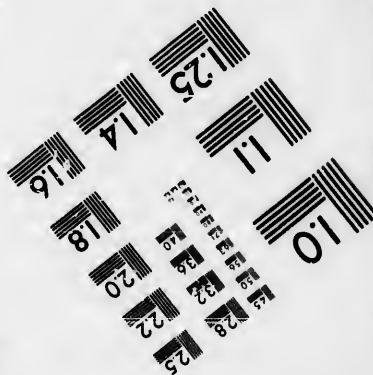
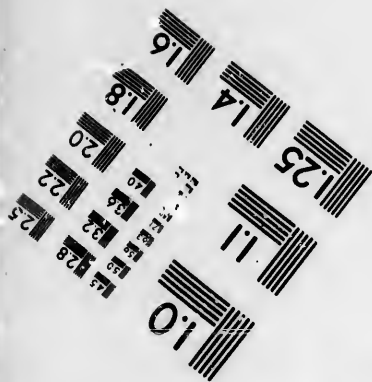
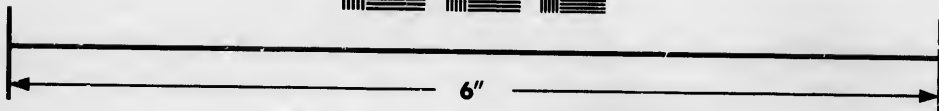
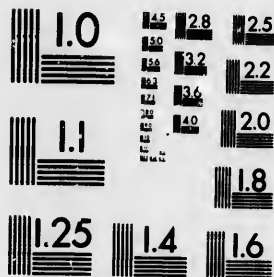


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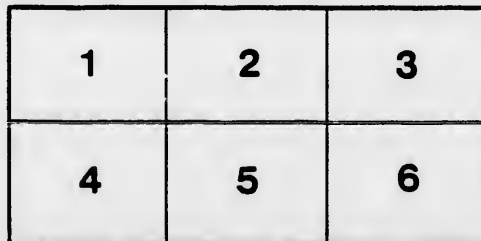
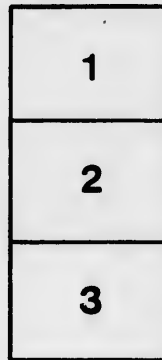
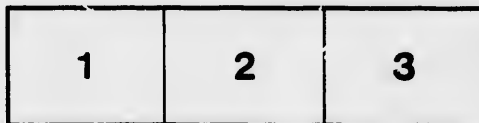
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Hon. Mr. BLAKE'S SPEECH

ON THE

PACIFIC RAILWAY RESOLUTIONS.

OTTAWA, 5th FEBRUARY, 1884.

Mr. BLAKE. I believe that whatever other predictions the hon. gentleman may have made in respect to the Canadian Pacific Railway in the past, which have hardly yet come true, whatever other predictions he may have made to night, which may yet be falsified, one prediction he has made, which, I dare say, he has taken steps to see shall be verified, namely, that the Resolutions shall not be lost, but shall carry. Notwithstanding, it is my duty to point out to an Assembly, which, I am well aware, does not receive with acceptance the views which I entertain, some positions which, I think, are fit to be considered by the House, fit to be considered by the country, before a decision is reached on the important question which is submitted to us. It is an important question. The hon. gentleman has treated it as one of very small moment to a country of such ample extent, of such large resources, with a glorious present, with such a wondrous future as he has depicted, to enter into additional engagements involving thirty millions of money—~~as~~ really not of much consequence. And when it is so absolutely certain, as the hon. gentleman has pointed out, that the engagement is only nominal, formal, temporary, sure to be redeemed, it is of less consequence still. But, Sir, I think the people at large will believe that before Parliament should have been called on even to take the initiatory step which the hon. gentleman proposes we shall this night take, it was right that we should have been placed in possession of

more information—more detailed information; that more light should have been thrown on the situation in many respects than that which has been vouchsafed to us. It is not to be forgotten that for years past we have been moving for information upon important particulars connected with the progress and operations of the Canadian Pacific Railway Company, answers to which have not even now been vouchsafed. It is not to be forgotten with reference to that the price which the stock realized, the mode in which it was distributed amongst the corporators, the values actually obtained for it, the prices in stock which were paid for certain works; it is not to be forgotten that with reference to the contracts which the Company have entered into, information has been asked, not this Session only, but in previous Sessions; guaranteed, so far as the Government were concerned—in words—guaranteed, so far as assent by this House was given—in words—but not followed by any effectual result; and that today we are asked to go into Committee in the face of these repeated and ineffectual demands for that information, which, in part under the law of the land, the Company was bound from year to year to supply and in part, under the powers which this House and Government possess, it was on demand also bound to supply. Information has been given us this Session with reference to this proposal, and the usual papers have in part been laid on the Table. But the hon. gentleman presses forward the con-

sideration of his proposal before these papers have been printed, before they become accessible to hon. members. I happen to have been able to read in manuscript some portion of it, and only some portion. I am not aware that any other member of the two hundred and odd who compose this Chamber and are supposed to take an interest in this question, have read any portion of these papers, save the letter of Mr. Stephen, which has appeared in public print. Of course I except hon. gentlemen who belong to the Administration and who had previous opportunities for reading, as they were responsible for these papers; but those of us who have not had that advantage are called upon, as I say, to take the initial step without having had a fair opportunity of seeing what the grounds are. The statement which the hon. gentleman himself has made to-night—the maze of figures into which he entered—varies in some particulars—not, perhaps, of any very great consequence, but sufficiently so to derange the calculation somewhat—from that which is presented in the letter of the President of the Company; and some more light, it is true, he has thrown on some of the details, in the speech he has made to us. But that light, partial though it is, dim though it is, microscopic though the gleam is that is thrown on the subject—is all in respect of points on which information has been repeatedly demanded, and, up to this time, practically refused. Now, Sir, the proposal is one of extreme gravity. To those of us who remember the discussion which took place when this contract was entered into—to those of us who remember the observations which from time to time were made by hon. members who sustained that contract, it comes as a very unpleasing surprise. Why, were we not told that the country felt uneasy as to the unknown quantity of the possible demands in reference to the Canadian Pacific Railway? Were we not told that the country was decided, and that Parliament, expressing the views of the country was determined, that once for all it should be definitely settled what the limit of our obligations was? Were we not told that it was better for us to know how much it was, even though it was a large sum, and make up our minds to it, and have an end to the matter? Why, it was only a Session or two ago that an hon. member—I think the hon. member for West Toronto (Mr. Beaty)—recurring to

the subject, then perhaps somewhat stale, said that the people were satisfied about it, because they felt such an ease at knowing the limit of their obligation. There it was, and we buckled ourselves to the work, and braced our shoulders to the enterprise, knowing the price of the Government sections and the amount of the cash subsidy, and knowing perfectly well that we should not be called upon for any more. Well, some two or three years have elapsed since the contract was made, and we are called upon to advance \$22,500,000 cash—a sum very nearly equal to the original subsidy, and to pledge our credit for nearly \$7,500,000 more; so that the element of finality, which was so paraded as one of the things which was to cause the contract to be favourably received by the House and the country, has pretty well vanished from the scene to-night. Were we not also told, time and again, of the enormous resources, wealth, and credit of the Syndicate with whom the contract was made—that this was a consideration of the utmost consequence—that it was so important to enlist not merely Canadians, but capitalists in other countries, in the States, in England, in France, with such ample means that they were themselves able to build a Canadian Pacific Railway? Were we not told time and again that we were ensured in the successful completion of the contract by the enormous resources of credit and of capital, and of confidence which had clustered round the corporators to whom hon. gentlemen opposite entrusted the work? It is not so long ago that this statement was very emphatically repeated. It was not merely at the time of the passage of the contract that it did good service; it was not merely in that House which I always thought—and I say it to its credit—was somewhat reluctant to accept the contract, that this statement was made; but at a later period—some time in November, 1881—the hon. leader of the Government made this statement at Toronto:

“What have we done? We went to England; we opened negotiations with capitalists of France, England and New York. We did not want to have only one string to our bow. We made a selection from these three great markets of capital, and we have formed the strongest and most enterprising body of capitalists that ever built a railway from the beginning of railways to the present time.”

Sir JOHN A. MACDONALD. Hear hear.

Mr. BLAKE. Yes, Mr. Speaker, it appears they have a sleeping partner, the Dominion of Canada.

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"The whole country sees it. The whole country knows it. At this moment they are laying down a mile and a half of railway every day, and should no unexpected accident or misfortune happen, they intend, and believe they will have the whole railway constructed, from the Red River to the foot of the Rocky Mountains, before the snows of 1882 fall."

Well, they did not quite do that. They did not quite carry out the scheme which the hon. gentleman was sanguine enough to hope they would carry out, namely, complete the railway to the foot of the Rocky Mountains by the end of 1882.

Sir JOHN A. MACDONALD. Very nearly.

Mr BLAKE. Well, they did not do it; and you may conceive how gigantic were their plans when that was their hope, although what they did do is set forth as wholly unprecedented. Now, it seems that this great combination of capital, the strongest that was ever formed—comprising the strength of Canada, of the United States, of England and of France—yes, the strongest that was ever formed from the beginning of the world to to-day—comes—to do what? Comes to ask us for some more money, in order that they may—earlier, it is true—but in order that they may implement the work which they contracted to perform; and it seems that the boast which, for the last year or two, has been resounding continuously in our ears—the statement which we have heard repeated time and again, that the Government and the Parliament which passed the contract were vindicated—vindicated triumphantly—because of the wonderful display of capital, of credit, and of energy on the part of the corporators—because they were going so fast and so far—because they were going to complete the railway at such an early date—is a statement which is to be taken with this rather large grain of allowance, that they will do it if we pay for it. Now, there is another point which was much discussed at the time of the contract, and in respect to which also this might vindicate our position. We heard the hon. gentleman point out—with an appreciation, some three years late, of what the interests of the country require—that it was important, in the interest of Canada, that there should be a new allocation of the subsidies for the construction of the road. It has now dawned upon his mind—he has now after three years of reflection and experience ascertained—that it is positively dangerous to Canada that the road should be paid for not by a *pro rata* but by a mileage rate. He says that in the interest of Canada—

not at all in the interest of the Company, oh no!—it is important we should take care that the Company does not get an excessive subsidy for the lighter work that remains to be done, because if that should happen when they come to the heavy 95 miles of which he spoke, where would be the money to build it. He forgot that they were already at the 95 miles, that they were stopped there and that the difficulty was not in the present condition of the contract, that the money would be gone in the lighter work before they came to the heavy, but that they were at the heavy work and they wanted to get part of the money allocated to the light which is to come after. But, as I said, it is about three years too late, and I am sorry we could not persuade the hon. gentleman at an earlier period of the soundness of the view he takes to-night. We argued that the subsidies should be distributed in proportion to the whole cost of the work. We declared that it was important, in the interest of the country that, if certain lands and certain moneys were to be paid to this Company for the work, they should get it in proportion as the total amount of subsidy was to the value of the work to be done at a particular point. We pointed out that the hon. gentleman was applying a different principle—and to that very portion of the work which would be earliest done he gave a wholly disproportionate part of the subsidy. We pointed out that thus the resources which were to be retained for the heavy work would be gone before the heavy work was reached, and we begged that the principle of *pro rata* distribution should be applied at a time when it might have been usefully applied. But the hon. gentleman could not be persuaded by us. Oh, no, he said, we admit that the subsidy is wholly disproportionate for the prairie part relatively to the subsidies for the other part of the work. There is no doubt, that we might arrange to pay according to the proportionate value of the work. But we deliberately decline to adopt any such principle. We intend that the earliest and lightest work shall have far more in proportion than that which is to be given for the late and heavy work. Now that the Company have come to the heavy work they want the position reversed. They have had all the benefit practically of the other position, of getting a disproportionate share of the subsidy on the principle of mileage rates assigned to the different

sections, and having come to the heavy work, it is now proposed that another principle shall apply which shall help them out of that difficulty. I have said the resources which were due to the ends of the work are gone, and it is necessary to see that full enquiry is made, as to how it is that these resources have disappeared. That is the prime duty of this House before even approaching the consideration of the question whether it will give more. It was the prime duty of this House to watch that subject, altogether apart from the question of giving more—it was the duty of the House to watch it, having as it had, the right to see what the contractors were and to consider how the work was really going on; but today, when it is indicated that to carry out the plans into which the Company and the Government have entered, it is necessary that this enormous advance should be made, it becomes obviously an imperative duty on our part to ascertain how the account for the past really stands; how it happens that so large a sum has been expended in the work which has been done. Now, for the prairie in the North-West, roughly calculating what the hon. gentleman's figures gave, I apprehend that independent of equipment, and, I presume, without ballasting, the road in the North-West, the main line must have cost something close upon \$18,000 a mile; and I have never been able to see how such a figure could be justified as the fair cost of constructing that line through that country. If you look at the price which the hon. gentleman has affixed to the branches in the North-West, you will find a very different statement as to the mileage cost there. I said the other day, and I repeat now, that a large portion of this expense is probably due to speed. You cannot build a railway at the rate at which this has been built without paying more for its construction than you would if it were built at the ordinary speed, or at a speed not so extraordinary as to be called "absolutely unprecedented." I repeat such speed as this means cost, and that it was quite impossible, whether with reference to location, whether with reference to economical arrangements for construction, whether with reference to the supply of labour or materials, the road could have been built as cheaply at the rate at which it was built, as it could be if a more moderate rate of speed had been adopted. But there is another question, and it is a question to which I have directed attention several times. How has it been built? By whom has it been built? I have called for information upon that subject. The law called for it. The Consolidated Railway Act made it the statutory duty of this Company to return to the Minister of Railways in each year, on the 30th of June, the contracts which had been made for the construction of the railway. That law was violated by this Company. They deliberately disobeyed it. They did not return those contracts. Parliament was informed of that violation. I asked repeatedly for the contracts. Eventually I moved for one contract and the instrument of association of the North American Contracting Company, but Parliament declined to have the law enforced, and would not order the production of these papers. Parliament preferred to be kept in ignorance as to these things which the law had said should be disclosed. And to-night, although Parliament has recanted rather that view within the last few days, although we unanimously passed Addresses calling for the production of those contracts and representing that it was of high public consequence that this law should be obeyed and those contracts should be produced, still the law is not obeyed, still the contracts are not produced; and it is only in the speech of the Minister when he invites the House to go into Committee of the Whole to consider the proposition that we are let, to a small extent, into the character of the arrangements for construction. And the hon. gentleman now informs us that the work has been done by a contracting or construction company, in which were many members of the Syndicate. So that the corporation has been contracting with its own members for construction. He tells us that that arrangement has now terminated, that it terminated when the supplies terminated, that it terminated when they could no longer find money to keep the construction company going; and amongst the sums embraced in the total of \$58,700,000, which the President of the Company claims credit for, as having provided for the construction of the road, is a debit balance against the construction company, and in favour of the Syndicate, of \$600,000; so that although they stopped operations because there was no money to pay them with, they did not do work within \$600,000 of the money that was in

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their hands already, paid in advance. And it seems these were the arrangements, so far as light has already been thrown upon them, between the Company and its construction company. Now, Sir, I do not think I do injustice to the Company and its corporators in assuming, since the hon. gentleman has said that many members of the Company were corporators in this Company, that several directors of the Company were corporators in it. I may say I have no knowledge on the subject. I have moved repeatedly and I have been unable to obtain the information as yet. The hon. gentleman indicates that he will lay it on the Table, shortly; I suppose after we have decided what we shall do.

