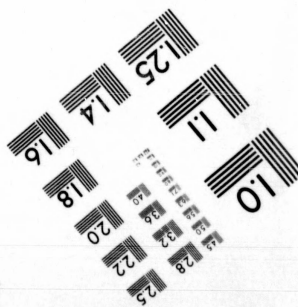
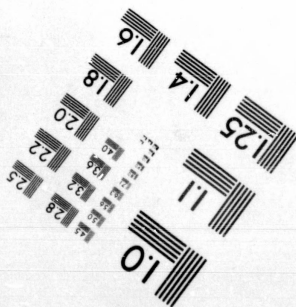
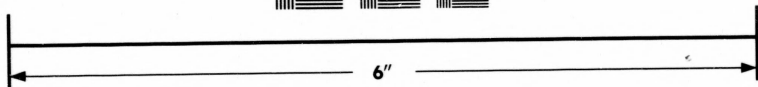
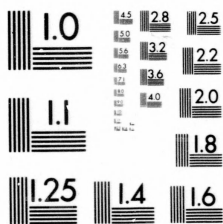


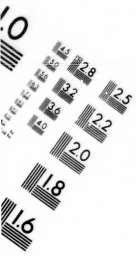
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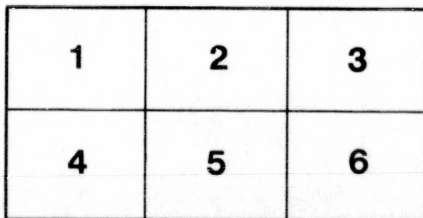
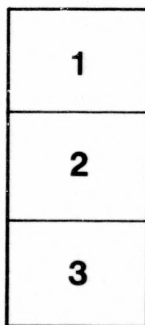
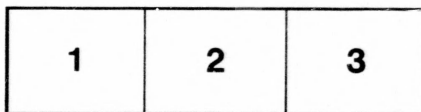
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CANADIAN PACIFIC RESOLUTIONS.

Mr. Blake's Reply to Sir Charles Tupper's Explanation.

THOROUGH SIFTING OF A GREAT SCANDAL.

ASTOUNDING DISCREPANCIES IN GOVERNMENT ESTIMATES.

Convincing Argument for Rejection of Terms.

After Sir Charles Tupper had on Tuesday night brought down and explained Resolutions granting aid to Canada Pacific,

Mr. BLAKE arose amid applause which almost rendered inaudible his opening sentences. He said:—I believe that whatever other predictions the hon. gentleman may have made in respect to the C. P. R. 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 some propositions which I entertain, and which I think are fit to be considered by the House and by the country before a decision is reached on the important question 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 large resources, with such 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 more light should have been thrown on the situation in many respects than that vouchsafed to us. It is not to be forgotten that for years past we have been moving for information upon important particulars connected with its progress and operation, answers to which have not even been vouchsafed. It is not to be forgotten that with reference to the price which the stock realized, the mode in which it was distributed amongst the corporators, the price actually obtained for it, the prices in stock which were paid for certain works; it is not to be forgotten with reference to the contracts which the company has entered into, that information has been asked, not this session only, but in previous sessions, and guaranteed so far as the Government were concerned in words, guaranteed so far as assent by this House was given, but not followed by any effectual result, and that to-day 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 season with reference to this proposal, and the usual papers have, in part, been laid on the table, but the hon. gentleman presses forward the consideration of his proposals before these papers have been printed—before they have become accessible to members. I happened to have been able to read in manuscript some portion of it, and only some portion. I am not aware that any other members 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 the public prints. Of course I expect the hon. gentlemen who belong to the Administration have 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 to take the initial step without having had 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 has entered, varies in some parti-

culars from those presented in the letter of the President of the Company. Some more light, it is true, has been thrown on some of the details in the speech he has made to us—but that light is partial and dim, though it is directed on a subject in respect of which information has been repeatedly demanded, and up to this time practically refused. Now this proposal is one of extreme gravity. To those of us who recollect the discussion which took place when this contract was entered into, who remember the observations which have from time to time been made by hon. members who sustained that contract, it comes as a very unpleasant surprise. Why, sir, were we not told that the country felt uneasy as to the unknown quantity of possible demands in reference to C. P. R? Why, 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 was the limit of our obligations? Why, 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 of the matter? Why, it was only a session or two ago, that an hon. member, I think the hon member for West Toronto (Mr. Beatty), recurring to the subject, then perhaps somewhat stale, said that the people were satisfied because they felt such ease at knowing the limit of their obligations. 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 cash subsidy, and knowing perfectly well that we should not be called upon for any more. Well, two or three years have elapsed since the contract was made, and we are called upon to advance twenty-two millions and a half, a sum very nearly equal to the original cash subsidy, and to pledge our credit for nearly seven millions and a half more, so that the element of finality which was so praised 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-right. Were we not also told time and again of the enormous resources, the wealth, and the credit of the Syndicate with whom the contract was made; that this was a consideration of the utmost consequence—that it was so important as 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 C. P. R? Were we not told time and again that we were insured in the successful completion of the contract by the enormous recourses of the credit, and of the capital, and of the confidence which had clustered round the corporators to whom the hon. gentleman 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 the 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 have formed the strongest and most enterprising body of capitalists that ever built a railroad from the beginning of railroads to the present time.”

Sir JOHN MACDONALD—Hear, hear.

A SLEEPING PARTNER.

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

“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 that they will have the whole railway constructed from 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 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 ever was formed from the beginning of the world to this day—comes to ask us for some more money in order that they may the earlier, it is true, but in order that they may implement the work which they contracted to perform; and it seems that the boasts which for the last year or two have been resounding continuously in our ears, the statement which we have heard repeated time and again that the Government and Parliament which passed the contract were vindicated triumphantly because of the wonderful display of capital, credit, and energy on the part of the corporators, because they were going so fast and far, because they were going to complete the railway at such an early date,

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is a statement which is to be taken with this rather large grain of allowance that they will do it if we will pay them 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 interests 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 and experience that it is positively dangerous to Canada that the road should be paid for at 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 that 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 complete it with? He forgot that they were already at the 95 miles, that they were stopped there, and that the difficulty was not that in the present condition of the work 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 work which is to come after. But, as I said, it is about

THREE YEARS TOO LATE,

and I am sorry we could not earlier persuade the hon. gentleman of the soundness of the views he takes to-night. We argued that the subsidy should be distributed in proportion to the whole cost of the work. We declared that it was important in the interest of Canada 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 the 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 wrong principle, which gave a wholly disproportionate subsidy to the early and light work, and 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. 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 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 end of the work are gone, and it is necessary to say that a full enquiry as to how the resources have disappeared is the prime duty of this House before even approaching the consideration of the question whether it will give more. But to-day, when it is indicated that to carry on 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 really how the account for the past stands, how it happens that so large a sum has been expended in the work which has been done. Now, 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 allowed for the branch work 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 it 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. But there is another question—

HOW HAS IT BEEN BUILT?

