated that Mr. Ketchum had continuously pressed this claim on the Government of New Brunswick; that they recognized the claim as a just one, but they did not consider they ought to pay it; that the railway upon which the charge was made had passed into the hands of the Government of the Dominion, that the money had gone into our Treasury, and that under these circumstances they thought the amount should be paid by us. I do not see that there can be any question about the parties from whom the claim came, and there can be no question that under the Union Act the claim necessarily has to be dealt with by this Government, who had the railway in their possession on which the charge was made. There is no question that under the Union Act we became responsible, whether the ultimate amount should be charged back on the Government of New Brunswick or not, for these claims in relation to the Intercolonial Railway. Under these circumstances, with the fact of the Government of New Brunswick themselves declaring, the parties with whom the contract had been originally made, that the amount was due to Mr. Ketchum, we proceeded at once to dispose of the point as to whether Mr. Ketchum, being a sub-contractor, stood in the position to avail himself of that clause of the contract made with the contractors from whom he had taken it. Having ascertained whether Mr. Ketchum's claim was well founded, and the amount of it, I took every possible means to have that matter carefully investigated. I had the report of Mr. Frank Shanly, who had gone thoroughly into the question as to the amount of overcharge that had been made beyond what the contract authorized, and I had that report confirmed by the present general manager and chief engineer of the Government railways, Mr. Schreiber, who reports that Mr. Shanly's figures were correct, and that the amount overcharged was as stated. The hon. gentleman says it was not continuously pressed; I say it was continuously pressed; but I had not entertained the substantial charge until after the leader of the Government declared to me that his Government arrived at the conclusion, not only that Mr. Ketchum was the person to be paid, but that the charge was a legitimate one.

Mr. BLAKE. The statement of the hon. gentleman amplifies the statement made in the petition. We have no record  
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of what the Attorney-General of New Brunswick said, or in what capacity he accompanied the claimant to the hon. gentleman; but this is the statement:

"That your petitioner, accompanied by the Hon. John J. Fraser, Attorney-General of New Brunswick, had an interview with your Honor in July last, when the Attorney-General explained in full the reasons why the Province was not liable for the claim, and that he believed there was an overcharge, and that it was payable to your petitioner."

Now, what the leader of the Government of New Brunswick said, was, that New Brunswick was not liable for this claim, and having said that, his admission that this Dominion was liable to the claim was an admission of very little consequence. If the Government of New Brunswick admitted that this was a debt of the old Province of New Brunswick for which that Province was liable, unless it was an extraordinary amount, he might, in such a case, have consented to charge it, but we find the Attorney-General says that the Province is not liable, and he proceeds to point out that he thinks Mr. Ketchum has a claim against this Government. He does not acknowledge that it is a debt against New Brunswick; if it is to be charged against New Brunswick it is to be charged, not as the leader of the Government said it should be, but because it ought to be charged, because it makes a legal charge against the Government of New Brunswick. The Attorney-General of New Brunswick, far from admitting that, said the Province was not liable, and therefore that it was not properly chargeable against New Brunswick. That being so, the hon. gentleman had to make up his mind irrespective of any statement of Mr. Fraser.

Sir CHARLES TUPPER. I am afraid the hon. gentleman did not understand me. I take the ground that under the Union Act this Government is compelled to pay the claim, and the hon. gentleman does not controvert that. If it was a matter of £100,000, a contract in connection with property that came into our hands under the Union Act, we would be liable therefore, because we took that property with all its liabilities. That specially in regard to the Intercolonial we were liable for all the contracts that the Local Government had made touching that work. We have to pay it; as to whom it may ultimately be charged is a question of law, and a question that may be dealt with at any period. I may tell the hon. gentleman that, inasmuch as the Government of New Brunswick claim now that we ought to pay them \$150,000 more than they received, the hon. gentlemen will see that it is hardly worth while, in relation to the small amount of this account, to refuse to pay it; because the question might arise as to whether it, or some portion of it, could legitimately be charged against the Province of New Brunswick—I think it would be a very extraordinary thing to do so, and compromise our claim against New Brunswick. I think it would be a very harsh construction of that contract, when the railway had passed into the hands of this Government to say that we would not recognize that, and insist upon charging a higher rate than the Government of New Brunswick, who owned the road to the 1st of July, 1867, agreed that they would carry it for. I think it would be pushing things to an extreme. But assuming that to be the case, still the liability rests upon us and we are obliged to pay the amount. We have taken means for ascertaining what the amount is and we ask Parliament to provide the money.

Mr. WELDON. There is no liability against Mr. Ketchum assuming there is a liability under the arrangement made by Sir Albert Smith and the present Chief Justice Allen of New Brunswick; it is entirely with the International Contract Company. Mr. Ketchum did not take the contract, but was simply a sub-contractor, who was settled with by the International Contract Company. Mr. Ketchum was not recognized; and I find, in a despatch from Mr. Beck,