Sir CHARLES TUPPER. To-morrow, I hope.

Mr. BLAKE. To-morrow. Then we are not going to decide to-night, I hope. Whether I do injustice or not, I shall assume, in the absence of the information, that several of the directors of the Company are also members of the construction company. Now, what relation does a director of the Company who contracts with the Company, whether as a member of the construction company or not, occupy? As a director of the Company he is bound to consider whether the contract is a favourable one for the Company or not. As a member of the contracting company he is bound to consider whether the contract is favourable to the contracting party or not. It is a somewhat difficult task which he undertakes to decide, to hold the balance just, to do no injustice to the railway company, and to do no injustice to the contracting company, under such circumstances. Parliament has thought that men ought not to be placed in such an invidious position, and for fear that in the conflict between their interest and their duty, interest might prevail over duty, it has forbidden such arrangements; for in the Consolidated Railway Act of the hon. gentlemen, it is provided that:

"No person holding any office, place or employment in or being concerned or interested in any contract under or with the Company, shall be capable of being chosen a director or of holding the office of director; nor shall any person being a director of the Company enter into or be directly or indirectly for his own use or benefit interested in any contract with the company not relating to the purchase of land necessary for the railway, or be or become a partner of any contractor with the company."

And if, therefore, it be the case that this contracting company is composed practically to a large extent—to any extent—of directors of the railway company which made the contract, I apprehend they have vio-

lated not merely the spirit, but also the letter of the law; and that we may look with not unnatural suspicion upon any such contract. The law also provides that no contracts for work of construction or maintenance, etc., shall be entered into until after tenders have been invited in advertisements given at least four weeks in some newspaper published in the place nearest to that at which the work is required to be done. I do not know how many hon. members saw the advertisement published by the Canadian Pacific Company calling for tenders. I do not know in what newspapers it was published. I dare say it was published; but I dare say it was published in newspapers which do not receive a very extensive circulation. I know I was never able to hear of any invitation to the general public to tender for the works of the Canadian Pacific Railway Company; and I am not surprised if, as a matter of fact, the works constructed by the railway company have been constructed by a contracting company composed largely of the directors of that corporation. Now, we pointed out when the contract was being discussed in Parliament the possibility of arrangements of this description, the possibility of a larger price being thus obtained for the work than the work really cost; and I say again that we are entitled—especially are we entitled, in view of the refusal to inform us, in view of the defiance of the law to which I have referred, in view of the statement made at this last moment by the Minister,—we are entitled to full and searching enquiry into this matter as a preliminary to considering what further and more intimate relations we shall engage in with this corporation. It may be, although the contracting company has been dissolved, or has ceased its operations, that, if the fountains of Canadian liberality are opened once again, inasmuch as the hon. gentleman said it had stopped because the supplies had stopped—when the supplies are re-opened the company may be reorganized, and we may find that just so long as our liberality lasts the contracting company will be ready to spend the moneys which we liberally provide. But, I do not think that will be satisfactory to the people of the country, and I maintain that full enquiry upon this subject, searching enquiry, exhaustive enquiry, rigid enquiry, should precede, if this House is to do its duty, any recognition of any demands made by the Company, or any

suggestion by the Government, that we should further involve ourselves with it. Then, Sir, the hon. gentleman has said that it is demonstrated that the public funds have been used, have been used altogether—and far more than the public funds—on the contracted line; and he seems to think that it is wholly unnecessary to enter into many considerations which have been urged as pertinent to the present position of the Company, in view of the figures which he laid before us. I pointed out in the past, I pointed out the other day, and I point out to-night, that there is much more than the question of cash in this matter; that there were two important questions besides; that if you ally to cash, credit, there was the question of the responsibility involved in the various other enterprises, to which the hon. gentleman has not made an allusion. There was also the question of the energy, the time, the labour involved in connection with those other enterprises; and besides all that, there was the grave question of policy involved, in a company in the position and obliged to make the demands upon public confidence, which the Canadian Pacific Railway was to be obliged to do, according to the programme now before us, in involving itself in enterprises not connected with the original enterprise at all, so disconnected with it that, large, wide, ample as were their corporate powers, they were not adequate to enable them to engage in those enterprises, but, having engaged in them in some sort, through the medium of their directors or otherwise, in the way in which we know companies often do in matters beyond their corporate powers, they were obliged to come here—I think it was last year—for legislation to enable them to engage formally and ostensibly in those other enterprises; and even that legislation, it seems, has not been found adequate to the occasion, for we have before us at this present moment another Bill to give them additional powers to go on further in this direction of enterprises not contemplated by, nor embraced in the original charter. I say, Sir, that you cannot conclude by any arrangement of the figures—even if they were accurate, as I think I shall point out that they were not, presently—you cannot conclude even by such an array of figures as he has put forward, if they could be maintained, that everything we were entitled to expect from this Company has been accomplished. We do not know that the difficulties in which they find themselves are not due to something by them done. Now, Sir, it has been my fortune upon more than one occasion—upon three or four occasions—to point out since this contract was let, what the position of the Railway Company was under it, according to the statements of the Government, according to the statements of the Railway Company itself, and as I conceived them. I have pointed out that they had, as I thought they had, a magnificent contract, that they stood in a wonderfully good position. But, I also pointed out, lately, that no matter how magnificent the contract, no matter how admirable the position the enterprise was one of such magnitude as to require the undivided energy and devotion of those concerned in it, as to require great prudence, wisdom and capacity in the conduct of it, else these elements of fortune which, as I conceived it unquestionably possessed, might not avail to prevent results disastrous to the corporation. And I pointed out, before, where I thought dangers existed in the course and conduct of that corporation, and to some of these, in a vague way, the hon. gentleman alluded this evening. We contended against the wide powers with reference to the extension of branches. I quite agree with the hon. gentleman that more railways than one in the North-West Territories are a necessity. I have always said so. I told him so when he was proposing the Canadian Pacific Railway measure. I agree with him—though I was a little surprised to hear him say so—that some of the branch lines this Company has built are of more importance than many sections of the main trunk line. How he reconciles that with his general notions as to the trunk line, I do not know; but however he may reconcile it with them, I quite agree with the sentiment which he expressed, I think, twice this evening, that there are branch lines that are more important than some sections of the main line of the Canadian Pacific Railway. But I contended with reference to the extension of the Canadian Pacific Railway, and with reference to its branches, that it was important that we should keep our control, and that we should decide for ourselves whether, and where such extension and such branches might be authorized. I felt that otherwise the funds which might have been devoted, and which prudence might require to be devoted, to

the construction of the contracted line, might be diverted to other purposes; and I felt that each time the Canadian Pacific Railway Company, while this contract was yet incomplete, came to Parliament to obtain power to acquire or build an extension, or to acquire or build a branch, it would be pertinent to enquire, how are you getting on with your main contract? What is being done? How is the money holding out? Or, is it certain that this enterprise in which you are proposing to engage will not involve you in one way or another in such sort that the conditions of your contract may be imperilled? All that was cast to the winds, and Parliament decided, at the instance of the hon. gentleman, to give a practically unlimited power with reference to extensions and branches—not absolutely an unlimited power to build in all directions, because it did not include power to run up through the eastern part of Ontario, as has since been done—but short of that, an unlimited power. Well, now, it has been said that what has been done, in so far as the hon. gentleman discussed what has been done, is all right; that it was important for the country, and that it was important for the Company, that the money should be judiciously expended, and has been so—and upon that subject I will trouble the House a little later. With reference to the route, however, the hon. gentleman has not touched upon that subject to-night. Although he announced that he was about to make his general statement as to the progress of the work, he did not think fit to embarrass the discussion by details upon the subject of route. We contended that too wide powers were given as to the route, that they would probably be used in a way which Parliament might not approve, that the road would probably be deflected too far to the south for the national interests, and that the special interest of the Company, as a monopolist and a cheap constructor, might be found to overbear those considerations which had up to that time fixed the route in another direction. Those interests have prevailed, and the road has been run very far to the southward. At a very early period, the Company decided upon running the road by Calgary, which meant upon running it *via* Kicking Horse Pass, or some route in that neighbourhood. They decided upon so doing before it was found that any pass was feasible; they have stuck to that

ever since, and we have not yet had laid before us such information as serves to show that even now a pass within the contract is feasible. On the contrary, the information laid before us indicates that no road can be constructed by that route within the meaning of the Canadian Pacific Railway contract; that the lowest maximum grades that can be obtained far exceed those maximum grades which are accepted as the standard grades, those, namely, of the Union Pacific Railway; and I maintain that without an Act of Parliament it is not within the power of the Executive to sanction the passing of the road by a route which does not give the grades which were prescribed in the contract, else the Executive alters, and does not execute, the contract. Well, then, Sir, much trouble has arisen already, and more trouble will arise, from the use of another power to which we objected, namely, the power of issuing stock for less than its cash par value. We pointed out that under this plan stock might be issued to an amount in excess altogether of the real requirements of the road, for considerations much less than its par and nominal value; that opportunities for the creation of speculative interests, for arrangements disadvantageous to the country in many particulars, might result from the exercise of such a power, and that ultimately the road would be loaded, as too many roads are loaded, with nominal capital far in excess of the money really required for its construction; and we find that that is so. It is true that no one, I do not believe that the hon. Ministers themselves, had the slightest idea of the extent to which that power would be used, because they would have been wanting in their plain duty to this House if, having the slightest idea of it, they had allowed the contract to go as they did, \$25,000,000 was named as the maximum capital, and all our calculations and discussions were predicated upon the idea that that was the largest capital this Company would issue, the largest nominal capital. It might represent a much smaller sum in cash. But availing themselves of a general authority in the Railway Act, which was made applicable to them under the hon. gentleman's provisions, they not long after incorporation increased their nominal capital to \$100,000,000. Now, no one pretended that they wanted \$100,000,000 of money. It was with the view of issuing stock at a

discount; it was in order to float the stock at something about fifty that \$100,000,000 were created. It was not because they wanted \$100,000,000, but because for certain purposes they preferred issuing a large amount of nominal capital to secure a comparatively small amount of real cash. Well, one of the incidental difficulties arising upon that was much discussed. For some time the hon. Minister of Railways held very strongly that they were entitled to pay 10 per cent. upon the whole nominal amount of capital, but ultimately he receded from that position; the threatened split in the Cabinet on that subject was healed, and the hon. gentleman acknowledged that it was what the road really cost, and not the nominal amount of capital the road should govern, so far as we were concerned. But in the meantime difficulty had grown out of it, because the Company announced that they were about to agree to pay interest upon their capital during construction at the rate of five per cent. The law says that interest may be paid during construction at a rate not exceeding 6 per cent. upon the amount actually paid up; and the stock being issued as paid up stock, the Company assumed itself to be entitled to pay interest at the rate of 5 per cent. upon the amount paid up. I maintained before, and I maintain now, that that is an illegal operation; that the Railway Act, which is the only authority for their taking the capital of the Company, and applying it to the payment of interest during construction, expressly limits that somewhat dangerous power to a six per cent. dividend upon the amount actually paid upon the stock, and that to agree to pay \$5 on every \$100 when \$46 or \$50 only have been paid, is to evade—not to evade, but really to violate the law. Another difficulty growing out of this mode of the emission of the stock was the uncertainty as to what the real capital of the Company was. The country was deeply interested in that, because the obligation which we had entered into as to the non-diminution of the tolls was dependent upon that, and yet upon that until to-night, we have been utterly unable to obtain any information, and the information which we have obtained to-night is very general and not at all satisfactory. Suggestions were made at an early period that the stock was being emitted at sixty. I afterwards saw a statement that the issue price was really fifty to the Syndicate which undertook the issue of the \$30,000,000. I

called the attention of the hon. Minister of Railways to that statement, and he said he had never heard anything of the kind and indicated his own want of credence in the report. But, to-night, we learn for the first time what \$55,000,000 of stock has realized, and we learn that it has realized only \$25,358,000; or if you are to assume that none has been distributed, none has been issued at a greater discount than another part, the stock has been emitted at 46 net to the Company as near as may be. Ought we not to know to what extent the Syndicate has increased its nominal holding of stock. They were to pay \$5,000,000 in cash, the original capital. I have no doubt they did so. But what does that now represent in stock of the Company? No doubt it represents much more than \$5,000,000. How much more? What did they take before they emitted the \$80,000,000? What arrangements were made for the disposition of the \$25,000,000 of stock, the only originally authorized capital? At what rate was stock taken, if stock in fact was taken, for the purchase of some part of the Canada Central Railway? All these are questions which are of deep interest to us, because we want to know what the Company has really obtained in cash for its stock, which is the measure of our liability, at least of our limitation as to the reduction of tolls. And we want to know it further, because it bears upon the considerations which are addressed to us in inviting us to sanction this loan to the Company. I have seen some organs of public opinion so ill-informed as to declare with respect to this proposition that the necessity of doing something for the Company was made manifest because its stock was actually selling at fifty-five, only fifty-five cents for a dollar, and when the stock had fallen so low it was quite clear that we never could allow the poor fellows to issue any more at such a rate as that. But as I have said, those organs of public opinion were ill-informed; they were deceived by the character of the operation. The Company emitted a nominal amount of stock far beyond what was required at a discount. They preferred to call the capital \$100,000,000 instead of 50,000,000—it sounded better. They felt better to know that they had \$100,000,000 instead of 50,000,000, and it gave them certain collateral advantages in issuing a large dividend or interest during construction and gave greater opportunities for a rise, because it was easier to