I have called for information upon that subject; the law called for it. The Consolidated Railway Act made it the 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. 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 Co., but Parliament declined to have the law enforced and would not order the production of those papers. Parliament preferred to be kept in ignorance as to these things which the law had said should be disclosed. But it would seem that Parliament has recanted that view within the last few days, having unanimously passed an address calling for the production of these 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 propositions, that we are let to a small extent into the secret of the character of the arrangement for the construction of the line. 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 the arrangement has now terminated; that it terminated when the supplies ended, when they could no longer find money to keep the construction going, and among 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 an adequate 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 in their hands, 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 this 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. When he will decide what he will do—

Sir CHARLES TUPPER—To-morrow I hope.

Mr. BLAKE—To-morrow; then we will not decide to-night, I hope. Whether I do injustice or not I shall assume, in the absence of the information, that several 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 Construction Company he is bound to consider whether the contract is a favourable contract to the Construction Company or not. It is a somewhat

DIFFICULT TASK

which he undertakes, to decide to hold the balance just,—to do no injustice to either the Railway Company or to the Construction Company. Parliament has thought that men ought not to be placed in such an invidious position, and for fear that in the conflict between interest and duty interest might prevail over duty, it has forbidden such arrangements. If, therefore, it be the case that this Construction Company is composed practically to a large extent, to any extent, of directors of the railway company which made the contract, I contend that they have violated 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 construction or maintenance, etc., shall be entered into until after tenders have been inserted in advertisements given at least four weeks in some newspaper published at some place near where the work is required to be done. I do not know how many members saw the advertisement published by the Pacific Railway Company calling for tenders. 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 the works constructed by the Railway Company have been constructed by a Construction Company composed largely of directors of the 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 to a

FULL AND SEARCHING ENQUIRY

into this matter, as a preliminary to considering what further and more intimate relations we shall enter into with this Corporation. It may be, although the Construction Company has been dissolved, or has ceased its operations, that if these 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 re-organized. We may find that just so long as our liberality lasts the Construction Company will be ready to spend the money which we liberally provide. But I don't think that will be satisfactory to the people of the country, and I maintain that a full, searching, and rigid enquiry should proceed if this House is to give any recognition of any demands made by the Company or any suggestions by the Government that we should further involve ourselves with it. Now, 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 pointed out to-night, that there is a charge and a large and somewhat important question of cash in this matter; that there were two

IMPORTANT QUESTIONS

besides—that there was the question of credit, and there was the question of responsibility involved in the various other enterprises to which the hon. gentleman has not made allusion. There are also the questions of the energy and time and labour involved in connection with those other enterprises, and there was the grave question of policy involved in embarking in

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enterprises not connected with the original enterprise at all. All their ample funds and corporate powers have been inadequate to enable them to engage in these enterprises, and having engaged in them, as 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 other enterprises. 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 further powers, to go on further in this direction of enterprises not contemplated by the incorporators in the original charter. You cannot conclude by any such arrangement of figures, even if they were accurate, and I think I shall show that they are not, that everything we were entitled to expect from this Company has been accomplished. We know the difficulties in which they find themselves are not due to something done by them. It has been my fortune upon more than one occasion to point, since this contract was let, what the position of the 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 a magnificent contract, that they stood in a wonderfully good position; but I also pointed out that the enterprise was of such magnitude as to require the undivided energy of those concerned in it, and that it required great prudence, wisdom, and capacity in the conduct of it, else those elements of fortune which it unquestionably possessed, might not avail to prevent disastrous results; and I pointed out before where I thought dangers existed in the conduct of that corporation, and to some of these in a vague way the hon. gentleman alluded this evening. We contended against 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 Territory are necessary. I told him so when he was proposing the C. P. R. measures. I agree with him, though I was a little surprised to hear him say it, 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 notion as to the trunk line I do not know. But I contended with reference to the extension of the C. P. R., 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 extensions and such branches might be authorized. I felt that otherwise the funds which prudence might require to be devoted to the construction of the contracted line might be devoted to other purposes, and I felt that each time the Canada Pacific Railway, while this contract was yet incomplete, came to Parliament to obtain power to acquire or build or extend its branches, it would be pertinent to enquire how are you getting on with your

MAIN CONTRACT ?

How is the money holding out? Will the main contract be fulfilled? All that was cast to the winds, and Parliament decided at the instance of hon. gentleman to give practically unlimited power with reference to extension 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. Now, in so far as the hon. gentleman discussed what has been done, he says it is all right 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 give a general statement as to the progress of the work. He did not think to embarrass discussion upon this subject. He contended that too wide powers were given as to route, that the road would probably be deflected too far to the south for national interests. Those interests of the Company have prevailed, and the road has been run very far to the south. At a very early point the Company decided upon running the route by Calgary, which meant running it *via* Kicking Horse Pass, or some route in that neighborhood, and they decided it before it was found that any pass was feasible, and we have not yet had laid before us such information as goes to show even now that the pass is within the contract feasible. On the contrary, the information before us indicates that no road can be constructed by that route within the meaning of the C. P. R. contract; that the minimum grades that can be obtained far exceed those maximum grades which are accepted as the standard, *viz.*, those of the Union Pacific. 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. 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 par. We pointed out that the opportunities for the creation of speculative interests, for arrangements disadvantageous to the country in many particulars, might result from the exercise of such power, and that ultimately the road would be loaded with nominal capital far in excess of the money required for its construction, and we find that that is so. I do not believe that Ministers themselves had the slightest idea of the extent to which that power would be used. Twenty-five million dollars was named as the maximum capital, and all our calculations and discussions were prejudged upon the idea that the nominal capital might represent a much smaller sum in cash. But availing themselves of the 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

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nate relations we on Company has an liberality are use the supplies d. We may find ady to spend the to the people of l proceed if this ay suggestions by the hon. gentle- , have been used e seems to think e been urged as he laid before us. ght, that there is ; that there were

of responsibility ot made allusion. n connection with in embarking in

NOMINAL CAPITAL

to \$100,000,000. Now, no one pretended that they wanted that sum of money; it was in order to float the stock at something about 50 that this capital was created. Well, one of the incidental difficulties arising upon that was much discussed for some time. The Hon. Minister of Railways held strongly that they were entitled to pay 10 per cent. upon the whole nominal amount of capital, but ultimately he receded from that position, and 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 that should govern so far as we were concerned. But in the meantime a difficulty had grown out of the matter because the Company announced that they were about to agree to pay interest on their capital during construction at a rate of five per cent. The law says that interest may be paid during construction at a rate not exceeding six per cent. on 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 a rate of five 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 up. Another difficulty growing out of this was the uncertainty as to what the real capital was. The country was decidedly interested in that, because the obligation which we had entered into as to 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 60. I afterwards saw a statement that

