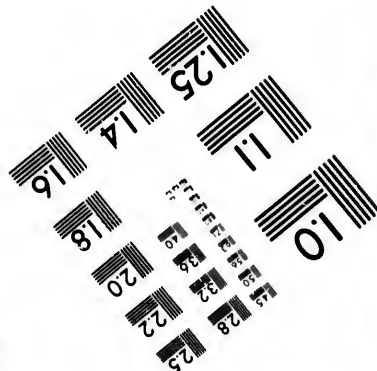
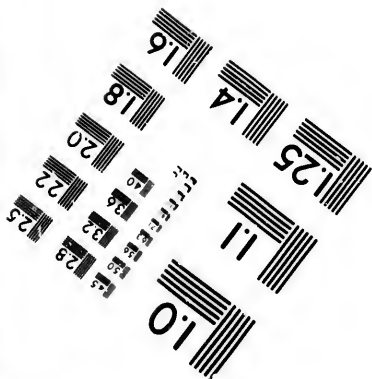
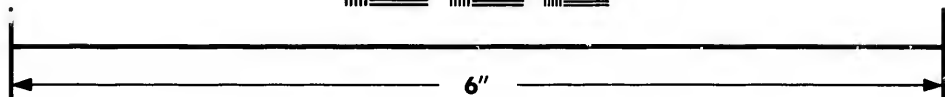
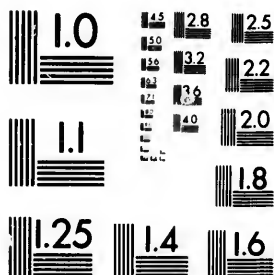


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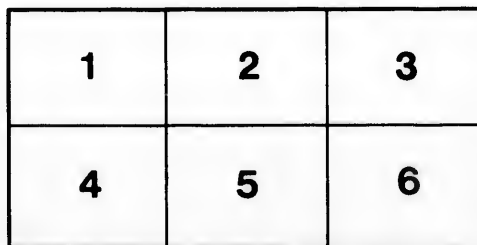
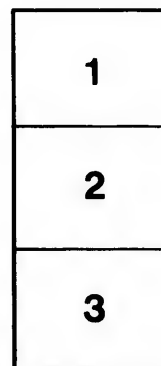
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House of Commons Debates

THIRD SESSION, FIFTH PARLIAMENT.—48 VIC.

SPEECH OF HON. MR. BLAKE, M.P., ON THE CANADIAN PACIFIC RAILWAY RESOLUTIONS.

OTTAWA, JUNE 16TH, 1885.

Mr. BLAKE. Mr. Speaker, if the rest of the Cabinet do not desire to continue the discussion, I will trouble the House with some reference to the speeches we have heard, and the proposals on the table. I congratulate the hon. member for Picton (Mr. Tupper) upon the events of this day. I congratulate the High Commissioner upon the events of this day. Government brought him out before, and specially for the purpose of engineering the last Canadian Pacific Railway aid measure through. He came at their call and spoke, although not qualified to vote. He comes no more.

"Oh, for one blast of Roland's horn
On Fontarabian echoes borne!
Through the dark Ronces Valles pass."

As he came not, it was necessary to fill his place by a double performance. It was not exactly a duet. I can hardly call it a concerted piece, for there were some discords between several of the expressions and phrases. There was not that degree of harmony which I should like to have observed between the arguments of the hon. gentleman who moved and the hon. gentleman who seconded the resolution. We have had a speech, in at least two volumes, with this peculiarity about it, that the authors of the speech seemed to reverse the proper order of these volumes, because the modern history came in the first volume and the ancient history came in the second. We have had a joint composition. One was a speech composed of figures, and the other was composed of figures of speech. I will admit that there were a good many tropes in both. But, Sir, although I have, upon this occasion, to meet these two hon. gentlemen, who have taken a course unprecedented in