get stock up from fifty towards par than if it was issued at par to secure prices considerably above par. I have shown the House that the stock of the Company has been emitted at an average price net to the Company of forty-six, and upon this they have agreed to pay interest at \$5 on the \$100, which means a rate of almost eleven per cent. per annum, payable half yearly. These poor people whom you are asked to assist—these energetic people who want to push this railway on for you so fast—took sufficient care of themselves to arrange at an early day that on these sums which they had put into the enterprise they should get about eleven per cent. while construction was going on; and stock is to be sold and subsidies are to be obtained and advances are to be gathered in, and land grant bonds are to be realized, in order that, during construction, eleven per cent. interest may be paid to the Company. Presently they decided that they would finish construction very quickly, and then they decided they would have a guarantee as to interest. And they announced an arrangement whereby, even after construction, for a long period of years, the bulk of this dividend is to be actually guaranteed. It seems to me that when you find a nominal stock proposed to be emitted of \$100,000,000, when Parliament supposed \$25,000,000 would be extravagant; when you find that a part of that stock has been emitted at an average price of forty-six only; when you find arrangements made for the payment of a dividend upon that average price of about eleven per cent.; when you find the Company asking, in calculating the sum of this expenditure, that you should give it credit for making that provision for eleven per cent. upon its investment, it must be evident that these things require to be enquired into; that they require to be sifted and analyzed, and that we ought to get at the bottom of them. If we are to do that which the hon. gentleman not inaptly described in the instructions he gave to his engineer and the Commissioner of Inland Revenue—if we are going to enter into what has been put into the alternative of either a large transaction of mortgage or a partnership with a firm; if we are to go into partnership with a railway company, we ought to see how it has handled its business, what it has done with its stock, how it has been distributed; we ought to discuss this question of dividend and ascertain its result. I shall show pres-

ently that our position is not quite so advantageous as that of a partnership. We may be exposed to the risk, but it is not likely we shall have any of the profits. Then we objected to the monopoly, and I think events have vindicated that objection. It has been shown to be a very serious obstruction to the settlement of the North-West. It has been shown to be a very evil thing in the present and for the future of that country. We objected very strongly to what we believed was a wholly unauthorized and unconstitutional extension, in practice, of the monopoly which the hon. gentleman inaugurated—I use the phrase advisedly—when he advised the disallowance of certain railway charters upon the principles upon which he did so. The hon. gentleman is very fond, when he can, of sheltering himself under theegis of those whose past, as a general rule, he busies himself in reproaching and reviling and despising. But upon this occasion, he is entirely wrong in saying that the policy of the preceding Government furnishes an authority for his policy. There are two reasons against it. The first is, that what was done at that time—though it was not disallowance, but even supposing it equivalent to a disallowance—was done at a period when neither the route of the Canadian Pacific Railway nor the system of construction of the Canadian Pacific Railway—whether it should be by a Government or a Company—nor the terms of construction were settled; and I maintain, as I have maintained before, it is an entirely different thing to say you will control the railways of a country, through which you have a Government railway worked by the Government, and to say you will control them when you have handed that railway over to a private corporation. As long as it is a Government railway it is the people's railway, and the people cannot have a monopoly in its own concern—not an offensive or objectionable monopoly—because the interest to be served is that of the community that possesses the railway. Does any one suppose that rates too high for the good of a country could be charged by a Government having a railway? Why, look at this Dominion. Take the two ends of it, cutting off for the moment British Columbia—and I hope no hon. gentleman will suppose I mean permanently, but just for an instant—take the North-West at the one end and the Maritime Provinces at the

other; take the Government railway, extending from Quebec to the Maritime Provinces and the private corporation's road extending through the North-West, and ask upon what system the services are regulated respectively, by what rules the rates are established, what are the practical results to the communities respectively through which those railways pass, and tell us, if you can, without a smile, that you will put both in the same category. Again, such a policy was a revocable policy. It might be modified and changed. The same public opinion which would control the rates would decide, at the moment, when more access should be obtained. What the hon. gentleman did was, as far as they could, in the contract, to render it impossible that access should be obtained, and what they could not do in the contract they did by violating the spirit and executing the letter of the law, in disallowing all other railway charters in Manitoba. The contract itself says that in the North-West Territories, in those parts in which the Dominion of Canada has jurisdiction, no railways running in such a direction and within such limits shall be chartered for the next twenty years, and it says that in any new Province hereafter to be erected in the North-West, this prohibition shall be continued, obviously meaning that in the existing Provinces, no such prohibition could be made or was intended, obviously indicating that if such a provision had not been in the contract, the instant a new Province was formed it could exercise the constitutional right of chartering railways free of control. To prevent that, the contract contained the extraordinary provision that the constitution of a new Province, as yet unborn, should be hampered and restricted by a provision prohibiting it from exercising its constitutional right. In the face of that and in the face of the statement made by the hon. First Minister in the debate often adverted to, that we cannot check Ontario and Manitoba, he has been checking Manitoba ever since. Now, he tells us he is glad he is able to inform us to-night—I suppose he hopes to gild the pill for the North-West, as in another way he attempted to gild the pill for numerous persons to the eastward; but I think the gilding was put on pretty badly; I think I saw the pill show itself in several places, and I am surprised that the hon. gentleman, with all his old experience, was not able to accomplish the task more

deftly than he did—he hopes to gild the pill by saying that, as soon as the railway is actually built, the Government will be able to review the question of reconsidering the policy, and they really think they will be able to stop oppressing Manitoba and violating the constitution at some period two or three years hence. Why? He is kind enough to tell us why. Because the Company think they will be able to do it safely. They think by that time, what their powers, and their privileges, and their exemption from taxation, and the claws they will have stretched over the whole of that country, they will have it so entirely in their grip that it is really of no consequence what power you give the poor people. "Live horse and you will get grass," but the hon. gentleman proposes that the horse shall die, and then he will put a feed of hay before him. As soon as the people of Manitoba are completely under control, he will grant these concessions, and he calls on them to fall down in thankfulness for the concessions he proposes to make. Now, Sir, we contended that the monopoly was a grievous one, inasmuch as it was calculated to produce high rates and to produce the usual results which are produced by monopolies; and that it was important, in the early settlement of the country, that power, free power, should be given to construct railways. Since that time, argument has been addressed to us to show that the rates were extremely moderate; that they were very reasonable; that they were all that could be expected; that in a new country like this, it costs a great deal—as no doubt it does—to run a railway; that, in a country with not much return freight, it necessarily costs more; that, in a country the climate of which is somewhat severe, it necessarily costs still more; and that, therefore, the rates should be high in order that the railway might be remunerative. But these arguments are all lacking in this, that those who use them forget that it was one element of this contract that the road would be run at unremunerative rates for a long time after it was opened, and that, in consideration of that circumstance, large moneys and lands were added to the public aid that was to be given to the owners of it. We were told, when we contrasted the price with that which was to be done, "Oh, but you don't take into account the circumstance that the Company will have to run the road at a loss for a great many years;

we've taken it into account as, as honest men, we should, and we are paying them in advance for that unremunerated running." Well, having paid them in advance for that unremunerated running, it is now argued that the rates should be such as to remunerate them, and therefore they are to be paid double, first in advance under the contract, and then by the people of the North-West—or, according to the statements which are made, the people of the North-West are to pay in both cases; because, if those statements are to be credited, the North-West is to pay the whole contract price out of its lands so that it pays, first in advance under the contract for cheap rates, and then pays dear rates after the contract has been accomplished. Now, I have been unable to observe that the speed with which this enterprise has been conducted has conduced to its success. I have been unable to observe that those who have been concerned in it have had such miraculous powers of intuition and of judgment and decision as to reach conclusions more rapidly than they need have been reached, and at the same time rightly. Hasty decisions have been taken, different plans have been adopted; and these have indicated, from time to time, the absence of that careful consideration, that prudence of action, which was essential to make this enterprise a success. Take for example what was called the Sault Ste. Marie Branch. At a very early period in the history of the undertaking, it was announced that the Company was about to build a branch to the Sault Ste. Marie. At that time other companies were thinking of striking for the Sault Ste. Marie, but the great Canadian Pacific Railway Company announced that it was going to build a branch to the Sault Ste. Marie. It was announced in public, and the hon. Minister told me, "Your views are about to be fulfilled; you said the Sault ought to be reached, and they are going to reach the Sault." Well, a little while later, the hon. gentleman received a communication to the effect that they had altered their views. They had sent in their plans in which they called this the Sault Ste. Marie Branch. They had now decided to make the main line by the Sault Ste. Marie; and they asked that their plan, which was called the plan of a branch might be made the plan of the main line so far; and they announced that their engineers had gone over the road and found a practicable route, and it was a much better thing,

although more expensive, for other reasons much better than the former route; and the hon. Minister acceded, with the reservation advised by his engineer that, until they had established on the ground the possibility of connecting Port Arthur with the Sault or the neighborhood of the Sault, the subsidy should be retained. Well, they were going on, and, at that same demonstration at which the hon. the First Minister made the observations to which I have alluded, he spoke at length upon this subject, and he told what a great thing it was for the country, what a great thing it was for Ontario in particular, that it was now arranged, and that the change of route was about to reduce the period of construction on the north shore of Lake Superior by many years. Not long after, the whole collapsed. There is no letter brought down—I know not whether any such exists—explaining it, but, without any explanation given to Parliament or the public, the plan is altered, and they determine to carry the main line through the interior, they go back to the old route; and then they determine to build a branch to Algoma Mills; and that is the plan upon which they have been working since; thus showing no less than three changes of plan, and indicating, as I have said, that this extreme haste of execution is very apt to lead to hasty, and very possibly, to imprudent and erroneous decisions. And we were told that it was of the last consequence that the Algoma Mills Branch and the connecting link to the eastward of it should be early built. We were told that it was going to be a great thing for us this coming year, that the immigrants should go by this short and speedy route to Port Arthur. We were told we should see the Canadian Pacific Railway carrying the immigrants by that route, a splendid route, so many miles from Montreal to Algoma Mills, than the twenty-four hours' voyage from Algoma Mills to Port Arthur, and so on. But the newspapers tell us—and I believe in this case they tell the truth—that that is not to be the route at all; that the steamers are to sail from the port of Owen Sound for Port Arthur, that the business is to be done from the port of Owen Sound and not from Algoma Mills this year; that the immigrants are to be carried by the Ontario and Quebec and the Toronto, Grey and Bruce to Owen Sound, and that the voyage is to be from that port to Port Arthur, and not by the other route at all.

So it appears that for the practical purposes of getting a route to the North-West within our own territory for immigrants, there was no necessity for that great expedition which was used in building the branch to Algoma Mills. If the branch to Algoma Mills is not to be the immigrant route to the North-West, what was the object of hurrying that branch and of expending the close upon \$2,000,000 which have been expended in its speedy construction? If you find that the bulk of your immigration next year, that the bulk of your transport of passengers and goods next year goes, not by Algoma Mills at all, but by Owen Sound, will you not find that once again speed, rapidity of decision, has resulted in premature expenditure, in expenditure which having regard to the other obligations of the company, and to the difficulties which it was possible would surround them, had better turns out have surrounded them, and which it have been deferred? Then Sir, the decision with reference to the southern route, to which, I have adverted, was I greatly fear a mistaken decision on another ground. I have never said anything upon this subject in public before, but I have collected such information as I could ask of everybody whom I met, who had passed over the western part of the railway, and I am obliged to say that the opinion unanimously entertained—I never was able to elicit any contrary opinion from any gentleman I approached—was that the appearance of the country along that southern route in the western part, west of Moose Jaw to the foot hills of the Rocky Mountains, was far inferior to the appearance in other parts (far inferior to the territory that would have been passed through by the central route) and considerable apprehensions were entertained and expressed by every one to whom I spoke, as to the results to the Company of the inferiority of that land in quality and the difficulty with reference to want of water and to the dryness of the climate. Now, with reference to those eastern operations, which the honorable gentleman has not particularly alluded to—at least, to most of which he has not particularly alluded—I think they fall into different categories. There can be no doubt that there was a great amount of reasonableness in the view that the Canadian Pacific Railway should seek to extend its direct control as far east as the city of Montreal. There can also be no doubt that the contract itself, in terms,

indicated the probability of such an extension. It refers to that extension particularly. It deals with the Canada Central. If I recollect aright, it deals with the other railways, but at any rate it indicated pretty plainly an intention, if possible, to get to Montreal. However, it is one thing to say that that intention was a sound one, and it is another thing to say that the means adopted, the bargains made, the arrangements entered into were such as were prudent and wise. I have not been able to ascertain, from the information which has been laid before us, with an approach to absolute accuracy, what the cost of the railways which the Canadian Pacific Railway Company has acquired in the east is. I have made a conjecture, to which I will refer later on; but, I say, that it is obvious that the purchase included numerous branches not very material at all to the main line, and that upon the main line expenditure and the main line mileage between Callander and Montreal, the cost of these railways, treating them as acquired for the purposes of the main line communication, will be an extremely heavy cost. The hon. gentleman has not on this occasion alluded to one of those purchases, which is generally treated as absorbed in the great purchase, I refer to that of the Laurentian Railway, a separate railway bought about the same time, and as I showed last Session, from such information as I could obtain, purchased from Mr. Senecal at a price which realized to him an enormous profit, and which was far in excess of the mercantile value of the railway. I do not believe it has been any value to the Canadian Pacific Railway at all; and whatever value it may have to anybody, the price which I believe was paid was a price far in excess of the value of the concern. I pointed out the details of that transaction last Session. I maintain, when we are called upon to decide that this Company has so well and wisely expended its funds, that we have a right to lend it \$30,000,000 more, that that transaction ought to be explained. I maintain that we ought to have information upon it. I maintain that we ought to have information upon it. I maintain we ought to be told why it was that this link of railway was purchased, and at what price and under what circumstances. I believe it to have involved the throwing away by the Canadian Pacific Railway Company of something about \$400,000, as near as I can conjecture. Now, Sir, so much for the moment with