THE ISSUE PRICE WAS REALLY FIFTY

to the syndicate which undertook to issue the \$30,000,000. I called the attention of the 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 reports, but to night we learn for the first time that \$55,000,000 of the stock has realized \$25,358,000 only, or if you are to assume that none has been distributed and that none has been issued at a greater discount than the other 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 the 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 thirty millions? What arrangements were made for the disposition of the twenty-five millions of stock, only originally authorized capital? At what rate was the stock taken? Was the stock in fact taken for the purchase of some part of the Canada Central Railway? All these questions 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 liabilities, at least of the limitation as to the realization 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. I have seen some organs of public opinion so ill-informed as to state with respect to this proposition that the necessity of doing something for the Company was made manifest because actually its stock was selling at 55—only 55 cents for the dollar—and when the stock has 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. The Company emitted a nominal amount of stock far beyond what was required, and issued at a discount. It gave them certain collateral advantages in insuring a large dividend during construction, and gave good opportunities for a rise, because it is easier to get stock up from 50 towards par than if it was issued at par to secure prices considerably above. I have shown the House that the hon. gentleman's statement is that

THE STOCK OF THE COMPANY

has been emitted at an average price net to the Company of 46, and upon this they have agreed to pay interest at \$5 on the \$100, which means a rate of almost 11 per cent. per annum, payable half yearly. These poor people whom you are asked to assist, these 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 11 per cent. while construction was going on. And the 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 11 per cent. interest may be paid to the Company. (Cheers.) Presently they decided that they would finish construction very quickly, and then they decided that they would have a guarantee as to interest. And they announced an arrangement whereby, even after construction, the bulk of this dividend is to be for a long period of years actually guaranteed. It must be evident that these things require to be looked into if we are to do that which the hon. gentleman not inaptly described in the instructions he gave to his Engineer and Commissioner of Inland Revenue: If we are going to enter into either a large transaction of mortgage or partnership with the firm, we ought to see how it handled its business. I shall show presently that our

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position is not to be quite so advantageous as that of a partnership. We may be exposed to risk, but it is not likely we shall have any of the profits. We objected to a monopoly, and I think events have vindicated that it has been a very serious obstruction to the settlement of the North-West. We objected very strongly to what we believed was a wholly

UNCONSTITUTIONAL EXTENSION

in the 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 it. He says, “No.” He is very fond of sheltering himself under the ægis of those whose past, as a general rule, he busies himself in reviling and despising; but upon this occasion he is entirely wrong in saying that the policy of the preceding Government furnishes authority for his policy. (Hear, hear.) 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 disallowance—was done at a period when neither the right of the C. P. R., nor the system of construction—whether it should be by a Government or a company—were settled, and I maintain that it is an entirely different thing to say you will control the railways of the 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 an objectionable monopoly in its own concerns. Look at this Dominion, take two ends of it, cutting off for a moment British Columbia—and I hope no hon. gentleman will suppose I mean permanently, but just for an instant—take the North-West at one end and the Maritime Provinces at the other. Take a Government railway extending from Quebec to the Maritime Provinces, and a private corporation extending through the North-West, and ask upon what system the services are regulated respectively, 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. What hon. gentlemen did was as far as they could in the contract to render it impossible that competition should be obtained, and what they could not do in the contract they did by violating the spirit and executing a letter of law in disallowing all other railway charters in Manitoba. The contract itself says that in the North-West Territory, in those parts in which the Dominion Government had jurisdiction, no railway running in any such direction and within such limits shall be chartered for the next twenty years, and it says that in any new Province hereafter erected this

PROHIBITION SHALL BE CONTINUED,

obviously meaning that in the existing Provinces no such prohibition could be made or was intended. To prevent that the contract contained the extraordinary provision that a new Province, as yet unborn, should be further hampered and restricted by a provision prohibiting it from exercising its constitutional rights, and that 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. The Hon. Minister of Railways says he is glad to be 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 am surprised that the hon. gentleman with all his old experience was not able to accomplish the task more cleverly than he did—he gilds the pill by saying that as soon as the railway is actually built they will be able to review the question, 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, with their power and their privilege and their exemption from taxation and laws, 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. The hon. gentleman proposes that the horse shall die and then he will put a feed of hay before him. (Cheers.) Argument has been addressed to us to show that

THE TRAFFIC RATES

on the C. P. R. were extremely moderate, that they were very reasonable, that in a new country like this it costs a great deal, as no doubt it does, to run a railway; but these arguments are all lacking in this, that those who use them forget that it was an 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. Well, having paid them in advance for unremunerative running, it is now argued that the rates should be such as to remunerate them, and therefore they are to be paid double. (Hear, hear.) The people of the North-West are to pay these double rates; because, if the statements of the hon. gentleman 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 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 constructed has conduced to its success; hasty decisions have been reached, and these have indicated from time to

time an absence of that careful consideration and that prudence of action which were essential to make this enterprise a success. Take, for example, what was called the Sault Ste. Marie branch. At a very early date in the history of the undertaking other companies were thinking of striking for the Sault, but the great Canada Pacific announced that it was going to build a branch to that point. A little while later the hon. gentleman received a communication to the effect that they had altered their views. They decided to make the main line by Sault Ste. Marie, and they asked that their plan of branch might be made the plan of the main line so far, and they announced that their engineers had gone over the route and found it practicable, and it was a much better thing, although more expensive, much better than the former route, and the hon. Minister acceded with the reservation advised by his engineers, that until they had established the possibility of connecting Port Arthur with the Sault the subsidy should be retained. The hon. gentleman, in announcing this, spoke at length and told what a great thing it was for the country, for Ontario in particular, that it was now arranged. 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 they determine to go back to the old route, and then they determine to build a branch to Algoma Mills, thus shewing no less than three changes of plan and indicating that this extreme haste of execution is very apt to lead to hasty and, very possibly, imprudent and erroneous decisions; and we were told that it was of vast consequence that the Algoma Mills branch and the connecting link to the eastward of it should be early built; that the Canada Pacific Railway would carry immigrants by that route, a splendid route—so many miles from Montreal to Algoma Mills, then 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 steamers are to sail from Owen Sound for Port Arthur this year; that immigrants are to be carried by the Ontario and Quebec and Toronto, Grey and Bruce to Owen Sound. If the branch to Algoma Mills is not to be the immigrant route, what was the object of hurrying that branch and of expending close upon two millions of dollars, which have been expended in its speedy construction? If you find that the bulk of your immigration next year goes not by Algoma Mills at all, but by Owen Sound, will you not find that once again speed has resulted in premature expenditure, which in view of possible difficulties should have been deferred? (Cheers.) Then the decision with reference to the southern route to which I have adverted was, I greatly fear, a mistake. I have never said anything upon this subject in public before, but I have collected such information as I could ask of everybody who passed over the western part of the railway whom I met, 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 west of Moose Jaw to the foot of the hills of the Rocky Mountains was far inferior to the territory that would have been passed through by the central route, and considerable apprehensions were entertained as to the results to the Company of the