my brief parliamentary experience, on the occasion of a Ministerial proposition, of pressing two speeches in support of their measure before a voice from the other side was heard; although I have got to meet them both, the same spirit which induced them to think it was necessary that there should be two opening speeches, may, I hope, serve to sustain me in this unequal contest, as I have been sustained in former contests against the eminent statesman whose place they have attempted to fill. This is a great day for Quebec. Her Ministers have opened the battle. Her Ministers have commenced the war—in the absence, it is true, of the Minister of War, who may have gone away by the *Grand Nord*, for aught I know; but they have commenced the war. But would not one of them have done? Was it absolutely necessary that they should both speak. Would no one hon. gentleman from Quebec have been adequate to open the Ministerial proposition? Now, the hon. gentleman who spoke last at some length, closed his speech somewhat in the tone of Sir Charles Tupper, and in a course and strain of exhortation which we have heard not unfrequently when from that side of the House, they invite us to discuss the question. They say that they invoke criticism, that they challenge it, that they are not at all afraid of it, that they rather relish it. If our observations indicate that their policy has been injurious to the country, and that the country has been injured by their policy, oh, they say, you are decrying the country, you are injuring the country. Criticise us as much as you like, but admit that we have caused the country to prosper, and that our policy has been all that it should be. These are the conditions under which the hon. gentleman invites us to discharge our duty. Now, Sir, we

have just as great a stake in the prosperity of the land in which we live as the hon. gentlemen opposite. Our fortunes are as much bound up in its prosperity as their fortunes—perhaps more. Our hearts beat as true to this country as theirs can. Why should they not? What interest have we to decry our country? Here we live; here the most of us were born; here our children, those we love, abide; here it is that we hope, when the day of rest shall come to us, to lay our bones; and why in the world should we desire to decry, or defame, or depreciate our country? But if we see that those who are entrusted with the reins of power have abused their trust, if we see that those who have had control of public affairs have mismanaged those affairs, if we find that their policy has been such as to injure the country, to interfere with its prosperity and lessen its chances of progress, I should like to know whether it be not true patriotism to point out those defects, to signalise those errors, to indicate those abuses, in order that they may be remedied. Therefore, Sir, no such language as the hon. gentleman has used, in which, under pretence of patriotism, he seeks to evade criticism of transactions which cannot stand a searching criticism—I say no such language as he has used to-night, any more than like language on former occasions, shall deter us, at all proper times and seasons, and upon all proper occasions, from explaining clearly what we think the condition of this country is, and to what cause that condition is due. Now, Sir, the Secretary of State, in the second volume of the joint speech, as I said, entered upon the ancient history of the question, and he pointed out that the mistakes of the Liberal party had begun at the beginning, that we were mistaken in objecting to the original contract that was made, and to the proposal to ratify that contract by the Parliament of this country in the years 1871-72. He declared that we did object, and that we ought not to have objected. How did the hon. gentleman himself describe that transaction? He said it was an audacious transaction. It was a thing unexampled in the history of the world, up to that time, that a contract and undertaking for the construction of so many miles of railway at one time should have been projected. He said: True it is that France has built large numbers of miles of railways; true it is that Austria has entered into large railway operations; but not even France, with her 40,000,000 of people, not even Austria with her power and strength and population, ever did that which was proposed to be done by Canada in the year 1871. We objected, not that we objected to a Canadian Pacific Railway being built, not that we did not desire that a Canadian Pacific Railway should be built; but we declared then, what events have verified most certainly, that it was not reasonable or prudent to agree that a Canadian Pacific Railway should be built by us within ten years, as prescribed by the obligations of that day. That was our declaration. We declared that it would take a very long time properly to ascertain the route, and that it would take a very long time, without imposing great burdens upon the country, to build the road. And mark you, Sir, at that time that happened which has often happened since. Hon. gentlemen met our declarations with promises of the impossible. They declared to Parliament, they declared to the people of Canada, that they were about to build that railway without increasing the then rate of taxation, and to build it within that time without increasing the then rate of taxation. They boldly stated that that was their policy, that that would be accomplished, and by that means, by a narrow majority of 10, they succeeded in inducing the Parliament of the country to agree to their proposal. I have said that that was the original statement. That was the statement made in the Act of Parliament itself: that the road should be built without any increase of taxation. The Liberal party declared that it was not prudent for Canada to agree