reference to that which is ordinarily put together under the heading of Callander to Montreal. But with reference to other roads, not much information is given. It is true that, with a few exceptions, the funds of the Canadian Pacific Railway Company have not been directly expended in the Credit Valley enterprise, so far as is shown. It now appears that \$484,000 of the Company's money has been spent in Credit Valley bonds, which are at present held by the Government as security for \$1,000,000 of money. It is made plainly to appear that there is \$484,000 of its money spent in the purchase of these bonds. But, Sir, upon an occasion of this description, when we are called upon to consider what the obligations of that Company are, to which we are to lend money, I maintain that the hon. Minister has not discharged his full duty when he has failed to tell us how the Company stands in relation to the Credit Valley, the Ontario and Quebec, and that whole system. So far as the general sources of information and the Act of Parliament enable us to judge, the Canadian Pacific Railway Company is becoming the lessee of those lines on terms which oblige it to guarantee five per cent upon the bonds which are outstanding. The bonds which are outstanding were sold, in the case of the Credit Valley, at, I fancy, somewhere from thirty to thirty-five cents on the dollar, and they have been made worth par—if the Canadian Pacific Railway guarantee will make them worth par—by the guarantee of the Canadian Pacific Railway. Now, the Canadian Pacific Railway has agreed, in effect, that those roads shall earn five per cent. on their whole cost; and legislation is before us this Session. (as well as I could understand the Clerk at the Table, who was reading the petition) for power for this Company to extend its railway through the western peninsula of Ontario, to the border, and other proceedings are being taken to enlarge the bounding system of the Credit Valley Railway. I do not know—we have no information at all before us—as to what the real extent of the obligations of the Canadian Pacific Railway Company are, with reference to this enterprise. Those obligations may be light or they may be heavy—it depends upon the results of the traffic of these roads when they are completed. But I need hardly say that we may fully expect the completion of the operations through Ontario, of the Canadian Pacific

Railway Company to result in a temporary advantage, at any rate, to a considerable portion of the community. I believe there will be a very severe competition there; I believe there will be very low rates of fare for some time; I believe the Ontario and Quebec system will be forced to run at rates, and under circumstances, which will render it extremely difficult for the Canadian Pacific Railway Company, out of its earnings, to pay five per cent. upon the complete cost of that system. If so the general assets and capital of the Company will be responsible for the deficiency. It is, I presume responsible for the deficiency to-day, in the case of the Credit Valley Company, be that great or small. Then there is an arrangement made with the Toronto, Grey and Bruce Railway Company, under which that railway is leased by the Canadian Pacific Railway. Nothing has been said about that; we have not heard what the extent of this obligation of the Canadian Pacific Railway is; we know not what the traffic account of the Toronto, Grey and Bruce Railway is; we know not whether the probable traffic of that road will pay the expense of it. If it does not, that, of course, becomes an onerous obligation to the extent of the deficiency. Then there is the Atlantic and North-Western Railway, in which the hon. gentleman said a sum—I have forgotten exactly what it was, something under two hundred thousand dollars—had been expended by the Canadian Pacific Railway Company in acquiring the charter, and so forth.

Sir CHARLES TUPPER. And building a road.

Mr. BLAKE. How much was built?

Sir CHARLES TUPPER. Round the mountain at Montreal.

Mr. BLAKE. I don't know how many miles were built. It would be interesting to know how much was paid for the charter. We pass so many charters, Mr. Speaker. Our hands are so full of them. So many hon. gentlemen are engaged busily during the Session in passing railway charters. We pass them with so much freedom. It is so very little difficult to pass a railway charter, unless it be in Manitoba, that what the worth of a commodity of that kind is, after it has received the valuable imprint of this House and the Senate, and the assent of the Executive, it would be interesting to know. I suppose the Canadian Pacific Railway Company, itself, would have no

difficulty in getting such a charter as that of the Atlantic and North-Western. But some one else got it. How much did the Canadian Pacific Railway Company get it for, and for what purpose? Doubtless, in order to secure connection with the South Eastern. There the hon. gentleman felt himself treading on somewhat tender ground, because he said that it was very important for the Canadian Pacific to acquire an interest in the South-Eastern. From his description of the road, it appeared to me to run almost everywhere. It seems to furnish the most direct means of connection with Boston, Portland, New York, Halifax, St. John, St. Andrews and Louisburg—I do not know whether I have got them all; but it seems that the Montreal, Portland and Boston Railroad was the one thing needful, or one of the things needful, to get to these different places. It seems, also, that they have to build a railway to get to Quebec. The hon. gentleman says they will build one immediately. I hope he will give his bail for that. It seemed to me the South-Eastern was of an extraordinary character and from the capacities it possesses, I am not surprised that the Canadian Pacific gave \$1,600,000 or \$1,700,000 for a controlling interest in it. It is a valuable thing, and they seem to have got it very cheap. The hon. gentleman said it was important that we should have the Canadian Pacific Railway run to a winter port in Canada. He said, also, that the Company were of the same opinion. In point of fact I do not know but that they have been expressing their opinion on that point to some members of this House very recently. In order to do it, it was necessary they should secure the Montreal, Portland and Boston Railway. It was probable with the same admirable intentions they were engaged a little while ago, in the City of Portland, negotiating with the municipal authorities of that city, for the purpose of acquiring the Portland and Ogdensburg Railway, which also, I have no doubt, possesses the same admirable faculty of being capable of being used to give connection with St. Andrews and the other Maritime Province ports. The hon. gentleman explained, with that lucidity and clearness which distinguished his utterances to-night, and which particularly distinguish his Parliamentary utterances upon this subject, how they were to reach these ports, except St. John, which he left out, or almost left out; and I observed, when he dilated on Halifax, how the jaw of the Finance Minister fell, as if he were saying to himself: "This will never do, he is making an awful mess of it; he is making too much of Halifax. The idea of setting Halifax up! He should have put all the ports on an equality. He should have mentioned them all several times, so that each one might be mentioned first." The hon. gentleman having gilded the pill for St. Andrews, Halifax and St. John, and having told the people of Quebec that they were to have a third railway—I wonder on which bank of the St. Lawrence, or whether in the middle of it—to reach their port as a summer port—having satisfied the different members, in that way, he went on to say that the Canadian Pacific Railway would have failed in its duty to Canada if it had stopped there. It ought to have gone further, and he there pointed out that admirable faculty which the South Eastern possesses, namely, that it would not only reach these ports, but the United States ports as well. He said they ought to reach there in order to be in a position to take the commerce from the port of New York, to take the commerce from the port of Portland, to take the commerce from the port of Boston, and cause it to pass over their great railway, and that they would be wanting in their duty to Canada if they did not provide the facilities. Mr. Speaker, there was once a man who was asked if he would contribute towards a bonus to a road to run out of his town, and he said, "Never; I will contribute towards as many bonuses as you like for roads to run into the town, but out of it—never." Does the hon. gentleman suppose that if traffic comes from New York, Portland and Boston towards the west, over the Canadian Pacific Railway, the traffic will not go eastward to New York, Portland and Boston? Does he suppose his railway will run only one way, like the man with the bonus? It may be right—I do not say it is not right—but it would be trifling with the intelligence of this House to suppose this is other than a serious question with reference to the terminal point of the Canadian Pacific Railway, and we may as well face it. We may as well understand distinctly whether it is part of the policy of the Government and of Parliament that the resources which this Company possesses, by virtue of this contract, are to be applied—while yet we are to be engaged in pouring out of the

public treasury \$80,000,000 more — to creating an Atlantic terminus in the United States for the Canadian Pacific Railway. Now, Sir, this was not all. With reference to the expenditures, it turned out that the sum of \$700,000 had been expended in what the hon. gentleman calls—I believe it is the technical word of the market—"sustaining" the stock of the Canada North-West Land Company; and there are divers other large items mentioned in the hon. gentleman's statement but not explained. But the hon. gentleman said: I felt it my duty, in dealing with this matter, to procure thorough, sound, good information. He felt it his duty to ascertain, to the bottom, how things stood, and so he employed his engineer, and the Commissioner of Inland Revenue to go to Montreal and make an investigation into the accounts of the Company, such as would be suitable in case somebody else was going to advance them a large sum of money upon their property, or to become a partner in their business. That order was issued on the 28th of January, and the report was made, if I understood the hon. gentleman aright, upon the 2nd of February. What were they sent down for? To inform the hon. gentleman's mind? To enable him to understand what they were doing? To enable him to get that information which was necessary for him and his colleagues to arrive at a decision? Oh, no! Because they had already reached a decision? They reached a decision before the report came. An announcement was made; we had their policy declared to us, and therefore it was not for that purpose. But I suspect that it was because it was thought that we would accept this statement, and the hon. gentleman's officers and the officer of the Minister of Inland Revenue, were sent down to make a report with reference to the transaction under this state of things. The Ministers under whom they serve, concluded that they would enter into the partnership, that they would make the advance, and Parliament should have, they agreed such information as would enable it to agree with the Ministers. The officers come down and they make enquiry, and it is expected Parliament will agree. They make the enquiry in two, or three, or four days into these transactions, involving so many millions of money: they make it in reference to a decision already arrived at. Is it not the most surprising thing in the

world that these two subordinates of the hon. gentleman did not find that the accounts were all wrong, and that the transaction was one that he would not accept? I am amazed! It was so probable that they should have found differently from what the hon. gentleman had decided; it was so probable they should have differed from the Cabinet with reference to the proposition they were about to submit to Parliament, that it is really extraordinary we should have from them the report we have heard from the hon. gentleman to-night. Now, Sir, in that report they tell us that they did not enquire into the distribution of the stock; they tell us that they did not investigate the expenditure on the line; and if we are lending money upon the faith of a wise dealing with the stock, and upon the faith of wise expenditures upon the line, they did not investigate things that were extremely material. I have no doubt that these accounts are not falsified; I have no doubt that these accounts are kept as these gentlemen said they were kept; I have no doubt that there has been no falsification or fraud in the keeping of the accounts of the Canadian Pacific Railway Company. But the question is, what their transactions have been? The question is, whether they have been prudent, whether they have been wise, what the nature of them has been. These were the questions which were to be entered into—these were the questions which were to have been investigated. But the investigators tell us: We did not enquire into the distribution of the stock; we did not enquire into the expenditures of the Company. Then, Sir, everything went well as long as the money held out. As I have said, the Company was lauded by everybody holding views consonant with those of Ministers, as possessed of all those capacities and faculties which Ministers credited them with. They could make no mistake, they did make no mistake; they were building faster than any one had ever built before; they were building better than any one had ever built before; they were building cheaper than any one had ever built before. The road was improving all the time in its prospects; the work was becoming easier; and it was found from day to day and from year to year that the difficulties were disappearing; that traffic prospects were becoming brighter. Everything pointed more and more to the extreme

excellence of the enterprise. With this joyful news we were regaled in season and out of season, until the time arrived that another story was told; until the time arrived that the country was startled, in the month of October last, by the statement that the Government had agreed to guarantee the stock of the Canadian Pacific Railway Company to the extent of three per cent. for the period of ten years. In the meantime the possessors of the fortunate contract, of this magnificent enterprise, had been dealing just as you would expect them to deal; they had been acting with reference to it just as you would expect them to act; and now suddenly, without a moment's notice, we are told that they are to get a Government guarantee. The first announcement was on the 27th of October, and it was that the Government had guaranteed the interest upon \$100,000,000, and that they had received \$15,000,000 in cash, and \$5,000,000 was to be received on the 1st of February last, and \$4,500,000 in undoubted security. That was the announcement when the details were given, but in the first instance, there was a simple announcement that the Government had made the guarantee as stated. Now, Sir, I have never been able to understand, and the hon. gentleman has not explained to-day, how it could be that if the Company gave cash, or the equivalent of cash, to an amount representing the present value of that guarantee, they would be any the better for the operation. It is not in the nature of things that they could be. It is impossible that they could be improved by simply taking a certain portion of their available assets and locking them up at a fair price to represent dividends for ten years. The hon. gentleman tells us that the greatest financiers of Canada, of New York, of London, all agree that this operation would have the effect of increasing the value of the shares of the Canada Pacific Railway Company. Well, all I can say is, that I should like some explanation as to how it is possible, on the assumption I have named, that tangible assets of the Company, fairly representing the worth of the guarantee, and which were handed over for the guarantee, could increase the value of the shares. He might as well tell me that by taking your money out of your own pocket and putting it into your hands to keep, you were increasing your wealth. He might as well tell me that by locking up a

portion of your funds in certain investments producing only four per cent. you are better off. It is quite true that if that had taken place, which was for some time thought to have taken place; if the Government had given that gratuitous guarantee, if the Government had engaged the credit of the country for cash or its equivalent, that might have been an advantage; the then holders of the stock might have realized more for it, because persons might buy more readily when they understood that the Dominion of Canada was good, at any rate, for three per cent. upon the nominal value of the stock for ten years; and that would cost the Company nothing. But, if that was the assumption, it was speedily to be disturbed. That was, apparently, the assumption, for the stock rose. In England a cable was received by Morton, Rose & Co., the agents for the Company, announcing that the Government had guaranteed three per cent. on the \$100,000,000 for ten years, and announcing also that the earnings of the Company were left free to supplement this dividend with interest at three per cent. That cable was, no doubt, unintentionally, very unfortunately worded, because the impression that it would convey—that it conveyed to me, and that it conveyed to others—was, first of all, that the guarantee was gratuitous—not that it was simply a deposit by the Company with the Government, of assets which the Government was going to hold, but that it was a gratuitous guarantee. I certainly did suppose when I read that cable, which declares that the earnings of the Company were left free for ten years to supplement the dividend, that no part of the earnings of the Company was charged to pay this three per cent.; but I find, when the papers come down, that the postal and the transport services, two elements of the Company's revenue, are expressly charged to pay the dividend, although I am unable to reconcile with my reading of the agreement, the statement made upon the London market, and I presume upon the New York market, that this arrangement was such as left the earnings free. However, upon this understanding, the stock rose, and it rose to somewhere about sixty-four in New York and London. There was a considerable amount of speculation, and I believe that the market was what they call milked, and that a good many people lost a good deal of money in Canadian Pacific Railway stock. Who