INFERIORITY OF THAT LAND

in quality and the dryness of the climate. Now, with reference to these Eastern operations, to most of which the hon. gentleman has not particularly alluded, I think they fall into different categories. There can be no doubt that there was reason in the view that the C. P. R. should seek to extend its direct control to Montreal. There can also be no doubt that the contract itself in terms indicated the probability of such extension. 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 were prudent. I have not been able to ascertain from the information before us what the cost of the railways which the Company has acquired in the east is. It is obvious that the purchase included numerous branches not very material to the main line. The hon. gentleman has not on this occasion alluded to the purchase of the Laurentian Railway. As I shewed last session, from such information as I could obtain, it was purchased from Mr. Senecal at a price which realized to him enormous profit, and which was far in excess of the mercantile value of the railway. I do not believe it has any value to the Canada Pacific Railway at all. When we are asked to lend the Company thirty millions more that transaction ought to be explained. I believe it involved a throwing away by the Company of something like \$400,000. 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 trifling exceptions the direct funds of the C. P. R. Company have not been 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 the Credit Valley bonds, which are at present held by the Government as security. 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, Ontario and Quebec, and that system. (Hear, hear.) So far as the general sources of information go, and Act of Parliament enable us

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were essential to the Marie branch. The linking of striking a branch to that effect that they Marie, and they d they announced as a much better the hon. Minister blished the possi- airied. The hon. as for the country,

to judge, the C. P. R. Company is becoming the lessee of those lines on terms which obliged it to guarantee five per cent. upon the bonds which were outstanding. The Credit Valley bonds which were outstanding were sold, I fancy, somewhere from 30 to 35 cents on the dollar. They have been made worth par—if the C. P. R. guarantee will make them worth par. Thus the C. P. R. Company 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 bonding system of the Credit Valley. We have no information at all before us as to what the real

EXTENT OF THE OBLIGATIONS

of the C. P. R. are with reference to those enterprises. I need hardly say that we may fully expect the completion of the operations through Ontario of the C. P. R. Company to result in a temporary advantage, at any rate to a considerable portion of the community. I believe there will be very severe competition. The Ontario and Quebec system will be forced to run at rates under the circumstances which will render it extremely difficult for the C. P. R. 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. Then there is an arrangement made with the Toronto, Grey and Bruce Railway Company, under which that railway is leased by the C. P. R. Nothing has been said about that. We have not heard what the extent of this obligation is. We know not whether the probable traffic on that road will pay expenses. If not, it becomes an onerous obligation to the extent of the deficiency. Then there was 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 a 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. We pass them with so much freedom, except for Manitoba. (Cheers and laughter.) What is the worth of a commodity of that kind it would be interesting to know. I suppose they would have had no difficulty in getting such a charter as that of the Atlantic and North-Western if they had wished. But some one else got it. How much did the C. P. R. Company get it for, and for what purpose? Doubtless in order to secure connection with the South-Eastern. There the hon. gentleman found himself treading on tender ground. He said 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—(hear, hear)—it seems to furnish the most direct means of connecting with Boston, Portland, New York, Halifax, St. John, St. Andrews, and Louisburg. (Cheers and laughter.) I don't know whether I got them all, but it seems that the Montreal, Portland, and Boston Railway 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 Quebec. The hon. gentleman says they will build one immediately. I hope he will give his bail for that. It seemed to me that the South-Eastern was of an extraordinary character, and from the capacities it possesses I am not surprised the Canadian Pacific gave sixteen or seventeen hundred thousand dollars for it. It is a valuable thing, and they seem to have got it cheap. (Laughter.) The hon. gentleman said it was important that we should have the Canada 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 not very long ago. (Hear, hear.) In order to do this it was necessary they should secure the Montreal, Portland, and Boston Railway. It was probably 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 I have no doubt possesses the same admirable faculty of being capable of being used to give connection with other Maritime Province ports. (Cheers and laughter.) The hon. gentleman explained how they were to reach these ports, except St. John, which he left out or almost left out; and I observed when he referred to 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. He should have put all the ports on an equality. He should have mentioned them all several times, so that each might once be mentioned first." (Laughter.) The hon. gentleman also told the people of Quebec they were to have a third railway—on which bank of the St. Lawrence, or whether in the middle of it, I do not know (renewed laughter)—to reach

their summer port. Having satisfied the different members, he went on to say that the Canada Pacific Railway would have failed in its duty to Canada if it had stopped there. It ought to have gone further; and he here pointed out that admirable faculty which the South-Eastern possesses. It would not only reach these ports, but

THE UNITED STATES PORTS AS WELL.

He said they must be in position to take the commerce from New York port and Boston, and cause it to pass over their great railway. 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 toward a bonus to a road to run into town, but out of it, never." (Great laughter.) Does the hon. gentleman suppose that if traffic comes from New York, Portland, and Boston towards the west over the C. P. R., traffic on that road will not go to New York, Portland, and Boston? Does he suppose his railway will only run one way? (Renewed laughter.) It may be right. I do not say it is not right. But I say that it would be trifling with the intelligence of the House to suppose this was other than a serious question with reference to the terminal point of the Canada 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 the Parliament that resources which the Company possess by virtue of its contract are to be applied, while yet we are engaged in pouring out of the public treasury thirty millions, in creating an Atlantic terminus in the United States for the Canada Pacific Railway, (Cheers.) This was not the purpose of the expenditure. It turned out that the sum of \$700,000 had been expended in what the hon. gentleman calls—I believe it is the regular 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 honourable gentleman's statement, and not explained. But the hon. gentleman said, "I feel it my duty in dealing with this matter to procure thorough, sound, good information." He felt it his duty to ascertain how things stood, and so he employed his Engineer and 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 understand the hon. gentleman—all right on the 2nd of February. What were they sent down for? To inform the hon. gentleman's mind? To let him understand what they were doing? To give him 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 that 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 of the hon. gentleman's officer and the officer of the Inland Revenue. The ministers under whom they acted concluded that they would

ENTER INTO THE PARTNERSHIP,

that they would make the advance, and that Parliament should have such information as would enable it to agree with the Ministers. The officers make the inquiry in two, or three, or four days into those 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 of the line, and if we are lending money upon the faith of a wise dealing with the stock and 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 Canada Pacific Railway Company, but the question is what their transactions have been, whether they have been prudent, whether they have been wise, what the nature of them has been. These are the questions which were to be investigated; but the investigators tell us:—"We did not enquire into the distribution of the stock. We did not enquire into the expenditure of the road." 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 facilities which Ministers credited them with. They could make no mistake; they did make no mistake. They were building faster, better and cheaper than any one had ever built before. The road was improving all the time in its prospects. It was becoming easier, and it was found from day to day and from year to year

