

may acquire and take them. That is a matter entirely of arrangement between the Grand Trunk Pacific and the Grand Trunk Railway. The Grand Trunk Pacific Railway may hand over these shares for a mere song. The Grand Trunk Railway may put them in their pockets and draw the dividends and keep them there fifty years, in their vaults not available at all toward cost of construction. It will not be compelled to pay anything for this stock because the Grand Trunk Railway and the Grand Trunk Pacific are one and the same red-headed boy. They belong to the same family. We cannot conceive of a great deal of antagonism springing up between them in respect of the terms upon which this common stock will be acquired. They could make a snug comfortable arrangement between themselves.

An hon. MEMBER. Oh.

Hon. Mr. BLAIR. Somebody says Oh. I think that is only human nature. It is what they are invited to do. They are invited to acquire, take and hold, and I am at all events justified in this inference because the government, by this clause 34, has told us that there is no money to come out of the common stock. Every farthing outside of the government guarantee is to be provided for under the bonds of the Grand Trunk Pacific Railway, which are to be guaranteed by the Grand Trunk Railway. That is the language of the contract, and no one can gainsay it. So that we have this very nice little arrangement spread out right before the eye, so clear and plain that any man who runs may read. If there is any explanation of that it should be forthcoming and I shall be glad to hear it because it is a matter that ought to be explained.

Now, I do not make any point of the fact that, so far as the present legislation extends, the Grand Trunk Railway Company has no power to give any of these guarantees or sign any of these obligations assuming liability as a company. They can get that power if their shareholders shall authorize them to do it; that would probably be only a question of time. But it is not capable of being harmonized very well with the declarations that were made at the annual general meeting of Grand Trunk stockholders last June, when the gentlemen who were promoting this enterprise took pains to assure the stockholders, as we know, that there was no responsibility to be assumed by the Grand Trunk Railway as a company, that their attitude was only that of a benevolent assisting party to the enterprise. They may change their minds. But, until they do change their minds, the inference is, and the fact remains, that there is no present authority, so far as we have been able to discover under which the Grand Trunk Railway Company can enter upon such obligations.

Returning to the question of the liabilities which the government assumes, on the eastern section it will assume \$65,000,000. On the prairie section it guarantees \$9,750,000, and on the mountain section \$13,500,000. This will make a total on the three sections of \$88,250,000. To this I add the 3 per cent. interest on the cost, which for ten years on the eastern section would be \$1,950,000 a year. I have taken this at ten years because that is the

expectation of the contracting parties themselves. This is a railway which, for the carriage of western traffic, would only operate through the Moncton end during the winter. So, I think we make no extravagant estimate when we say it would not be likely to pay sufficiently to enable it to pay interest until after the expiry, not of seven, but of ten years. So, we may assume that this interest will run for ten years. This will make a total of \$19,500,000 to be added to the previous sum. Upon the mountain section interest will be borne for seven years, making \$4,050,000 more. The interest on the prairie section for two and one-half years, which would be half the time of construction, would be \$750,000. The interest on the eastern section for half of eight years, or four years, would be \$7,800,000 more. If, as is apparently the expectation of the government, the bonds or obligations to enable the government to carry this large sum, may have to issue at a higher rate than three per cent., at say three and one half per cent., this would add a very large sum to what I have already given as the gross cost of this enterprise to the country. I only infer that it is regarded as possible by my hon. friend the Finance Minister that he may have to go into the market with bonds bearing interest at three and a half per cent. in order to raise moneys he will require. If he has to borrow at that rate and get back three per cent. only he will have to count on one-half per cent. of a deficit during the life of this bargain, which is fifty years, to be added to this accumulated burden. If you add \$18,850,000 on this account, you have a total of \$139,000,000 representing the direct and indirect liabilities which the government assumes in connection with this enterprise. But, even if you strike out this \$18,850,000, I say you have a direct liability of \$121,000,000 which this project represents to the country. That is a large proposition, I think a proposition of such magnitude that we may well think that some have seen visions and others have been dreaming dreams.

Now, we are told that it will be a very great thing to get the Grand Trunk Railway into the western country. I should have had no objection to have the Grand Trunk Railway in the western country long before this. I think that, with its large connections, with its network of railways through the province of Ontario and its railways in other provinces, it would have been very much to the advantage of the Grand Trunk Railway to have got into that western country years ago. But I think it is only fair to make this comment—that, if the Grand Trunk Railway gets in there, it will get to there very much more to its own advantage than to the advantage of the country. I think it is much more to their interest to get there than it is to the interests of the country to have them get there. That country, I say, is well served with railways now. With locomotives and cars in sufficient number the traffic would get in and out, even if the Grand Trunk Railway never laid a rail. Therefore, the need of getting the Grand Trunk Railway in is not so apparent. My hon. friends say: You are getting the Grand Trunk Pacific Railway in, which is a totally different organ-