to build the Canadian Pacific Railway within ten years, as was then proposed. I want to know how many of the business men of Canada, if the question was put to them to-day, would not say the Liberal party was right in that declaration. The Liberal party declared it was not possible for Canada to build the road as proposed by hon. gentlemen opposite, that it was not possible to implement the obligation without imposing heavily increased burdens on the country. I want to know how many of the business men of the country would answer that proposition in the negative, would dissent from it to-day. How many members of this House would dissent from it; would say to-day that although that promise has not been fulfilled, although the road has not been built within the time, although a longer time has been taken, yet our burdens of taxation and burdens of debt have not been heavily increased in order to secure the construction of this road. The Act of Parliament passed on 14th June, 1872, says:

"Whereas the House of Commons of Canada resolved during the said now last Session that the said railway should be constructed and worked as a private enterprise, and not by the Dominion Government, and that the public aid to be given to such undertaking should consist of such liberal grants of land and such subsidies in money or other aid, not increasing the present rate of taxation, as the Parliament of Canada should thereafter determine."

That was the resolution brought in by the Government of the day; that was the resolution incorporated in the Act of Parliament, forming the preamble of the original Act for the construction of the Canadian Pacific Railway. Has the pledge been kept? Has the road been built within the time, and has it been built upon the terms? Have we not had the taxation enormously increased? Have we not had boasts from those benches opposite that \$20,000,000 have been paid into the coffers of the country by means of enormously increased taxation, and spent in the construction of the Canadian Pacific Railway? Do we not know that loan after loan has been brought down; that a loan was made last year largely for the Canadian Pacific Railway, and that a Loan Bill passed through the other day, partly for the Canadian Pacific Railway; and that having raised the taxes to the highest point, and so dragged all we could out of the pockets of the people, and having borrowed all we could and given the cash to the company, we are now told that, having first taken all the taxes and given the amount to the company, and, in the second place, borrowed all we could and handed that too over to them—having come to the end of both those sources of revenue, we are now to give them our notes for the last advance. That is the position we occupy to-night. Under those circumstances, I say the prediction of the Liberal party that the policy of the Administration in 1872 would prove not a realisable policy, not a policy of which events would indicate the wisdom, has been proved by an accumulation of testimonies melancholy in their cogency, their force and their influence, on the future destinies of this country. Then the hon. gentleman has said that this general policy of 1872 was a policy which has conquered the North-West. This is the third conquest of the North-West which hon. gentlemen opposite have made. They made a conquest when they first took hold of the country.—a military conquest. Then it seems there has been a peaceful conquest—I admit there is a domination by means of the Canadian Pacific Railway—and they have had another conquest since the Session opened. So, Sir, we find they are fond of conquest. They are a military form of Government; and now we find, not content with the conquests made under Wolseley and Middleton, they have conquered the North-West with the Canadian Pacific Railway, and through the Canadian Pacific Railway they hold it in subjection. The hon. gentleman says that in 1876, at all events, whatever difficulties there had been before, however excusable might have been that short-sightedness,