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that the difficulties were disappearing, and 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 when another story was told, until the month of October last, when the country was startled by the statement that the Government had agreed to guarantee the stock of the C. P. R. Company to the extent of three per cent. for the period of ten years. In the meantime the fortunate possessors of the contract of this magnificent enterprise 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 is said that the Government had guaranteed the interest upon \$100,000,000 and that they had received \$15,000,000 in cash, and that \$5,000,000 in cash was to be received on the 1st of Feb., 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 such 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. (Hear, hear.) 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 Canadian 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 the tangible assets of the Company, fairly representing the worth of the guarantee, and which were handed over for the guarantee, could increase it. He might as well tell me that by taking your money out of your own pocket and putting it into your hands you keep increasing your wealth. He might as well tell me that by locking up a portion of your funds in certain investments producing only 4 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 a gratuitous guarantee, 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 3 per cent. upon the nominal value of the stock for ten years, and that that 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 3 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. 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 a gratuitous guarantee. I certainly did suppose when I read that cable that no part of the earnings of the Company was charged to pay this 3 per cent., but I find when the papers come down that the postal and transport services of the Company

ARE EXPRESSLY CHARGED

to pay the dividend, although I am unable to reconcile with my reading of the agreement the statement that this arrangement was such as left the earnings free. However, upon this understanding the stock rose, and it rose to somewhere about 64 in New York and London. There was a considerable amount of speculation, and I believe the market was what they call "milked," and that a good many people lost a good deal of money in C. P. R. stock. Who forfeited has not yet been disclosed. In a few short days it was found that 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 \$65,000,000 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. Are the House, the Government, or 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 more disclosures were made. 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 fall in the stock is attributed to the mystery and want of openness which had characterized the transaction; and I must say that, 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—in a manner which enabled the imputation to be made, with 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 (hear, hear), so that the public might judge for themselves what the effect upon the stock would be. (Loud applause.) But the First Minister is said by Mr. Drinkwater, Secretary of the Company, to have told the Company not to speak, declaring that he himself intended to make a full explanation in a few days; and silent they were. But the First Minister did not speak; he did not "speak now." (Hear, hear, and laughter.) The transaction was described as a magnificent transaction, under which the Government had achieved a financial success, an operation of a character capable only of being achieved by the present Finance Minister. (Laughter.) Why, the failure of the Domestic Loan turned out to be

A BLESSING IN DISGUIST,

because the Finance Minister didn't want any, for the Syndicate could provide him. (Laughter.) What did he want with four million dollars when twenty-four and a half millions were to be provided by the Syndicate? (Hear, hear.) What a lucky thought it was that he had not taken up a loan! Not merely was the money to be supplied which was intended to be taken from the pockets of his fellow-countrymen by a loan, but the loans which were about to expire in a few months were also to be largely met. The hon. gentleman would have to go to England, it was 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 more to the immense blessings which it had already conferred upon the country, was pouring out of its abundance into our coffers, sums to enable us to redeem our indebtedness. Did those who describe this transaction 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—(hear, hear, and cheers)—that it really could not advantage both so enormously. A mere money transaction of this description cannot possess these conflicting elements. How changed the situation now is. In November last we were congratulating ourselves that we had twenty-four and a half millions of solid cash furnished by the Company to redeem our debts, and to-night we are discussing a proposition to advance twenty-two and a half millions to the Company. If that is not

A TURN-ABOUT-FACE.

from November to January, I do not know what a turn-about face is. (Hear, hear.) It was a splendid thing for the Company and the country that the former should furnish twenty-four and a half millions. It is now a splendid thing for the Company and the country that the latter should loan them twenty-two and a half millions. The hon. gentleman stated that this transaction was almost warranted by the law. We have a new idea respecting the sanctity of contracts with Parliament and the power of the Executive in these latter days. (Hear, hear.) It was only the other day that a solemn Act of Parliament passed by hon. gentlemen opposite, and providing certain things imperatively, was dispensed with by those hon. gentlemen, and when I asked the authority of the 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. In that view I am almost surprised to learn that the hon. Minister of Railways admits that they have a little transcended the powers of the Government in making this arrangement. I say it was an act to be done only under a sense of the gravest responsibility, only in some emergency which would be of itself a justification for the breach of the law. It is 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. 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 his great *coup* was not merely a failure, but

A POSITIVE DISASTER TO THE COMPANY,

because it did not improve the price of their stock by a dollar, and they come down to Parliament and tell us in the Speech from the Throne of this arrangement. They do not tell us that they transcended the law under the pressure of necessity, and are about to ask us for a bill of indemnity for that transgression of the law. But they say "We will treat this as an ordinary transaction, and will ask you to make it a little better for the Company." The Company not being able to implement the agreement itself, we will ask you to agree to a postponement of the February cash payment 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 would be wanting in its duty to the people it assumes to represent if it does not insist on the transactions of this enormous magnitude, created in defiance of the law, being at any rate so far dealt with, with a 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. (Hear, hear.) The Government, however, were persuaded and they put the shareholders of the Company in a pretty good position. They agreed 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 dividends. Here again is a little

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INVERSION OF THE ORDER OF THINGS

as it existed. We were told when the C. P. R. contract was passed that we were obtaining from the Company security that they would complete the line, but now it is proposed to us that we should give up that security and in lieu of it give them security to pay their dividends. (Hear, hear.) This arrangement is highly satisfactory, I have no doubt, to the shareholders. (Hear, hear.) Now, sir, the present proposal is that we should guarantee to the extent of a sum equal in cash to \$7,300,000, and lend them \$22,500,000 besides. Thus we are to engage \$30,000,000, and are also to abandon the security for the completion. The Government is to occupy a very peculiar relation to the Company, a sort of double and inconsistent relation. It is to guarantee dividends to the stockholders, and it is to be the mortgagee of the road as well. It is to guarantee the profits to the stockholders for ten years, and to be the mortgagee of those very profits out of which the dividends can alone be paid. (Hear, hear.) What is the result of that position? A cry for lower tolls after this will be very little listened to, because the answer of the Company would be:—"Ah, gentlemen! very good. You are of course aware that you have guaranteed interest on our stock to the extent of three per cent. You are aware that you have lent us \$22,500,000, for which we agreed to pay interest, and the only funds out of which we can pay that interest is the profit of the enterprise. If you choose to cut down the tolls you understand that you cannot get paid."

Sir CHAS. TUPPER—There is the sale of lands.