profited has not yet been disclosed. In a few short days it was found the Company had made a mistake. They said in their letter, written about eight days, I think, after the first proposal, that they did not want this arrangement. They proposed that the guarantee should extend to this \$5,000,000 only, because they said they did not want to sell the \$35,000,000 at once, and they said also, it would cost them too much money. Is the House surprised, are the Government surprised; is the country surprised that some financiers, although not perhaps so wise as those who thought it was an excellent arrangement, should have declined to believe that the value of the stock was raised by a transaction of this description? The stock shortly fell, and full disclosures were made—no not full disclosures, but more disclosures as to the character of the arrangement. It was discovered that a certain amount of cash was paid, that more cash was to be paid, and that securities were given for the rest. The securities were not disclosed. According to the explanations of the hon. gentleman himself, the check and fall in the stock is attributed to the mystery and want of openness which had characterized the transaction; and I must say that so far as regards the Company itself and the Government in connection with this transaction, it was unfortunate in the last degree that it should have been carried out as it was carried out—carried out in a manner which enabled the imputation to be made with too much apparent reason, that negotiations with the Government had been made use of to profit private persons who were aware of them. I maintain there should have been absolute secrecy as to this arrangement, and no dabbling in the stock of the Company by any one acquainted with it, and that when completed it should have been made known, in all its particulars, to the public. The whole arrangement should have been made known. I say, so that the public could have become aware exactly what the Government were giving, and what the Company were giving to the Government, and judge for themselves what the effect upon the stock would be. But the First Minister, as the *Montreal Witness* informed us some time ago, is said by Mr Drinkwater, Secretary of the Company, to have told the Company not to speak, and to have declared that he himself intended to make a full explanation in a few days, and in the

meantime they should be silent. And silent they were. But the First Minister did not speak; he does not speak now. The transaction affected the Government otherwise. What a chorus of laudations were heard. It was described as a magnificent transaction, one in which the Government had achieved a financial success; an operation of a character capable only of being achieved by the present Finance Minister. Why, the failure of the domestic loan turned out to be a blessing in disguise, because the hon. Finance Minister did not want money, for the Syndicate would provide him with it. What did he want with \$4,000,000 when \$24,500,000 were to be provided by the Syndicate of the Canadian Pacific Railway? What a lucky thing it was that he had not taken up a loan? He would not have known what to do with the money because of those \$24,500,000 he was going to get from the Syndicate. Not merely was the money to be supplied which was intended to be taken from the pockets of his fellow-countrymen by making a loan, but the loans which were about to expire in eleven months, were also to be largely met. The situation was easier. The hon. gentleman would have to go to England, it is true, but only for a fraction of the sum for which he would have otherwise had to go, because the Canadian Pacific Railway Company, adding one more to the immense blessings which it had already conferred upon the country, was pouring out of its abundance into our coffers those sums, to redeem our indebtedness. Did those who described this action as admirably beneficial to the Government and the country, ever consider that if it was so good for them, it could not really be so very good for the Canadian Pacific Railway Company too; that it really could not advantage the Government so enormously and be also a great good to the other party to the bargain. A mere money transaction of this description cannot possess those conflicting characters. How changed the situation now is. In November last, we were congratulating ourselves that we had \$24,500,000 of solid cash ready to be furnished by the Company to redeem our debts, and to-night we are discussing a proposition that we shall advance \$22,500,000 to the Canadian Pacific Railway Company. If that is not a turn-about-face, from November to February, I do not know what a turn-about-face is. It was a splendid thing for the

Company and for the country that the former should furnish \$24,500,000; it is now a splendid thing for the Company and for the country that the latter should loan them \$22,500,000. The hon. gentleman stated that this transaction was almost warranted by the law. We have a new idea respecting the sanctity of Acts of Parliament, and the power of the Executive in these later days. It was only the other day that a solemn Act of Parliament passed by hon. gentlemen opposite, and which provided certain things imperatively, was dispensed with by those hon. gentlemen, and when I asked under the authority of what law I was told it was done under the law of necessity. We know that necessity knows no law, and as the hon. gentleman represented necessity, I do him no injustice in saying that he knew no law on that occasion. There was actually no Order in Council passed but a Departmental Order was issued, informing Collectors of Customs throughout the country that they were required to disobey the law. In that view I am almost surprised to learn that the hon. Minister of Railways admits that they have a little transcended the power of the Government in making this arrangement. I am surprised he did not say that they were fully clothed with authority for it. Why should he not have done so? There is a law which authorizes them, in case they require cash to pay our debts or meet our obligations, to borrow that cash and issue terminable annuities in return therefor; and having that, is it not almost within the law that they should issue the securities without getting the cash? It is true that inconvenience would arise; because the object for which the transaction was carried out was to obtain cash, and if the cash was not obtained, the debts could not be paid. The hon. Minister says that the Government, in taking this action, but slightly transcended their powers. I say it was an exceedingly grave act; that it was an act to be done only under a sense of the gravest responsibility; an act to be done only in some emergency which would be of itself a justification for the breach of the law; that it was an act which is calculated, if slurred over as this act is slurred over, to throw doubt upon all the securities of the Canadian Government; an act as to which the Ministers, before they entered into it, ought to have been satisfied, first of all, that it was absolutely required by some pressing emergency, and secondly that it would have met the emergency. But, Sir, they were not satisfied that it was a pressing emergency, nor did it meet the emergency after all; for the hon. gentleman tells us that the result of his great coup was not merely a failure, but positive disaster; that it was disastrous to the Company that the transaction should have been entered into, because they did not improve the price of their stock by a dollar, and they did pay into the hands of the Government the \$8,700,000. And they come down to Parliament and in the Speech from the Throne they tell us that they made this arrangement in October. They do not tell us that they transcended the law under the pressure of necessity and that they are about to ask us for a Bill of indemnity for that transgression of the law. They do not propose any bill of indemnity, but they say, we will treat this as an ordinary transaction and we will ask you to make it a little better for the Company. You will go into the committee, treat the agreement as a valid agreement, and the Company not being able to implement the agreement itself, we will ask you to agree to a postponement of the February cash to the end of five years. I say that that is no constitutional, no proper mode of treating transactions of this kind, and this Parliament will be wanting in its duty to the people it assumes to represent if it does not insist on transactions of this enormous magnitude, created in defiance of the law, being at any rate dealt with, with such due regard to their gravity as to call for that formal and full sanctioning of them on that ground of necessity which can be their sole ground of justification. The Government, however, were certainly persuaded, and they put the shareholders of the Company in a pretty good position. They agree to guarantee the dividends to the stockholders for ten years, and to do that to a large extent on credit, after having received the cash which was the price of the dividend. Here again is a little inversion of the order of things, as it existed. We were told when the Canadian Pacific Railway contract was passed, that we were obtaining from the Company security that they would complete the line; but now it seems it is proposed to us that we should give up the security to complete the line, and in lieu of it give them security to pay

absolutely required by some emergency, and secondly, we have met the emergency, were not satisfied that the emergency, nor did it meet after all; for the hon. gentleman's failure, but positive was disastrous to the Company. A transaction should have been because they did not improve their stock by a dollar, and to the hands of the Government, \$20,000,000. And they come in the Speech, they tell us that the Government in October. They say that they transcended the law, of necessity and that we ask us for a Bill of indemnity, a transgression of the law. They say a bill of indemnity, but we treat this as an ordinary transaction. We will ask you to make a bill for the Company. You say, in committee, treat the agreement, and the Company is able to implement itself, we will ask for a postponement of the end of five years. It is constitutional, no proper transactions of this kind. It will be wanting in its nature, it assumes to represent transactions of this kind, created in defiance of any rate dealt with, with their gravity as to call full sanctioning of them, a necessity which can be of justification. The Government, were certainly permitted to the shareholders of the Company, a pretty good position. We guarantee the dividends to the shareholders for ten years, and to do so on credit, after having a price which was the price of things, as it existed. In the Canadian Pacific Bill, passed, that we were to guarantee the Company security that the line; but now it is to us that we should to complete the line, and to give them security to pay

dividends. This is an arrangement which is highly satisfactory, I have no objection when accomplished on credit, to the shareholders; but if it is not an alteration of the contract with the Company, I fail to understand what an alteration is. Now, the present proposal is that we should guarantee to the extent of a sum which is in cash to a present value of \$7,300,000, and lend them \$22,500,000 besides. We are to engage \$30,000,000. In so we are also to abandon the security of the completion. The Government is to have a very peculiar relation to the Company—a sort of double and inconsistent arrangement. First it is to guarantee dividends to the stockholders, and secondly, it is to mortgage of the road. It is to guarantee the profits to the stockholders of the Company for ten years and to be the mortgage of these very profits out of which dividends can alone be paid. What is the result of that position? Very little crying over tolls after this will be listened to in this Parliament, because the answer to the Company would be. Ah! gentleman, good. You are of course aware that we have guaranteed interest on our stock to the extent of three per cent; you are aware that you have lent us \$22,500,000 which we agreed to pay interest, and the funds out of which we can pay interest are the profits of the enterprise. If you want to cut down the tolls, you understand that you cannot get—

CHARLES TUPPER. There is the question of the lands.

MR. BLAKE. Of course there is the question of the lands, but what has been said is the sale of the lands. The dividend is to be paid all the time, and the interest will the Government be in a position, under these circumstances, to meet the suggestion of the company; that the interest on the country requires high tolls in order that the obligations entered into may be met without loss to the Company, in reason of the Company having a deficient revenue? Now, I do not intend to go into that many of the estimates which the gentleman has made. There will be an opportunity for fully discussing these estimates, which are not the same in some particulars as those which are given in the Company's own statement. The hon. gentleman has introduced, and rightly introduced, certain elements which were not to be expressly set forth in the

Company's statement, as for example, the element of cash received for town sites, and the element of the income received from the earnings of the road. There are other items which should also be added, amongst them being the Winnipeg bonus of \$200,000 which was received in the last year. It is better that the statement should be made once for all, with a full appreciation of the bearing of the hon. gentleman's additions and changes on the statement of the Company themselves—that it should be made in the most perfect form to night and repeated afterwards. A few general observations, however, may be made with reference to these calculations. Last Session I pointed out to the House the estimate of the Company, according to the report of December, 1882, of what the road would cost, embracing the line from Montreal to Port Moody and the branches, exclusive of the Government sections. What the Company said then was that the road would be built for \$25,000,000 of subsidy, for land grant bonds to the amount of \$20,000,000, and for \$90,000,000 stock, which, at sixty, was equal to \$54,000,000 in cash; that is, for in all, \$99,000,000 of money. As late as April, 1883, the President of the Company published a letter in which he said that the cost to the shareholders of the 3,260 miles fully equipped, would be the \$54,000,000, which he assumed would be realized for the \$90,000,000 of stock against which they would have 17,000,000 of the finest wheat lands on the continent. This same estimate, practically repeating in April what had been stated in the December previous, was, that the whole line from Montreal to Callander and the presently contemplated branches would cost the Company \$99,000,000, of which the Company would have to provide \$54,000,000. Now, last Session I showed, analyzing that statement, that from this should be taken to get the cost of the main line contracted for, for the extensions and branches, about \$3,000,000. I was unable to speak with exact accuracy, but that was the nearest approximation I could make, and I am not yet persuaded that there was any material error in that approximation. If there was, it was against the figures as I now present them, that would leave the cost of the contracted line \$91,000,000, according to the estimates of the Company in 1881. Now, in January, 1884, a fresh estimate is presented, and that estimate is really worth

the attentive consideration by Parliament, when it is called upon to rely upon this new estimate, as proving that funds are now being provided with which the road will be completed. This estimate embraces these figures: Mr. Stephen states that the total expenditure of the Company has been \$58,700,000; and that it will cost to complete, \$27,000,000—and I add for equipment, \$2,800,000 to that estimate; making a total cost of \$88,500,000 to complete the whole railway.

Sir CHARLES TUPPER. It includes equipment.