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that want of courage, that cravenness of spirit, which shrank from committing the people of Canada with three and a-half millions of people to undertaking within ten years to build this work, a work from which Franco or Austria would have shrunk, as I judge from the hon. gentleman's statement, that calculating spirit which induced us to come to the conclusion that it was impossible to realise the policy of hon. gentlemen of building it without an increase of taxation—whatever justification or palliation there might have been for those errors of judgment which the Secretary of State thinks we committed in 1872, but of which we are not at all ashamed to-day, and which we are quite prepared to reiterate to-day, and at all times, to which we point as proofs of our presence and judgment, and as indicating our superiority in those ingredients of statesmanship to hon. gentlemen opposite—whatever palliation there might have been for errors of judgment and cravenness of spirit in 1872, there was none for our course in 1876, 1877 and 1878. In those years there was a confession of folly and incapacity, said the hon. gentleman. The hon. member for East York (Mr. Mackenzie), at the very commencement of his Administration, having come back to this House with a victory at the polls, upon a Canadian Pacific Railway policy which he had submitted to the people, which he had submitted in his speeches and Address, and in regard to which he had received the endorsement of the people, proposed his Canadian Pacific Railway Act. In that Act he proposed a re-enactment of the resolution and preamble of the former Bill, and repeated the declaration in these terms. I translate from the French :

"Considering that by the legislation of the present Session, with a view to fulfil the obligations of the Dominion, the Customs taxation has been raised to a figure much higher than that which existed at the period of the said resolution, and considering it is fitting to take measures for the execution of the said work as rapidly as it can be accomplished, without further raising the Customs taxation, etc."

His proposal then was to adhere to the view that the rate of taxation should not be raised, at all events, beyond the figure to which it had been raised by existing legislation, and that the road should be built after that fashion. An hon. member near, reminds me that the House was unanimous in sustaining those propositions. Then we were not wrong in 1874. I go further, namely, to the years of which the hon. gentleman has spoken. The hon. gentleman said—I took it down—that there was no room for doubt in 1876; and then he said, there was a confession of folly and incapacity because my hon. friend did not grapple with the work and did not do a great deal more than he did do, or propose a great deal more than he did propose. Sir, on the 7th April, 1876, the year in which the hon. gentleman says we demonstrated our incapacity to grapple with this subject, a motion was made to annox to the vote for the expenses of the Canadian Pacific Railway for the year these words :

"While granting this sum, this House desires to record its view that the arrangements for the construction of the Canadian Pacific Railway should be such as the resources of the country will permit, without increasing the existing rates of taxation."

So we find that once again, after all the negotiations which had taken place with British Columbia, after the discussions about the failure of the Carnarvon terms, when the question came clearly before Parliament, Parliament was called upon to decide whether they would adhere to the view that the arrangements, whatever they were, were to be limited by this condition, as to taxation, and Parliament did adhere to that view. It adhered to it, Sir, not by the ordinary party majority of my hon. friend from East York (Mr. Mackenzie)—he had 149 votes for that proposal. There were but ten who voted against it, and amongst those who voted for it, I will read a few names, for the edification of the Secretary of State, to whom this appears to be not merely ancient history, but history so ancient that he has but very obscurely learned it. Here are some of the names: Baby, shortly afterwards a member of

the Government of the hon. gentleman, and since elevated to the bench; Costigan, shortly afterwards a member of the Government, and who with a slight interval of twenty-four hours, has ever since, continued a member of the Government and still graces the Cabinet by his presence; Desjardins—a well known and prominent supporter of hon. gentlemen opposite; Kirkpatrick—now Speaker of this House; Langovin—shortly afterwards and still a Minister; Masson—shortly afterwards a Minister, and now Lieutenant-Governor of Quebec; Mousseau—shortly afterwards a Minister, and now a judge—they seem to go up, these Ministers from Quebec; Ouimet—a firm and persistent supporter of hon. gentlemen, whether in or out of No. 8; Plumb, an ardent supporter of hon. gentlemen—rejected by the people, and elevated to the Senate; Robitaille—formerly a member of the Administration, and upon their regaining power, resuming his seat as a member of the Administration, and who having fitted, as so many of these Lower Canadian Ministers have done, became Lieutenant-Governor, and is now a member of the Senate; Rouleau—promoted to the Table. I will not go further, but I say, for the benefit of the hon. gentleman's colleague, the acting Minister of Railways, that he was amongst the ten who voted against the resolution.

Mr. McCALLUM. You raised the taxes afterwards; you did not carry that out.