Mr. BLAKE—Of course there is

THE SALE OF LAND;

but what has been said about the sale of the land? The dividend and interest are to be paid all the time, and how will the Government be able to meet the suggestion of the Company that the Company require high tolls in order that the obligations they entered into may be implemented? Now I don't intend to go into a great many of the estimates which the hon. gentleman has made. There will be ample opportunity for fully discussing these figures, 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 omitted to be expressly stated in the Company's statement, as for example the cash received for town sites, and the Winnipeg bonus of \$200,000. A few general observations, however, may be made with reference to these calculations. Last session I pointed out 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 which at 60 was equal to \$54,000,000 in cash. That is, in all, \$99,000,000 of money. In April last, so 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 \$54,000,000, which he assumed would be realized for the \$90,000,000 of stock, against which they would have 17,000,000 acres of the finest wheat lands on the continent. This same estimate practically repeated in April what had been stated in the December previous, that the whole line from Callander to Port Moody 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 to get the cost of the main line contracted for, from this sum should be deducted for the extensions and branches about \$8,000,000. I was unable to speak with exact accuracy, but that was the nearest approach I could make, and I am not yet persuaded that there was any material error in that approximation, and 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 1884 a fresh estimate is presented, which is really worth the attentive consideration of Parliament, when we are called upon to rely upon it as proving that funds are now required for completing the road. 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 assume 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 \$12,000,000. 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 estimate 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 3,000,000; and it embraces also the Credit Valley bonds of say half a million, making \$4,000,000 in round numbers. That is \$9,000,000 altogether of items which are embraced in the transaction 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 \$90,000,000 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 lines 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 something for the branches, \$6,000,000. Materials, \$4,000,000. To complete, \$27,000,000. And I add for interest and dividends no less than \$6,000,000, which, omitting the equipment, would give me \$36,000,000 as the present estimate for the contracted line. The Company now think that the contracted line from Callander to Port Moody will cost them \$66,000,000 as against \$90,000,000, their estimate so recently as April last. That is a saving of \$24,000,000 on what they had agreed, and are bound to this country to do, including as I said in that estimate the large sum of \$3,000,000 for dividends out of capital, irrespective of earnings altogether. Now these discrepancies are entirely confounding. It is impossible to understand them. The hon. gentleman has not attempted to grapple with them. I think

AN EXPLANATION IS REQUIRED,

and inquiry should be made on that point. I am not satisfied with these estimates. I am not satisfied with the statements made, without a single particular given to us except what is contained in a few lines which the hon. gentleman has read to night. Now, then, if the contracted line is to cost only \$66,000,000 the Company are to receive \$25,000,000 in cash from land grant bonds—\$9,200,000 of which it has received—over \$9,000,000 in bonuses, and town sites already received \$700,000, and they will probably receive further on that account \$500,000, making \$35,400,000. And they are to get from us now \$22,500,000, making a total of \$57,000,000 from the public as against a total expenditure of \$66,000,000 on the contracted line, and they have already in their hands 10,000,000 acres and are to get during the progress of the contract other acres to the amount of 11,000,000 more—over 21,000,000 acres. This is the proposition, sir. We contracted with them to build this railway. They tell us now that this contracted railway is going to cost them only the sum which I have named, and we show that they have received from public sources \$85,000,000. It is impossible under the circumstances to contend against the proposition that it is not the contracted line that has caused the difficulty. It is impossible 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. It is wanted in consequence of

THE GENERAL ENGAGEMENTS

into which the Company have entered. Now, as I have said, I cannot without explanation acquiesce in these altered estimates. 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, and the truth is that under the proposed arrangement it is not the C. P. Railway Company but the Government practically which will be providing funds to build the contracted line. The President says that this \$58,700,000 includes the various items which came from the public—viz: subsidy about \$12,300,000, land grant bonds, for which he gives credit for only a little over \$9,000,000, though the account says that \$9,200,000 have been received by the Company, and I suppose the rest are in the hands of the Government; bonuses and town sites, \$690,000; and earnings to the 30th June last, which I assume to be \$1,400,000, making \$23,600,000. Then he inserts, as part of what the Company has provided, their floating debt, which they cannot provide for, and for which we are going to provide \$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, they have not provided it. It is because they have not provided it we are here to night. We have to provide it. (Cheers.) 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, the dividend is an absolute necessary expenditure upon the C. P. R. so far. It may have been a very prudent thing for these corporations to say that "As our stock is at 46, what it cost us, we would like to get 11 per cent. while the work is going on, and we will

INSURE OURSELVES

three-fifths of that amount, but in order to insure ourselves that deposit we could not deposit it ourselves in a 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

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dividends from time to time as years rol on. We will hand over \$8,700,000 of the present as- sets, which otherwise could have been used in the work, in order that a 'rainy day' may be pro- vided for by ourselves." After having made that application of the \$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 \$8,700,000 which is locked up for the benefit of the shareholders in the future, 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 pro- vided 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 those considerations show how ridiculous it is to say that this money would have been want- ed had the Company dealt with this enterprise with reference to the contract alone. It is be- cause those obligations have been departed from that this result is before us. 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 the cost will be what it was estimated only nine or ten months ago, then it is clear that the cal- culations of the hon. gentleman entirely fail. According to the present estimate of the cost, which is so very far below what it was estimated to cost before, we find this result :—The Company owns \$7,500,000, it wants to complete the railway for \$27,000,000, and it wants to pay its floating debt ; it, therefore, wants \$24,500,000 of money. And 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 get not merely every shilling necessary to complete the road, but every shilling necessary to pay off the floating debt besides. I put it forward as

A SUBJECT FOR INQUIRY

whether that float- ing debt does not itself include the five millions temporarily borrowed on the ten millions of stock, and if it does, 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 besides. But meanwhile the hon. gentleman is able triumphantly to say the road will be finished with this money ; that is to say, if these estimates are correct. Yet, if the estimates be under the estimates or something like the cost estimated last year, the real cost account is quite on the other side. The hon. gentleman will say :—" Oh, they will get money out of the lands or the further issue of stock." But the statement which we have as to the condition of the road indicates that there is no ground for believing in that result, because the loan is not to be repayable until 1891, which means that it is not expected that very large resources will come from any other quarter before 1891, certainly not within the next two years, if the estimates of last year be the correct esti- mates. More money will be wanted ; and I think this night's proceedings will tell us where that money will be asked from. (Cheers.) I have pointed out the enormous discrepancies in the estimate of cost. No explanation is given of how it happens that the present

CONVENIENTLY LOW ESTIMATES

are so much lower than those of only ten months ago. Then as to the land sales in 1882, the report made to Parliament was that there were 6,450,000 acres of land sold ; that there was \$17,300,000 worth of land grant bonds to be redeemed by those sales ; that there was \$18,500,000 worth of land grant bonds sold. In June, 1882, in the statistical returns for the year, laid upon the table of the House yesterday, the Railway Company reports their sales of land grant bonds at \$18,500,000 ; total sales of land, instead of 6,450,000 acres, 3,750,000 acres ; instead of \$16,500,000 bonds sold, \$10,000,000 were sold. Fewer acres, 2,700,000 ; fewer bonds, \$8,500,000. This change in the circumstances of the Company is a great source of weakness. What I com- plain of is that, with the allegation on the part of the Minister that he was coming forward to give a perfectly frank statement of the transaction and let the whole

CAT OUT OF THE BAG,

a large part of the cat's tail remained inside of the bag. (Cheers and laughter.) Eight million of the 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 C. P. R. Company has been with the Canada North-West Land Co. This corporation was created with a view to assisting the C. P. R., and was composed in

part, I believe, of some of its originators. The people of this country were told it was going to be the best thing of the boom. They procured subscriptions of \$10,000,000 in Canada, and they were told the deposit was all that would require to be paid, and that "greedy Britishers," it was said, would be so anxious to swallow the stock that Canadians would be able to send it across and sell it at an enormous premium. This was sent to England, and subscriptions, not for ten millions as expected, but for five millions, were obtained there. How much was obtained by others than the projectors I know not. It dropped, and in my opinion it did so because it was