Mr. BLAKE. I am very glad to hear it. Then the present estimate is that the total cost will be \$85,700,000. Now, that amount is \$13,300,000 less than the estimate of April last for the whole road; so that, if we assumed the estimate of \$85,700,000 to be for the same subject-matter as the estimate of December, 1882, and April, 1883, we find a diminution in the cost of something like \$13,000,000. But that is not all, for this new estimate of \$85,700,000 embraces much more than the old estimate. It embraces the deposits for future dividends for years after the completion of the work. I leave, as supposed to be embraced in the old estimates, those dividends until the period estimated for completion—the two years remaining; but there are many years after completion for which the Company has already provided dividends out of this \$58,700,000. For that, \$5,000,000 is to be deducted. That sum embraces also that multitude of items—the seaboard extension items—to which the hon. gentleman referred, amounting to \$3,500,000; and it embraces also the Credit Valley bonds of, say \$500,000, making in all \$4,000,000 in round numbers—that is, \$9,000,000 altogether, of items which are embraced in the transactions contemplated by the last estimate, and not in the former ones. Deduct, therefore, \$9,000,000 more, and you get a sum of \$76,700,000 as the cost now estimated of the same work which was estimated at \$99,000,000 nine months ago. Now I want to apply these considerations to the estimate for the contracted line. I have shown what they were as applied to the whole line now contemplated. Mr. Stephen's figures with reference to the contracted line are these in round numbers: Work done on the main line, \$23,080,000; proportion of equipment—for I assume that the equipment was for the

whole line, and therefore deduct some the branches—\$6,000,000; materials \$4,000,000; to complete, \$27,000,000; add for interest and dividends, no less than \$6,000,000; which, omitting the equipment would give me \$66,000,000 as the present estimate for the contracted line. Company now think that the contracted line from Callander to Port Moody will them \$66,000,000 as against \$99,000,000 their estimate of so late ago as April that is, a saving of \$24,000,000 on they had agreed and are bound to country to do,—including as I said, in estimate, the large sum of \$6,000,000 dividends out of capital, irrespective earnings altogether. Now these deficiencies are entirely confounding. It is impossible to understand them. The gentlemen has not attempted to grapple with them. He has not taken up the estimates which we were given last Session and which we discussed and dealt with and compared them with the estimate which he now brings forward, and told how it is that \$24,000,000 less is required to finish the contracted line than was required ten months ago. I think an explanation is required, and a inquiry should be made on that point. I am not satisfied with the statements without a single particular given to us except what is contained in a few lines of the hon. gentleman's read-to-night. Then, if the contracted line is to cost \$66,000,000 the Company are to receive \$25,000,000 in cash; from land grant \$9,200,000—of which it has received \$9,000,000; bonuses and town sites, already received, \$700,000—and they will probably receive further on that account, \$500,000—making altogether \$35,400,000. They are to get from us now \$22,500,000, making \$58,900,000 from the public against a total expenditure of \$66,000,000 on the contracted line. And they have ready in their hands 10,000,000 acres, are to get, during the progress of the contract, other acres to the amount of 11,000,000 more—over 21,000,000 acres all. That is the proposition, Sir. Contracted with them to build this railway. They tell us now that this contracted railway the subject of the contract, is going to be them only the sum which I have named. And we say that they have received from public resources over \$35,000,000 and a loan is almost to make up the whole of

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rest—and besides they are to get 20,000,000 acres of land, and what they may make out of their stock, while what they got out of their original stock, their first \$25,000,000, would be enough to complete the work. It is impossible under these circumstances, to contend against proposition that it is not the contracted line has caused the difficulty. It is impossible under these circumstances, to contend that if the energies of the Company had been limited and prudently applied to the contracted line, there could have been any question of this kind. The loan of \$22,500,000 is not required for the contracted line under these circumstances; it is wanted in consequence of the general engagements into which the Company has entered. Now, as I have said, I cannot, without explanation, acquiesce in these altered estimates. I cannot understand upon what they are based. It is true that we are told that the work is much lighter than was expected—that the contract is going to be much more profitable than was expected. These do not appear to be extremely valid reasons for advancing more public money to the fortunate contractors, but the question, whether they account for so large a sum as would be represented by this estimate of only \$27,000,000, being required to complete, is a very serious one. Now, if you apply the new proposition to the contracted line, as I have said, you will find that on any calculation of any moderate advance or application of the Company's own funds to that line, the public resources are adequate to carry on the work with reasonable rapidity. And the truth is, that under the proposed arrangement, it is not the Canadian Pacific Railway Company, but the Government practically, which will be providing funds to build the contracted line. The president says that this \$58,700,000, which he has provided includes the various items—which I do not challenge—which come from the public viz: subsidy, about \$12,300,000; land bonds, for which he gives credit for only a little over \$9,000,000, but the account says that \$9,200,000 have been received by the Company, and I suppose the rest is in the hands of the Government; bonuses and town sites, which he omits, \$690,000; and the earnings to the 30th of June last, which I presume to be about \$1,400,000, would make \$23,600,000. And then he inserts as part of what the Company has provided their floating debt, the

debt which they cannot provide for, and for which we are called upon to provide—for which we are going to give \$7,500,000, of this \$22,500,000 at once to meet this part of what the Company has provided, and which is included in the \$58,700,000. Why have they not provided it? It is because they have not provided it that we are here to-night. We have to provide it. We are to lend them the money and take a mortgage for it. He includes also the \$8,700,000 for future dividends. I do not think myself, that it is an absolutely necessary expenditure upon the Canadian Pacific Railway, so far. It may have been a very prudent thing for these corporators to say to us: "As our stock is at forty:ix what it cost us, we would like to get 11 per cent. more while the work is going on, and we will insure ourselves three fifths of that amount; but in order to insure ourselves that we will deposit it; we could not deposit it ourselves in bank, because if any difficulty arose it would be taken away from us, but we will get the Government of the country to take it from us, and hold it for us, and pay it out to us in dividends from time to time, as the years roll on. We will hand over \$8,700,000 of the present assets which otherwise could have been used in the work, in order that we may provide against a rainy day, in order that the Government and the country may provide for us—dole it out to us—from year to year, so that we may be secure of something." After having made that application of \$8,700,000 of what has been raised one way or the other,—to include it amongst the \$58,700,000 provided for the purposes of the railway, seems to me to be rather a broad proposition. Well, now, I deduct these two sums,—the floating debt we have to provide for, and the \$8,700,000, which is locked up for the benefit of the shareholders *in futuro*; and I find that this, added to the \$23,600,000 of public resources to which I formerly adverted, makes \$39,800,000, leaving a balance of \$18,900,000 alone as provided for by the Company for the work. And from this—dealing with the contracted line—there are other deductions. The expenditure from Montreal to Callander includes the various items which the hon. gentleman gave us to-night in that connection—\$5,400,000; for branches, \$3,800,000; sundries, \$3,600,000; and Credit Valley Bonds, \$500,000 more, which gives us a total of \$13,300,000 to be

deducted; leaving, dealing with the contracted line alone, only somewhere about \$5,000,000 of money provided by the Company out of its own resources. Now, Sir, that is the state of things with reference to the contracted line, and that, slightly modified, is the state of things with reference to the whole line. And these considerations once again show how ridiculous it is to say that this money would have been wanted had the Company dealt with this enterprise in the true spirit and with reference to the obligations of the contract. It is because that spirit and those obligations have been departed from and because other things have been entered into which may be useful, which may be profitable, and may be in the interest of the country, but which ought not to have been entered into the detriment of the ability of the Company to perform its obligations to the public, that this money is required. The first thing for them to consider was: Can we perform our obligations to the public?—before launching out in these various ways; but the first thing they did was to launch out. They cannot perform their obligations, and they come to us to enable them to do so. If, however, it be the case that there is no satisfactory explanation of the reduction in the estimate of cost; if the cost is still to be estimated at what it was estimated only nine or ten months ago, then it is clear that the calculations of the hon. gentleman entirely fail. It is clear, also, that his suggestion as to the financing entirely fails. If you only apply these calculations of debit and receipt to the present estimate, you produce one result, but if you apply them to the estimate of cost of ten months ago, you produce quite a different result. According to the present estimate of cost, which reduces the cost of the railway so very far below whatever it was estimated to cost before, you find this result: The Company owes \$7,500,000; it wants, to complete the railway, \$27,000,000, and it wants to pay its floating debt. It therefore wants \$34,500,000 of money. What is it to get from the Government? It is to get its subsidy, \$12,700,000, and a loan of \$22,500,000, or \$34,500,000 in money. It is therefore, according to the present estimate, to get every shilling that is necessary to complete the road from the country. It is to give, not merely every shilling necessary to complete the road, but every shilling necessary to pay off the floating

debt besides. That is the statement; and these results being ascertained, it is possible, and I put it forward as a subject for enquiry, that this floating debt does not itself include the \$5,000,000 temporarily borrowed on \$10,000,000 of stock; and if so, the result of the payment of the floating debt would be to free the \$10,000,000 of stock at the disposal of the Company. But meanwhile the hon. gentleman is able, triumphantly, to say, the road will be finished with this money—that is to say, if those estimates are correct. Why, the hon. gentleman who offered, with a lavish hand, to provide every dollar which is estimated to be necessary to finish the line from the beginning to the end, and to pay the floating debt, may well say, "I am making adequate provision for the construction of the Canadian Pacific Railway." Yet if the estimates be under estimates, if they be not perfect estimates, if something like the cost of last year be the real cost, the account is quite on the other side, and large sums will have to be provided from some other source to meet the further demands. The hon. gentleman will say: Oh, they will get it out of the lands or further issue of stock, out of something from which they have failed to get it hitherto. But you, Sir, know the statement we have as to the condition of the road indicates there is no ground for believing in that result, because the loan is not to be repayable until 1891, which means it is not expected that very large resources will come from any other quarter before 1891; certainly not within the next two years; and if large resources are not to come from any other quarter within the next two years, then it is clear that if this estimate be an under estimate, if the estimate of last year be the correct estimate, more money will be wanted, and I think this night's proceedings will tell where that money will be asked from. The information we have had is, as I have stated more than once, wholly defective. I have pointed out enormous discrepancies in the estimate of the cost, extremely convenient in order to persuade Parliament to the view, that now at least, full provision is being made for the construction of the railway; extremely convenient in order to persuade Parliament to the view that it runs no risk of being applied to it again. But no explanation is given of how it happens that those conveniently low estimates are so much

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lower than the estimates of only ten months ago. Of that we are entitled to some explanation. Then as to the sales. In 1882 the report made to Parliament was that there were 6,450,000 acres of land sold. The report made to Parliament was that there was \$17,300,000 worth of land grant bonds to be redeemed by those sales. The report made was that there was \$18,500,000 worth of land grant bonds sold. Up to June, 1883, in the statistical return for the year, laid upon the Table of the House yesterday, the railway Company report their sales of land grant bonds at \$18,500,000. The paper laid before us reports the total sales of lands, instead of 6,450,000 acres to be 3,750,000 acres; instead of \$18,500,000 bonds sold, \$10,000,000 only of bonds were sold—fewer acres by 2,700,000; fewer bonds by 8,500,000. This change in the circumstances of the Company is a great source of weakness. I attribute their difficulty to the failure their expectations in regard to those transactions which resulted in the former flourishing report. And what I complain of is, that with allegations on the part of the hon. Minister that he was coming forward to give a perfectly frank statement of the transaction, that he felt it his duty, and the Company felt it their duty, to let the whole eat out of the bag and give the House the whole story, a large part of the cat's tail has remained inside the bag. Eight millions of cash which was expected, has not been realized in this branch alone. The reason is the failure of the Canada North-West Land Company to fulfil its contract; and we hear now, what I was about to have referred to even without the hon. gentleman's statement on the subject, how intimately associated the Canadian Pacific Railway Company has been with the Canada North-West Land Company. This corporation, which is known, unfortunately, to too many Canadians, was created with a view to assisting the Canadian Pacific Railway Company, and was composed, in part, I believe, of some of its corporators. The people of this country, were told it was going to be the best thing of the boom. It was the real thing—the cream of the North-West. They were told—the people here were persuaded—that individuals in England were to take two-thirds of the capital, or \$10,000,000, and Canada was to be privileged to have \$5,000,000; but they were told that the demand was going to be so great that any

man who wanted \$5,000 must subscribe for \$10,000, because he would never get what he wanted unless he subscribed for double the amount. By this means they procured subscriptions of \$10,000,000, instead of \$5,000,000, in Canada, and they were told the deposit was all that would require to be paid, and the greedy Britisher would be so anxious to swallow the stock that Canadians would be able to send it across and sell it at an enormous premium. Subscriptions for \$10,000,000 were got here, and the list was sent to England and subscriptions, not for \$10,000,000, but for \$5,000,000, were obtained there. How much was obtained by others than the projectors I know not. The concern dragged. In my opinion this was because it was founded upon a false basis—upon a false opinion as to the amount of capital required to work transactions of this description. The subscribers expected that sales would be made so quickly that they could pay for the lands without calling upon the stockholders; and the public of England did not take to a company involving such a large amount of liability which they thought would be called upon. The stockholders here, who had been told that if they wanted \$5,000 they would have to subscribe for \$10,000, were told they had subscribed for \$10,000 and not for \$5,000, and some of them paid as long as they could, and then sold for a fraction of the \$10,000; and the loss to the capital of Canada by the operations of this Company was several millions of dollars. Now, we learn that our money given to the Canadian Pacific Railway Company to build this railway, has been expended, to the amount of \$600,000, in "sustaining" the stock of the North-West Land Company; that operations which, when they occur in banks, of bankers sustaining their own stocks, are treated very harshly, have been going on with respect to that Company. And the hon. gentleman says it was quite natural and proper and within their charter, because everybody knows how deeply interested they were in sustaining the stock. I do not think that was a proper application of the money at all. It was an application of the money which was to lead the investing public to believe the stock was worth more than it really was; to believe that there was a demand for it that did not exist. It was a mis-application of the funds of the Canadian Pacific Railway. Mr. Stephen says nothing at all in his statement of the

outside land sales or of the bonuses, but the return to Parliament shows \$200,000 of bonuses at Winnipeg, and I think \$490,000 for town sites already realized. Then we did not get from him—though the hon. Minister has given some information—any information at all as to the working account, or as to the net earnings; and I was at a loss to understand whether the \$2,128,000 which he represented as paid for dividends was provided for partly by the net earnings, or whether it was exclusive of the net earnings. I gather, though I am not sure I am right, from the hon. gentleman's statement, that the net earnings are included in the \$587,000, spoken of by Mr. Stephen, and therefore he has given credit for them. But the statement would appear to show that that was money provided by the Company, though it was money accrued from the running of the road and ought to be set off against the interest paid on the capital so far. The hon. gentleman says the returns are satisfactory. I am sorry I cannot agree with him, and I am of the opinion, also, that on this subject we ought to have much more information. If I rightly read the return of the Canadian Pacific Railway for the year ending the 30th June, 1882, its profits on work over expenditure to that date are placed at about \$840,000; and I see by the return laid on the Table of the House, its profits over working expenses last year are placed at somewhere about \$537,000, only. The letter says nothing of that for a complete year, but it gives an account of the nine months which have elapsed immediately preceding, showing some \$900,000 odd as the earnings of these nine months. One would like to know what this means. One would like to know what the true running account is, how far these nine months overlap the previous year; what is the meaning of the discrepancy in results between the complete year ending 30th June, 1883, and the complete year ending 30th June, 1882. Then it was not until this evening that, for the first time, we learned anything as to what the stock had realized. The letter gives no information about it. As I have already observed, we do not know how the stock has realized that amount; at which the \$30,000,000, issued to the public, was sold; how much the Syndicate took, at what rate they took it; what, in other words, are the real merits of a transaction in which we have a very deep interest. Not one word is said

in the statement furnished to the Government and by the Government to Parliament as to the relations of the Company with all the other roads to which I have referred, or their relation to the Hamilton and North-Western in which, in their interest, a large quantity of stock and bonds was purchased as I have been told by those concerned in that transaction. No explanation whatever either, is given by the president of the Company of the transactions with reference to the Laurentian Railway and the Canada Central, and the Quebec, Montreal, Ottawa and Occidental. The statements are rather difficult of apprehension. One statement is that there has been paid by the Company of those roads, \$3,200,000. I think the hon. gentleman to night said \$3,333,000, and I presume the statement of the president was made up to 31st of December. But taking \$3,200,000, round figures, there are mortgages for five and a half millions of dollars, it is said, which would apparently make a cost of \$8,700,000, for these roads. But if you will look at the statistical railway returns you will find there a statement that there is unpaid by the Canadian Pacific Railway on the Canada Central, in round figures, \$4,000,000, and on the Quebec, Montreal, Ottawa and Occidental, \$3,850,000, a total of \$7,850,000. Add to this the \$3,200,000 that have been paid and you find \$11,000,000 as the cost of those roads, instead of a smaller sum to which I have referred. To this has to be added, I presume the equipment and other charges. The payment of \$2,300,000 as interest on deposit and purchase money, equipment and other charges, will bring the cost up to a very high figure; but, of course, it includes the nugget of gold which the Company is so delicate in speaking about—the Laurentian Railway. We had no information until the hon. gentleman vouchsafed it to us to-night, as to the particulars of the expenditure of \$3,500,000 for roads towards the seaboard and for other purposes within the charter. We find now that it is considered a purpose within the charter to spend \$600,000 in sustaining the stock of a land corporation, or to buy stock in a United States railway, and I do not know what are the undefined purposes yet within the charter, when I find these are the defined and avowed purposes which are alleged to be included in it. There is much information which it would be important for us to receive with a view to really ascertaining the value of the