Mr. BLAKE. The duties were raised, I think, to 17½ per cent. before that.

M. LANDERKIN. Two years.

Mr. BLAKE. At least a year before that time. We made no obligation that the duties should not be raised for any purpose; the resolution of the House of Commons was that the arrangements for the Canadian Pacific Railway should be such as that they should not interfere with the existing rates of taxation. Now, Sir, I think you will see that in the year 1876 there was a tolerably unanimous opinion in Parliament, and, at any rate, I hardly think that the successor of these many distinguished gentlemen from Quebec, who comes late from his Province, to fill the place of the worthy man who have gone up higher—I do not think that he is very well entitled to declare that the policy of my hon. friend from East York was a policy of confessed failure and incapacity, in the face of that resolution, assented to by all these gentlemen, which was its governing feature. He wanted, Sir, honestly to abide by the terms which hon. gentlemen opposite had professed to the country they would comply with, and he was determined to adhere to those terms, so far as he could. Then the Secretary of State, dealing with this ancient history still further, and, as it seemed to me, rather gleaming some of his information at second hand—in short, if I must say it, a good deal of what he gave us reminded me of some articles I formerly read in *La Minerve*—gleaming a good deal of this information at second hand, criticised severely the policy of my hon. friend from East York in building the railway from Fort William to Winnipeg, and not proceeding at that time with the construction of the line on the north shore of Lake Superior; and he also criticised our action in not proceeding vigorously in British Columbia. Why, Sir, I can point to another resolution during the time of my hon. friend's Premiership, moved by Mr. De Cosmos, formerly a member of this House, pressing for the construction in British Columbia, which was opposed, not merely by the vote, but by the speeches of hon. gentlemen opposite, including the present First Minister, who thought that it was premature, that it was unreasonable pressure, that the circumstances had changed, and that construction was not to be hurried in that way. And with reference to the north shore of Lake Superior, I can point to the fact that when these gentlemen resumed office and propounded the Cana-

dian Pacific Railway policy in 1880, Sir Charles Tupper, acting as their spokesman in propounding that policy, himself declared in favor of the deferment of the line to the north shore of Lake Superior. He proposed to build into the prairie and to commence the construction in British Columbia, but he proposed nothing for the north shore of Lake Superior. On the contrary, he expressed the opinion that we could not undertake that construction at that time, and at that time the work of connecting Port Arthur with Winnipeg was approaching completion. Now, the hon. the Secretary of State passes very harsh criticisms on the conduct of my hon. friend in the matter of the Canadian Pacific Railway. He declares that he expended much money, that he expended it fruitlessly, and that very little had been done. I shall read you, Sir, a juster appreciation of my hon. friend's policy. I shall read an appreciation which, since the hon. gentleman seems to have been studying the literature of this subject, I am sorry he did not himself discover. The eminent man, whose utterances I am about to quote, said, in the year 1878:

"I will briefly refer to the amount of public money required in order to carry to completion works already undertaken, and contracts to which the country is now pledged. The amount of money required to complete the road from the shores of Lake Superior, at Kaministiquia or Thunder Bay, to Red River, is estimated, in round numbers, with a fair equipment, to cost about \$18,000,000. To that, of course, the country is committed."

He then refers to the subsidy to the Canada Central, to the Georgian Bay branch, to the Pembina branch, and the telegraph contracts, and so on, as making up the sum of \$23,456,000. Now, this eminent public man said:

"I have no hesitation in saying that the work I have referred to as involving an expenditure of over \$28,000,000 of public money has largely contributed to remove the difficulties and promote the progress of the entire undertaking. I believe that as we originally looked to the development of the great West as the only basis upon which any Government or company undertake the construction of the Canadian Pacific Railway, so I cannot but regard the expenditure of \$28,000,000 of public money in permeating that difficult, almost inaccessible district of country, between Lake Superior and the Red River, as money expended in a way that is most likely to so develop, so improve and so people the great fertile country of the North-West, as to give us a substantial basis upon which we may hope to succeed in permeating the still more difficult and extensive region, from the Rocky Mountains down to the shores of the Pacific, and although the expenditure of public money has not been made within the Province of British Columbia I am free to say that that expenditure, in my judgment, has been made in a way much better calculated to secure the actual realization of this work than if every dollar had been expended in British Columbia, commencing at the shores of the Pacific, because no expenditure in British Columbia could materially contribute to the opening up of that great North-West region, upon the development and upon peopling of which must necessarily depend the successful prosecution of that gigantic undertaking, the Canadian Pacific Railway. Now, Sir, I have stated that we have great advantages in the construction of such a work as this. There has been a great advance made within the past five years; not only have we accomplished an important work in providing for an early, rapid and easy communication to our own country, from the shores of Lake Superior to the Red River, but we have acquired information with reference to the North-West Territories which is invaluable in its character. High as was our estimate a few years ago, high as was the opinion we were warranted in entertaining as to the capabilities of the great North-West, we were comparatively ignorant of the vast extent of fertile lands of that country. The surveys which have been made, though attended with a large amount of expenditure, are cheap, compared with that which has really been accomplished, inasmuch as that we can only hope for the successful accomplishment of this great work by showing to the world the value and character of that country. I hold that the explorations that have been made and the increased knowledge that we possess of its resources place us in a position to appeal to capitalists much more confidently and successfully for this great work than would otherwise be the case."

Such, Sir, is the language of Sir Charles Tupper, speaking as the spokesman of the Government, in introducing their Canadian Pacific Railway policy of the year 1879, with reference to the administration by my hon. friend of matters connected with the Canadian Pacific Railway during the period of his Government. Such was the juster appreciation, such was the fairer view, such was the greater knowledge, which that hon. gentleman had of what had been done, and of the results of what had been done, than the Secretary of State, who comes late into this House and

seeks to fill his shoes, by making speeches diametrically opposite to those which Sir Charles Tupper made. Knowledge was fresher then; the Government had just come into power; they were just chosen, after fighting the battle for five years, which had terminated in their success at the polls; and fresh as they were from that combat, this was the measure of criticism of the policy of my hon. friend which the exponent of the Canadian Pacific Railway policy of the Government of the day gave on that occasion. I want no better vindication of the Liberal party or of my hon. friend, the member for East York, as its worthy representative, than the statement of the hon. gentleman who had been his political critic in Opposition for five years made, when he, himself, had assumed the responsibility of Administration. What, Sir, was the work my hon. friend was doing? Nothing? Were the survey moneys wasted? I have Sir Charles Tupper's word for that. Was the work between Port Arthur or Port William and Winnipeg a waste of money, unless the line north of Lake Superior was completed? I have Sir Charles Tupper's word to the contrary, and I have the facts, too. We all know that the immigration to the great North-West takes place during the season of navigation, and that the moment we completed a road from Port Arthur to Winnipeg, the season of navigation gave us a route for immigrants within our own territory, from the moment they touched the shores of the Atlantic to the time they were landed in the North-West. I do not know whether hon. gentlemen opposite do not exaggerate the dangers to which the guileless immigrant is exposed in travelling on foreign soil; I express no opinion on that; but the step my hon. friend took was such as to provide us, during the whole season of navigation, with a safeguard against those dangers. What of the grain of the country? During those early years it would not be too great in quantity for shipment to come down by water from Port Arthur. So that that construction was, I believe, a wise construction, as part of a system largely taxing our resources, it is true, but still commensurate with our resources—a system which was to develop the great North-West and give us a means of communication with it. We felt, just as Sir Charles Tupper says, in the language I have quoted, that the North-West must inevitably be the backbone of any Canadian Pacific Railway; we felt that the development of the North-West was the prime condition on which the success of a Canadian Pacific Railway was possible; and the step my hon. friend was taking, though, perhaps, a bold step, in the circumstances of the country, was certainly an important step, as acknowledged by his adversaries, in that direction. Shall I go further? What charge was made in the contest of 1878 against my hon. friend, in reference to the Canadian Pacific Railway? Why, Sir, the charge that was made was one I read the other day in this House. I read from a pamphlet of Sir David Macpherson, in which he attacked my hon. friend for going too fast and too far. His soul quavered at the idea of Canada having spent, from the time the project commenced up to the close of the financial year 1876, the heavy sum of \$6,250,000, but he has not blenched since, when the expense went to \$10,000,000 or \$20,000,000 a year. He pointed out that the proper course should have been to rely on the American roads, and not to attempt to obtain even the Port Arthur connection with the North-West by water and rail. That was his view, and when I read it the other day, I did not tell, for a minute or two, from whom I was reading; and from the usual corner arose the derisive cheers, because hon. gentlemen were sure it must be some Grit who said that.