FOUNDED UPON A FALSE OPINION

as to the amount of capital required to work transactions of this description. Subscribers expected that the sales would be made so quickly that they could carry on the business without calling upon the stockholders, and the public of England did not take to a Company involving such a large amount of liabilities which they thought would be called upon. Stockholders here paid as long as they could, and then sold for a fraction of the cost, and the loss to the capital of Canada was several millions of dollars by the operation of this Company. Now, we learn that our money, given to the Canadian Pacific Railway Company to build this railway, has been expended to the amount of \$700,000 in sustaining the stock of the North-West Land Co.,—that operations which, when they occur in banks, of bankers sustaining their own stocks, are treated very harshly, have been going on; and the hon. gentleman says it was quite natural and proper, within their charter, because everybody knows how deeply they were interested in sustaining the stock. I do not think that was a proper application of the money at all. It was one which was to lead the public to believe that that stock was worth more than it really was.

IT WAS A MISAPPLICATION

of the funds of the Canadian Pacific Railway. Mr. Stephen says nothing at all in his statement of outside land sales or of business; but returns to Parliament show \$200,000 of bonuses at Winnipeg, and I think \$490,000 for town sites, already realized. Then we did not get from him 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 represents as paid for dividends was provided for partly or exclusively by net earnings. I gather from the Minister'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, though the statement would appear to show that it was money provided by the Company; whereas 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. If I rightly read the returns of the C. P. R. for the year ending 30th June, 1882, its profits on work over expenditure are placed at about \$840,000; and I see by the returns laid on the table its profits over the working expenses last year are placed at somewhere about \$537,000; only the returns say nothing of that for the complete year, but give an account of the nine months which have elapsed immediately preceding, showing some \$900,000 odd as the earnings of those nine months. One would like to know what the true running account is, how far those nine months overlapped the previous year, what is the meaning of the discrepancy in the 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 learn anything as to

WHAT THE STOCK HAD REALIZED.

We are told nothing as to the purchase of the other roads. One statement is that those roads cost the Company \$3,200,000. I think the hon. gentleman to-night said \$3,233,000, and I presume the statement of the President was made up to the 31st of December. But taking \$3,200,000 in 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 the roads; but if you will look at the statistical returns you will find that there is unpaid by the C. P. R. on Canada Central in round figures, \$4,000,000, and on the Q. M. O. and O., \$3,850,000, a total of \$7,850,000. Add to this the \$3,200,000 that have been paid, and you find \$1,000,000 as the cost of those roads, instead of the smaller sum to which I have referred. To this has to be added, I presume, equipment and other charges. This payment of \$2,300,000 as interest on deposit and purchase money, and on the 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 as to this until the hon. gentleman vouchsafed it to us to-night. As to the particulars of the expenditure of \$3,500,000 for the roads towards the seaboard, and for the other purposes within the charter, we find now that it is considered within the charter to spend \$600,000 in sustaining the stock of the Land Corporation, 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. (Cheers). A large sum is said to have been expended on the line, which is not yet completed. It will not do, of course, to divide that indefinite amount over the mileage of that which is completed, because that would be to make an extravagant cost

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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 link has cost so far as it has been completed. We ought to know what are the arrangements with reference to the most easterly part of that section. We ought to know the class of arrangements with reference to the central part—those entered into with the North American Construction Company with reference to the work recently terminated. Last year some information was given to us. We were told what embankment was in the prairie section. We were told that the enormous quantity, for such a line, of 15,300 yards of embankment had been made for this company. But we did not know what had been done in other places. This year, when we are called to advance \$22,000,000 and to pledge our credit for nigh \$7,500,000 more, we are not given so much information as was vouchsafed last year when we were told that no demand would be made upon us. (Hear, hear.) 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 was more than one, I heard there was two, perhaps three different parties operating at different times. And since then one of the firms has unhappily dissolved, owing the C. P. C. \$600,000 put in as providing for the work. What dependence, under these circumstances, 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 was startled last fall to find reported the opinions of the General Manager on this subject, and they correspond so admirably with the 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 last 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 expected 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 line 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 has not time for it. 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 you have sufficient funds to push 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. (Cheers.)

"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 I think 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."

"Rumour says you will get to the Atlantic by the South-Western. 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 to my knowledge."

"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 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 guarantee without authority; 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.

(Cheers.) We have the Government at our back, and between the Government and us we will put it through. They will find the money. We will find what we can, and they will find the rest. 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 C. P. R. Company right to the bottom. I say that it was their duty to have investigated most thoroughly the past, present and future. I say that it was their duty to have obtained full and ample information; to have got all the details; to have obtained a detailed estimate of the expenditure for completion; to have ascertained how it was that the estimate runs so very far short of the estimate of ten months ago; and to have established to their own satisfaction first, and as a preparation for the submission to Parliament after, all the particulars to which I have generally alluded to-night as a preliminary to their reaching a decision. (Cheers.) 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 seven millions and a half, 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 fifty-four millions, and he staked his reputation upon the accuracy of that statement. He did not calculate the lands as part of the cost. 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 the estimates which had been formerly made of the cost of this road. It is quite true that I submitted to the House, as a 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, one hundred and twenty millions of dollars. But neither my hon. friend from East York nor myself were responsible for more than this—that they were the fair results of the engineer's estimates laid on the table. The estimates of the 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 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 last year does accord with the estimates of the engineers made so long before. But while I felt pretty confident under these circumstances that they 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. And they say it will cost 24,000,000 less on a 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 the calculation applying to the proposal of the Government and estimate of the First Minister, and out of his own mouth he convicted him of extravagance. Now the hon. gentleman says you estimated these figures. The hon. gentleman says that the earnings of the road are most satisfactory. I hope they are. But we should have the earnings of this eastern or disconnected portion, and those of the western portion given separately. We want to understand to what extent these earnings are due to

THE VERY HIGH RATES

charged, 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. Without verifying and establishing those reduced estimates of the cost we have no proof that the funds provided are of themselves adequate to finish the road in two years. 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 a default which are enough to astound the stoutest heart, if he did not know the ways of a Canadian Government, yet the Company may make default and not lose the road. We have had the Grand Trunk, to which we made advances on first lien—very first lien, a splendid first

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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. (Cheers.) It is impossible not to recognize the lesson and the story of the past when looking at the present and to the forecast of the future, and what position would the Government and Parliament be in if at the end of these two years default should be made? Are you going to sacrifice the interests 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 the 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 thought yourselves, that said to yourselves that the security is two or three times the price 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 benefactions? Surely you will not behave so badly. (Cheers.) 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 the North-West is due to the rapid construction of the C. P. R., 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 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 the lands from the 1st of July, 1881, to the 31st Dec., 1883, \$3,572,000. We know that included early payments on colonization schemes, and, therefore, does not represent anything like permanent income, but we know also that in the same period we