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statistics given—how much of the sum which is said to have been spent on the main line is due to the incomplete line and what the finished line has cost. A large sum is said to have been expended on the line which is not yet complete. It will not do, of course, to divide that indefinite amount over the mileage of that which is completed, because that would make an extravagant cost of the mileage of the completed road. But we have no statement of what the completed railway has cost in its different sections. We ought to know what each separate section or link has cost, so far as it has been completed. We ought to know what are the arrangements with reference to the more easterly part; we ought to know the class of arrangements with reference to the central part and those entered into with the North American Company with reference to the work recently terminated. Last year some information was given to us. We were told what the embankment was in the prairie section; we were told that the enormous quantity, for such a line, of 15,300 cubic yards of embankment to the mile had been made, but we did not know what was done in the other places this year. When we are called to advance \$22,500,000 and to pledge our credit for nearly \$7,500,000 more, we are not given so much information as was vouchsafed last year when we were told no demand would be made upon us. We see nothing in the president's letters about the contracts made. We have not the instruments of association of these contracting parties. Only two days ago I heard there were more than one. I heard there were two, perhaps three different parties operating at different times; and since one of the firms has unhappily dissolved, owing the Canadian Pacific Railway \$600,000, put in as providing for the work. It is really important for us to get at the bottom of the relations of the Company with its contractors. What dependence, under these circumstances, with no detailed estimate, with no division even of the cost, with no statement of how much of what is expected to be paid, will be required for the eastern end, and how much will be required for the mountain end—what dependence can be placed on the allegation that the road will be completed for the estimated amount of \$27,000,000, contradicted as this is by the estimates of last year? I doubt the estimates. I doubt their accuracy. I doubt their definiteness.

I was startled last fall to find reported the opinions of the general manager on this subject, and they correspond so admirably with results as they are developed here to-night, that I propose to trouble you with some statements made to a reporter by the general manager some time about the period when the Company reached the foot of the Rockies, this fall:—

"A reporter of the Montreal Star recently interviewed Mr. Van Horne with the following result:—'We are,' said Mr. Van Horne, 'at this season of the year at the very height of our expenditure, and it is safe to say that we are spending \$100,000 a day.'"

Then he states what they are doing and where they expect to be. He speaks also of the pass across the Selkirks, and so forth.

"Our line is now located through from Montreal to Kamloops, and, with anything like good luck, we will be through to that point where we join the Government work in about two years.' 'How much will it cost per mile through the Rockies?' 'We don't know.' 'Have you not estimated the amount beforehand?' 'The Canadian Pacific Railway,' replied Mr. Van Horne, 'bracing himself up and speaking as if he wanted the reporter to understand that he meant every word he said, 'has never estimated the cost of any work; it hasn't time for that; it's got a big job on hand, and it's going to put it through.' 'Well,' said the reporter, 'but if you haven't estimated the cost of the construction through the mountains, how do you know that you have sufficient funds to cash the road, as you are currently reported to have?' 'Well, if we haven't got enough, we will get more, that's all about it.'"

And so it is getting more. We are providing for it to-night. The Canadian Pacific Railway Company, Mr. Speaker, has not time to make estimates; it has got a big job on hand, and it is going to put it through; it does not know what its road will cost through the mountains, and if it has not got enough money it will get more. These are the views of the manager, and these are the views which we find have commended themselves to the prudence and judgment of the Ministry, and which are to be realized by this proposed resolution.

"And how about your eastern connections? What about the North Shore?" "That and all other matters in the east are for future consideration. I think we will do well if we get through from Montreal to the Pacific in two years." "And how about your bridge and eastern connection to the Atlantic?" "Now, come," said he, and then he must have repeated this to the Minister just before he made his speech. "It does not do to give too much publicity to all our schemes and might do us harm." "Humour says you will get to the Atlantic by the South-Eastern." "I suppose it is the South-Eastern unless that road is south-west as well as south-east—'and that, as a matter of fact you now control that road?' "Not by my know'dge." "Then you will want the North Shore?" "The question failed to elicit a reply, and the reporter, seeing that he had probably obtained as much information as possible from the general manager, retired forcibly impressed with the resolute frankness of character displayed by the man who is the administrative head of this great Canadian enterprise.

That is grand, Mr. Speaker. That is glorious. That is just what any of us would do if there was no bottom to our purses, if money was no object; that is just the way we would manage if we had the Dominion

of Canada to back us, to bank for us, to give us a guarantee without the authority of law if we wanted it, and to give us twenty-two millions and a half more if we wanted it. What is the need of estimates? What difference does it make how much it costs? We have a big job and we will put it through. We have the Government at our back, and between the Government and ourselves we shall put it through. They will find the money, we shall find what we can, and they will find the rest. The president now says it is profitable to change the mode of estimating the subsidy. It was proper before to take the mode laid down in the contract. Now it is quite proper to adopt a mode which is the contrary to that laid down in the contract, the president believing it to be good for the Company, and the Government believing it to be good for the Government, and both being agreed that it ought to be done. It does seem to me that these statements furnish the ground for the proposition that we have not had sufficient information. I say that it was the duty of the Government, before they committed themselves to the proposal to advance this money and to agree to this guarantee, to have had a thorough investigation into the affairs of the Canadian Pacific Railway Company, right to the bottom; I say it was their duty to have investigated most thoroughly the past, the present, and the future; I say it was their duty to have obtained full, ample information, to have got all the details, to have obtained the detailed estimate of the expenditure for completion, to have ascertained how it was that that estimate ran so very far short of the estimates of ten months ago, and to have established to their own satisfaction first, and as a preparation for submission to Parliament, all the particulars to which I have generally alluded to-night, as a preliminary to their reaching a decision. They did nothing of the kind. They decided first, and then they sent down two gentlemen to report as to whether they were right in coming to a decision or not; and that report is made while Parliament is sitting, within a day or two of this time, as I say just in preparation for this resolution being brought before the House. The hon. gentleman has said that the main line—in one of his numerous calculations, the only one which in this connection I will refer to—would cost \$49,300,000, but in this is included the

floating debt of \$7,500,000, and the future dividends of \$8,700,000, and therefore it would not cost that amount according to any fair estimate of funds provided by the Company. He said also that in case of default the country would get the road for, I think he said, \$54,000,000, and he staked his reputation upon the accuracy of that statement, and he repeated it time and again; and after the recess he repeated it once again, saying he had pointed out that we would get it for this sum—I forget exactly what it was—of forty or fifty millions, and that he had proved that fact, while it would cost ninety-seven or a hundred and three millions, for at one time he used the one figure and at another time the other. The hon. gentleman was wrong. He made a calculation of a most peculiar character. In summing up what the road cost to the country he charged, as a proper thing to be charged as paid by the country, the value of the lands that were sold, not indeed at the prices they had realized, but at his assumed estimate of two dollars, and he put in seven millions and a half for the three and three-quarter million acres as fairly chargeable as part of what the country has paid, and, with that item introduced into the calculation, he ran his figures up to something approximating to a hundred millions. He did not put in however, the land that was unsold as any part of the cost. Then, when he came to ascertain the ultimate cost to the country, he took the land unsold, converted it into cash by a wave of his hand, made \$42,000,000 or \$43,000,000 out of it, and deducted that from the cost he had estimated before. Sir, where did the land come from? If it came from us, it is to be charged as part of the cost before he can make his calculation. Sir, the calculation is defective, and he had better submit it to Mr. Miall or Mr. Schreiber. The hon. gentleman adverted to estimates which had been formerly made of the cost of this road. It is quite true that I submitted to the House, as the result of the calculations of my hon. friend the member for East York (Mr Mackenzie), based upon the estimates of the engineers up to that date, the probable cost of a first-class railway, from Callander to Port Moody, at the sum he mentions—\$120,000,000. That is perfectly true; I do not understand that the hon. gentleman now finds fault with that estimate. He did find fault with it—

Sir CHARLES TUPPER. No, no.

Mr. BLAKE. Yes, he said to-day that he could not controvert my argument about his estimate being too low; because my estimate was true. I venture to say that I heard a great deal of complaint against my argument when I used it. I was told that it was extravagant, and the hon. gentleman thought it was too much altogether; but neither my hon. friend from York, nor myself, was responsible for more than this, that the estimates were the fair results of the estimates of the engineers laid on the Table of the House and printed in the Sessional Papers. I believed them to be so, and that was all we said. I say that the estimates of the Canadian Pacific Railway Company last year came exactly to that figure. They were to spend \$91,000,000 on the road from Callander to Port Moody. The Government sections were to cost \$28,000,000; and if you add \$28,000,000 to \$91,000,000, you get just about \$120,000,000, as nearly as possible; and if you allow a trifle—if the hon. gentleman would be bending enough to-night to allow a trifle or so for the \$5,000,000 for surveys—you will find that the estimate of the Company last year does accord with the estimates of the engineers made so long before. But while I felt pretty confident, under the circumstances, that the Company were probably right, my confidence as to their present attitude is altogether shaken, because they are departing from their own estimate and the estimate of the engineers. They say it will cost \$24,000,000 less, and that \$24,000,000 is not on a capital of \$120,000,000, but on a smaller capital of \$91,000,000. The hon. gentleman adverted to some of my estimates of the price of the land, made in 1880. I did not think he would have done it. I was prepared for a good deal, but not for that; because I thought he would have remembered—unfortunately he forgot—that this was a calculation applying to the proposal of the Government, and the estimate of the Hon. First Minister, as to the price to be realized from the land situate within certain distances from the railway. We applied these figures of the Hon. First Minister, and out of his own mouth we convicted him of an extravagant contract. Now the hon. gentleman says, you estimated these figures. The hon. gentleman says that the earnings of the road are most satisfactory. Well, I do not know whether they are or not. I

should be glad to think they were; I hope they are. But in order that we may know whether the result is satisfactory or not, we should have the earnings of this eastern or disconnected portion given by themselves, as well as the earnings of the other part given by themselves. We want to understand the progression, the cause of the difference between the receipts of last year and this; we want to understand to what extent these earnings are due to the very high rates which were charged,—rates admittedly so high that they were lately reduced by 25 or 30 per cent. for east-bound grain. The hon. gentleman says there will be no default at all, and that if there is a default, what a good bargain the country will have. Well, as I have said, we have no proper data before us to-day to justify the reduced estimates of cost, that are given us. Without verifying and establishing these reduced estimates of cost, we have no proof that the funds provided are of themselves adequate to finish the road in two years. It has practically been stated to us that the lands will not realize much in the two years, and it is not expected that much of the Company's stock will be sold in the two years. Other things are required to be done. More branches have to be built; an expenditure of that description is wanted; and the Government takes authority, under this contract, to apply the proceeds of the stock, &c., in extensions and other things on the road. I say, therefore, that the whole calculations depend emphatically on the accuracy of the surprising estimates which, unvouched and discrepant from former estimates, have been laid before us. There is a third alternative. The hon. gentleman says it is either pay or hand over the road. I say that you may and probably will find the Company knocking at your doors again for further aid. I say that if you set them the example of these lavish subsidies, dealing as they have with outside enterprises, going on in the magnificent method in which they are going on, committed as you are, not merely by taking this mortgage but by giving these guarantees, you are powerless to close your hands against their further demands; and I say that although you may put in all these terrible clauses about the Company ceasing to own the road if they make default; of the road being *ipso facto* the property of the Government; of the employees of the Company,