Mr. McCALLUM, You did not read far enough.

Mr. BLAKE, Well, the hon. gentleman, I dare say, will finish it some day; but I think he won't read that passage. I say, I heard the derisive cheers of hon. gentlemen opposite, because they thought that was the sentiment of

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some Grit, although we know it was the sentiment of an annexationist, who is fit to enter a Tory Ministry; but when I mentioned the name, hon gentlemen ceased to cheer, and I thought they looked a little chop-fallen. Well, this was the criticism we met with; and I maintain that my hon. friend's policy in reference to the Canadian Pacific Railway, in the circumstances in which the country stood, was endorsed by the Parliament and the country. There was no issue on that subject, except the issue raised by Sir David Macpherson and his friends, through the circulation of this pamphlet. When hon. gentlemen opposite took office they did not depart so much at first from the policy of my hon. friend. In 1879 they proposed a policy of comparatively slow progress. They then thought British assistance was necessary; they thought we could not do this work alone, and they decided to apply for Imperial assistance. They declared that they would build a colonisation railway through the North-West, and they declared that they would make a commencement in British Columbia, but a commencement of a road in both cases of very inferior quality to that which had been before projected. To their proposition to build through the prairies, no dissent was offered; on the contrary, it was deemed a very good proposition. But, Sir, the eastern connection was at that time postponed. The hon. gentleman has shown the danger of getting out of one's depth. He has pointed out, amongst the evidences of incapacity shown by my hon. friend from East York (Mr. Mackenzie), that there was 100 miles of railway which he had built and which the Canadian Pacific Railway was obliged to take up and remove. Now, I admit frankly that there was about 100 miles of railway built by the Government which the Canadian Pacific Railway found useless and removed, but it was not built by my hon. friend; it was built by this Government; it was built by hon. gentlemen opposite; it was built by Sir John A. Macdonald's Government; and therefore, if that be an evidence of incapacity, let the hon. gentleman take it to his own heart. The hon. gentleman then referred to my speech in 1880, and he read that portion of it which alludes to the view I expressed in 1874, with reference to those terms of building this railway within ten years. It is true that I entertained, rightly or wrongly—I thought then, in 1880, rightly, and I think now, in 1885, rightly—the view that it was not possible to comply with the terms of that bargain, and that it would be ruinous to this country to do so. I thought the country was deluded into that bargain, under the false pretence that it was possible to do it without creating an increase in taxation; whereas it was impossible to do it without increasing the rate of taxation; and I was disinclined to ruin my country, and British Columbia, as part of it, in the attempt to perform what I considered to be impossible. But I was not disposed, if British Columbia, after a frank, fair and loyal statement of that opinion, said: We insist upon the bargain being carried out; we will not relax the terms; we insist on the letter of the bond, and if you say you cannot do it, we wish to be released—I certainly was not disposed to hold British Columbia against her will; I was not disposed to say: Yes, we trapped you into a union with Canada upon a bargain we now find it impossible to fulfil, but we will not let you go, even if you want to; we will insist in holding you, though you wish to go. On the contrary, I was disposed to say to British Columbia: We are willing to go on and do our best to build this road as rapidly as the resources of the country, of which you form a part, will allow; if that will not suit you, if nothing but the letter of the bond will satisfy you, and if you wish to separate, we will not hold you against your will, on the terms of a bargain which we are unable to fulfil. I said that, and I do not think it was an unjust, a dishonorable thing to say. I think it was a fair, plain statement of what honesty and justice demanded of any man from the old Provinces of Canada to say to