EXPENDED IN THE NORTH-WEST

on the Indians, \$3,096,000; on the Mounted Police, \$1,135,000; and on Dominion Lands, \$1,340,000; a total of \$5,571,000. If, therefore, we are getting we are also paying. If it were proved that this development was due to the extreme rapidity of the construction of the C. P. R., I could have felt some force in the hon. gentleman's argument. I have denied before, and I deny to-night, that the extreme rapidity of construction has caused this development. It has tended to produce certain evils in that country rather than benefits, and a reasonable rapidity of construction would have been conducive to more permanent good. Then it was urged as important that we should go fast in 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 the immediate freedom of railway communication, moderate rates, and more railways. What it is proposed to do is to hurry on the building of the railway on both sides of the North-West—on the British Columbia side and on the Ontario side—and therefore, even if you could argue that the great development of the North-West was due only to the rapid construction of the C. P. R., it would be nonsense to argue that there would be an 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 route of \$31 from Quebec to Winnipeg with the new rail and water rate of \$12.50, I do not think it was a fair comparison. In the first place he took the old rate instead of the present all-rail route, which is \$16.64, and compared it with the new rail and water rate, which is \$12. Now the hon. gentleman says the new rate is being established. That is a good thing, but he takes the responsibility off the Pacific Railway and lays it on the Minister of Agriculture. I was glad to hear of this move being made. It is of the last consequence. We have heard that we should keep Canadian immigrants on our side for fear of 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. (Cheers.) I have always felt a certain amount of humiliation myself that we should be obliged to bring in our own immigrants through foreign countries, though I have 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 out 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 64,000,000 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 country, I hardly think it is of that

character that every acre of every man's farm would produce the 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 a 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 injurious—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. (Cheers.) Nothing can be more detrimental to the country, however, than to find people complaining of oppressive taxation, vexatious regulations, high railway rates, and elevator difficulties, and who find that prosperity has not been attained. 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 the territory. We may calculate that was an unexpected contingency, on 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 such a calamity on a large scale is not to be expected. Casual and unexpected as it was, it was extremely unfortunate, and if the expectations of the Government and of the country at large are not fulfilled to the extent we would wish, I dare say it is largely due to that unfortunate accident, for which they are not responsible. But I do not regret that while that occurred at

A CRITICAL PERIOD,

so many things have happened by our acts and the acts of our executive, which could have been prevented, and which, occurring with this unfortunate accident, 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 seek homes and give their energies to building up other countries. Now the whole of this proposal is placed on a very simple basis by the hon. gentleman. He says that it is not because the company want this money to complete their contract. He says, speaking somewhat more strongly than Mr. Stephen does in his letter, that it is certain that the Company does not want anything whatever to fulfil their contract, and by 1891 the road will be finished, "but," he says, "we want the road to be finished at 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 power to compete with the Northern Pacific Railway for trans-continental traffic. Well, as to the rules as to trade, etc., I think 'nat to-day they are much more easily changed than they used to be. I think if the Canadian Pacific Railway is built so as to offer good access and a shorter line it will be very easily able to obtain its share of traffic. No matter whether it is constructed a year or two earlier or later, I do not believe that 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, while by lending all your energies now to the completion of the railway through the north shore of Lake Superior and through the Rocky Mountains to Kamloops, by straining every nerve to do that, you are preventing yourselves from doing what is most important to the North-West, and you are doing much to depress and damage the stocks of Canada instead of to improve them. There is no really tangible argument given for this

EXTRAORDINARY HASTE.

"But," the hon. gentleman says, "the contract must not be touched. I won't interfere with it. I won't alter it in any way." But it is being interfered with. The security for the completion of the road is being handed over; the mode of paying the subsidy is being altered from the terms of contract; a guarantee of stock is being given which was not in the contract; \$22,500,000 of our money is being loaned, which certainly was not embraced in the contract. Supposing these terms had been put in the original C. P. R. contract, would ever you have voted for it, sir? Therefore are you changing the contract. But the hon. gentleman is right in saying that the contract is not changed in one particular. Although security is to be given by the Company, in order that the road may be built by the year 1885, it is not provided that the road shall be built by the year 1885. (Cheers.) There is no provision that the Company shall be bound to complete it by the year 1885. You are providing them with money to do it, but they are just as free as they were before, in case it is not finished by that time. Now, Sir, whatever might have been the case before now—when Parliament was called upon, as I have shown, particularly to alter the terms of this contract in favour of this Company, and to give them great concessions, to do great things for them—now is the time when we may fairly say, "If you ask, you must also give," and that we may call upon them to give up and surrender

THAT ODISIOUS 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 the opportunity when such a stipulation may fairly be made. I say

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further, that we may fairly insist upon the resources which we are providing, which we are enabling to be provided by all these arrangements, not being applied in extensions not contemplated by the contract, 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 the contract. Well, it is, it was, audacious, and the very promises upon which they induced the Parliament of the country to assent to it were audacious. This night proves how utterly and completely the Company has failed to realize the expectations of those who favoured it, because I do not believe the country will agree for a moment that it is simply in order to finish the road in two years that we are asked to engage Canada's credit for \$30,000,000. When it is found work has been handled, as it has been, unfortunately; when it is found that the Company, by its

IMPRUDENT MANAGEMENT,

have excited hostilities which have been very unfortunate for them; that the road has been proceeded with, with reference to speed, in an unfortunate manner; when, in consequence of the creation of its capital stock, which was unfortunate, the Company has deprived itself of the confidence of the world of capitalists; it must be evident that their object is not speedy to complete the road, but to get money from us. The hon. gentleman has made out a case which is audacious, but let us be prudent in our action. Let us decide that no case has been made out from this transaction, that it is better to go on in terms of the contract as it is, without engaging the capital and credit of Canada to this enormous amount, to secure the realization of those expectations of the Company which they give out to the world, which the Government adopted, which they are both very much disappointed cannot now be fulfilled, but which the Company did not expect; which was not stipulated at all, and in respect to which any advantage which would ensue in alteration of our position and the entanglements in which we will be involved by this proposal, is contained in the alternation now before us. I affirm, first, that the House has not been treated with due respect in reference to obtaining of information 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 INQUIRY IS NECESSARY:

that those things to which I have adverted with reference to the Construction Company, the amount of stock, the acquisition of other roads, etc., ought to be searchingly inquired 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 better for the Company if we had known the exact facts as to the guarantee when the guarantee was given; as to stock when stock was issued; and as to acquisitions of other lines when acquisitions were made. Because what we did know imperfectly was magnified and worse construction put upon 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 had no returns showing the particulars of those contracts or the estimates of the cost of the 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 behoves 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 asked to enter into those large engagements for which no reason has been given, and for which I contend no countervailing advantages are offered. I therefore cannot give my assent to this proposal.

Mr. IVES moved the adjournment of the debate.

The motion was agreed to, and the House adjourned at 12.30 a.m.

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