by some wonderful process of transmutation, becoming the employees of the Government—though you may make all these propositions, which are in themselves enough to appal the stoutest heart, if he did now know the ways of a Canadian Government, yet the Company may make default and may not lose the road. We have had other companies which did not lose their roads under similar circumstances. We had the Grand Trunk, to which we make advances on a first lien, a very first lien, a splendid first lien, and where is that lien now? It is away down among the dead men. I believe it is seen in the Public Accounts and in our balances, but it is visible nowhere else. So it might be here. It is impossible not to recognize the lesson and the story of the past, when looking at the present, and trying to forecast the future. And in what position would the Government and Parliament be if at the end of these two years default should be made? Are you going to sacrifice the interest of those shareholders—those poor people who have spent money on the road, who have done so much good to the country, who have built a road faster than ever a road was built before and spent more money upon it than ever was spent before? Your charity and confidence and sympathy are immense: are you going to foreclose, hard hearted usurers that you are? You, who said yourselves that the security was worth two or three times the sum advanced, are you going to shut down and turn these people out of house and home, strip them of their palaces, take away their lordly equipages? Surely you will not behave so badly! That will be the appeal which will be made; that will be the appeal which will be listened to. The past tells us what the future will be. Now, then, the hon. gentleman has stated that the prosperity of North-West is due to the rapid construction of the Canadian Pacific Railway and he gave us a number of most interesting figures with reference to the development of that country in the last three years. We all rejoice in this development, and we are all familiar with the figures. We have had them before us many times. We know that the North-West has grown, but the question is not without another side to it. For example, the hon. gentleman told us that he had received from lands, from the first of July, 1881, to the 31st December, 1883, \$3,572,000. We know that that in-

cluded the early payments on colonization schemes, and therefore it does not represent anything like a permanent source of income from lands. But we know also that in the same period during which he gave us those large receipts from lands, we expended the following sums in the North-West: On Indians, \$3,096,000; on Mounted Police, \$1,185,000, and on Dominion Lands, \$1,340,000, making a total of \$5,571,000 in three items only, to be put on the debit side of the account. If, therefore, we are getting, we are also paying. If it were proved that this development was due to the extreme rapidity of construction of the Canadian Pacific Railway, I could have perceived some force in the hon. gentleman's argument as indicative of the proposition that this entitled the Company to consideration; though he does not say that. He says it is simply because it is in the country's interest that he is now moving. But, Sir, I have denied before, and I deny to-night, that the extreme rapidity of construction did tend to this development. I maintain that it has tended to produce certain evils in that country rather than benefits, and that a reasonable rapidity of construction would have been conducive to more permanent good, entirely irrespective of the enormously increased expenditures occasioned by that extreme rapidity. Then, it was urged as important that we should go fast in the future—not for the development of the North-West. We have gone through the North-West already, and what is important for the North-West is immediate freedom of railway communication—moderate rates and more railways. That is what is wanted for the development of that territory—low rates and more lines; but what is proposed to hurry on the building of the railway on both sides of the North-West—on the Columbia side and on the Ontario side—and therefore, even if you could argue that the great development of the North-West was due, not to the construction, but to the very rapid construction of the Canadian Pacific Railway, it would be nonsense to argue that there would be increased development in the North-West by the rapid construction of lines lying far outside of that Territory. The hon. gentleman has said that the cost of transport is enormously reduced. I was glad to hear that cheap rates are to be given; but when the hon. gentleman compared the old all-rail rate of \$31.50 from Quebec to

Winnipeg with the new rail-and-water rate of \$12, I do not think it was a fair comparison. In the first place he took the old rate instead of the present all-rail rate, which is \$16.64, and compared it with the new rail-and-water rate, which is \$12. It is not an important thing, but every pound is two of expense counts to the immigrant. Mr. CHARLES TUPPER. The hon. gentleman must admit that I gave those figures.

Mr. BLAKE. Certainly, the hon. gentleman gave all the figures, and having done them, made this unfair comparison. Mr. CHARLES TUPPER. I gave the figures, but I said it was not a published rate.

Mr. BLAKE. Why was it not a published rate?

Mr. CHARLES TUPPER. I gave the only published rate.

Mr. BLAKE. Does the hon. gentleman say it was not an effective rate? The Minister of Agriculture likes to ask us for a large vote, but he says: I will not tell you what I am going to do with it. That is the case in which this was not a published rate—the agents of the hon. gentleman at the time knew that they were able to offer this rate of \$16.64 for the last two years. Now, the hon. gentleman says a new rate is being established. That is a good thing; but he takes the responsibility off the Pacific Railway Company and lays it on the Minister of the Agriculture, whose shoulders are broad, and who is apparently willing to carry it. I was glad to hear of his move being made. It is of the last consequence, we have heard, that we should keep Canadian immigrants on our side, for fear of their being diverted to the United States. I am glad to hear that there is no danger of their landing at New York, or while travelling on their way, of being intercepted at Buffalo or elsewhere by the Yankee agents, but that steps will be taken to protect them against having any preference for the United States over Canada, and we shall be able to keep them in our own country. I have always felt a certain amount of humiliation myself that we should be obliged to bring in our own immigrants through a foreign country; though I had thought that the merits of our own country would have been sufficient, even in that case, to induce them to go through to their destination in spite of the efforts of American agents. How much advantage there might

be however, in bringing our immigrants by way of New York and Buffalo, I do not know. The hon. gentleman has told us that the capabilities of the North-West are enormous: which is true; and he has given us an estimate of them. He has told us that a hundred thousand farmers would produce 640,000,000 bushels of wheat. I should certainly be glad to see his figures realized; but it is new to my experience that a man puts every acre of his farm into wheat; and although the North-West is a great wheat country, I hardly think it is of such a character that every acre of every man's farm would produce an average yield of wheat every year. And I fancy that if it did so, this return of 640,000,000 bushels is a return which would be rather laughed at than otherwise by those who know practically how many acres it takes in a large country, with varied climate, to produce a given quantity of wheat. However, it is not necessary to publish fantastic statistics of that character to establish to the world (on the contrary, I think it is injudicious) the true merits of the country. What we want to do for that purpose is to get authentic statements from practical men of what the country can produce. Nothing can be more convincing than the statement of a man himself, who has gone there as a farmer, who has met with the initial difficulties, whatever they are, who can speak from his own experience of what the soil can produce and who sees himself a happy and prosperous man, accumulating property. But, on the other hand, nothing can be more unfortunate, nothing can be more calculated to do detriment to that country than to find people discontented, gathering together and complaining of oppressive taxation, vexatious regulations, high railway rates and elevator difficulties, and who find that progress and prosperity are not being attained. It is not fantastic calculations, made on a magnificent scale, on a desk in an office, which only requires a pencil and paper to work out—it is only the actual life of the people living there, that will tell; and it is, therefore, deeply to be regretted, that we should have such actual results detailed as have, to a large extent, been published to the world during the last few months. I agree with the hon. gentleman in his remarks on the frost. That, no doubt, was an affliction which extended over a very large extent of territory, where it was more exceptional than in the North-

West. We may fairly conclude that that was an unexpected contingency on a recurrence of which we need hardly count if due precautions, such as the hon. gentleman has referred to, are taken. Though we cannot deny that there is a liability to frost in some portions of that country, still that such a calamity, on a large scale, should recur is not to be expected; and I think it right to say that casual and unexpected as it was, it was extremely unfortunate, and if the expectations of the Government and of the country at large as to immigration are not fulfilled to the extent we would wish, I dare say it will be largely due to that unfortunate accident for which they are not responsible. But I do regret that while that occurred at a critical period, ever to be regretted, which we could not help so many things have happened by our acts in this House and the acts of our Executive in the Council Chamber, which could have been avoided, and which, concurring with this unfortunate accident, have damped the hopes and weakened, to some extent, the energies of the people in that country, and diverted to a large extent the immigrants who would have settled in our North-West to go elsewhere, and give their energies to building up other interests. The hon. gentlemen will remember that if the North-West wants anything, it wants reasonable rates, the right to build railways, and more railways, and that as speedily as possible. That is the kind of development that is wanted there, and that country is not so deeply interested in the construction of the roads. Now the whole object of this proposal is placed on a very simple basis by the hon. gentleman. He says, that it is not because the Company wants this money to fulfil their contract. He says speaking somewhat more strongly than Mr. Stephen does in his letter that it is certain that the Company do not want anything whatever to fulfil their contract, and by 1891 the road will be finished according to their contract, and will be operated afterwards, if we reject this proposition. But he, says, we want this road to be finished by the end of 1885. A while ago it was to be finished at the end of 1886; now we want it to be finished at the end of 1885,—and why? Partly to develop the North-West, partly to obtain, or earlier obtain, power to compete with the Northern Pacific Railway for the the trans-continental traffic. Well, as to the grooves of trade, and so

forth, I think that to-day they are much more easily changed than they used to be. I think that if the Canadian Pacific Railway is built so as to offer a good access, a shorter line, and shorter communication altogether between the one side of the continent and the other, it will be very easily able to obtain its share of the traffic, no matter whether it is constructed a year or two earlier, or a year or two later. I do not at all believe that the traffic will be prevented from going there, if it is the best road, from the simple circumstance that its completion is delayed a year or two; and I say, by bending all your energies now to the construction of the railway to the north of Lake Superior, and from the Rocky Mountains to Kamloops—by straining every nerve to do that, you are preventing yourselves from doing what is most important in the interests of the North-West; and you are making arrangements to enter into a combination with the Company, identifying the Government as the endorser of its dividends, as the mortgagees of its road, to such an extent and so intimately with the Company, that instead of securing the glorious result of October last—the Company assisting the credit of Canada—it is extremely probable that your arrangements,—which involve, the raising by this country, and the paying by the Canadian Pacific Railway Company, within a period of two years, of something approximating \$20,000,000 a year, because we have the unpaid subsidy to pay as well as the \$22,500,000—will do much to depress and damage the stocks of Canada, instead of to improve them. There is really no tangible argument given for its extraordinary haste—there is no argument upon which we can rely; there is nothing that you can lay hold of and say: this is a reason why we should guarantee their stock; this is a reason why we should advance them \$22,500,000 of money. On the other hand the hon. gentleman holds out no hope of compensation; he holds out no hope of relief from the monopoly. He says, indeed, As soon as the road is finished, I think that I shall no longer unconstitutionally veto Bills passed by the Legislature of the Province of Manitoba.—I think I may promise you I will no longer do that. But he says, the contract must not be touched, we are determined not to interfere with or limit the contract in any way. But, Sir, the contract is being interfered with. The

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 being handed over. The mode of paying
 the subsidy is being altered from the terms
 of the contract. A guarantee of stock is
 being given, which was not a term in the
 contract; \$22,500,000 of our money is
 being loaned, which certainly was not em-
 braced in the contract. Suppose these
 terms had been put in the original Canadian
 Pacific Railway contract, would you have
 voted for it, Mr. Speaker? Therefore we
 are not changing the contract! And yet
 the hon. gentleman is right in saying that
 the contract is not changed in one particu-
 lar. Although this enormous aid is given
 in order that the road may be completed by
 1885, it is not provided that the road shall
 be completed by 1885. You are providing
 them with all the money to do it, but they
 are just as free as they were before, in case
 it is not finished by 1885. Now, Sir, what
 ever might have been the case before now,
 particularly when Parliament is called upon,
 as I have shown, to alter the terms of this
 contract, in favour of this Company, and to
 grant them great concessions—to do great
 things for them—now is the time when we
 may fairly say: If you must ask you must
 also give; and when we should call upon
 them to give up that odious monopoly,
 which is going to do more than any other
 thing to injure the North-West Territories
 in the years to come. I say that this is an
 opportunity when such a stipulation may
 fairly be made, and when we may fairly
 insist upon the resources which we are pro-
 viding and enabling to be provided by all
 these arrangements, not being applied to
 extensions, not contemplated by the con-
 tract, to the American seaboard to the east.
 The hon. gentleman has said that history
 does not show to-day a more courageous or
 daring instance of action on the part of a
 company or government than that of this
 government when they entered into this
 contract. Well, it was audacious; and the
 promises upon which they induced the
 Parliament of the country to assent to it,
 were audacious also, and this night is the
 justification of those promises—as I show
 when I point out how utterly and
 completely the company has failed to realize
 these expectations on the faith of which
 the contract was made;—because I do not
 believe the country will agree for a moment
 that it is simply in order to finish this road
 in two years that we are asked to engage
 Canada's credit for \$30,000,000. When it

is found that the work has been handled
 unfortunately, as it has been, when it is
 found that the Company, by its imprudent
 management, has excited animosities and
 hostilities which have been very unfortunate
 for the Company when it has been found
 that the road has been proceeded with, on
 account of this very speed, in an unfortu-
 nate manner; when the creation of its
 capital stock has been unfortunate, and the
 Company has deprived itself of the confi-
 dence of the world of capitalists, it must be
 evident that the object of the Company is
 not speed to complete the road, but to get
 the money from us. The hon. gentleman
 has made out a case which is daring, which
 is audacious, but let us be prudent in our
 action. Let us decide that no case has been
 made out for this transaction, that it is
 better to go on, on the terms of the contract
 as it is, without engaging the capital and
 credit of Canada to this enormous amount,
 when no advantage will ensue from the
 alteration of our position and the entangle-
 ments in which we will be involved by
 this proposal that is not contained in
 the alternative now before us. I affirm
 first, the House has not been treated with
 due respect in reference to the obtaining of
 information and details which ought to have
 been laid before us, in order that we might
 be able to judge; and secondly, upon such
 facts as have been laid before us it is plain
 further enquiry is necessary; that those
 things to which I have adverted with refer-
 ence to the contract, the stock, the ac-
 quisition of other roads, ought to be search-
 ingly enquired into. It is better, in the
 interests of the Company, that they should
 be fully brought to light, and that all should
 understand exactly how the case stands, and
 that the system of mystery, of concealment,
 of half truths, which has gone on should not
 continue further. It would have been bet-
 ter for the Company if we had known the
 exact facts as to the guarantee when the
 guarantee was given, as to the stock when
 the stock was issued, and as to the ac-
 quisitions of other lines when the ac-
 quisitions were made; because what we did
 know imperfectly was magnified and a
 worse construction put upon the things than
 they might have borne if the truth was
 known. The directors of the Company are
 also contractors for the execution of their
 works, and we have no returns showing
 the particulars of those contracts or esti-
 mates of the cost of construction of the

different sections. Even those friendly to the proposal must see that it is unadvisable to accept it. We are face to face with a condition of things, financially, which will be the subject of discussion in a few days, and it behooves us to be prudent—to pause before imposing additional engagements at this time on the country. Face to face with this state of things, we are not to enter into those large engagements which no reason has been given, and which I pretend no countervailing advantages are offered. I, therefore, cannot give my assent to this proposal.

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