British Columbia. It was the least one could say to that Province, to tell it we would not hold it a slave and leave unperformed the terms of the bargain upon which it entered Confederation. Then the hon. gentleman says that my hon. friend made a proposal for the construction of the Canadian Pacific Railway, and that it was a very expensive proposal, because, he said, my hon. friend, besides a subsidy in money and a subsidy in land, proposed a guarantee of 4 per cent, on a certain sum for twenty-five years. Now, a portion of this statement is true, but only a portion. It is not all founded on fact; for my hon. friend (Mr. Mackenzie) did not state a sum; but the hon. gentleman himself stated a sum, the lowest he assumed it would be, and, therefore, he claims that the hon. member for East York made that offer. Now, what the hon. member for East York did was to advertise for offers to build the railway, stating, such a subsidy, in cash and in land, will be paid; if you want more, state for how much more of this guarantee of 4 per cent, will build the road. My hon. friend did not offer a particular sum; he did not say he would accept the tender; but he was determined to endeavor to secure an offer, to be submitted to Parliament with the advice of the Government, in accordance with the liberal policy which we insisted on while hon. gentlemen opposite were in power. But the hon. gentleman, to make up a large sum of money, puts in this middle and unknown term. He assumes to be a tenderer, and he puts in a tender. I heard the words "bogus tenderer" applied a few days ago to a number of very respectable gentlemen; I will not insult the hon. gentleman by saying that he was a bogus tenderer, but certainly he comes late with his tender; and certainly, if he had come, in 1876 or 1877, and made that offer, he would have received the response that his proposal was too high. But there is another difficulty. The hon. gentleman names a sum, and he declares that a guarantee of 4 per cent, on that sum per annum for 25 years is equal to the capital. He declines the actuarial calculation. He declines to recognise the fact that a portion of this sum out-runs, in 25 years, a portion in 24 years, a portion in 23 years, and so on, and he actually multiplies 4 by 25, and says that is the proposal; and that is what he calls fair play and frank and loyal criticism. Then the hon. gentleman pointed out that there was a great difference in another point between this suggested offer of my hon. friend and the present position. He said the rolling stock of the Canadian Pacific Railway was nearly \$9,000,000, and would be \$10,000,000 very shortly. I do not so understand it. The term that is used in most communications that reach us upon the subject of that part of the Canadian Pacific Railway Company's enterprise, is "equipment," and I do not understand the word "equipment," as they use it, signifies only rolling stock. I understand it to signify in part fixed equipment, and I base that understanding partly upon the report of the company, which appeared in yesterday's papers, under which, if I rightly recollect the figures, the company declared their rolling stock to be something like \$7,300,000, instead of \$9,000,000, so that the hon. gentleman, in that respect, also, has acted upon inaccurate information. The hon. gentleman then adverted to my speech in 1880, and pointed out the estimates that I had laid before the House of the cost of a first-rate road, which had been projected in former years, by the engineers, over the prairie country, and he declared that I had staked my reputation upon the fact that the cost of that road would be so much per mile, and that this was the same route as the Canadian Pacific Railway had followed.

Mr. CHAPLEAU. I did not say that.

Mr. BLAKE. Yes; the same route. Probably the hon. gentleman did not mean to say it.

Mr. CHAPLEAU. I did not say it. I was very careful, and my hon. friend knows why, because the line was not on the same route.

Mr. BLAKE. I know it was not, and I want to know why the hon. gentleman, if he knew the line was not the same, ventured to attack me for having given an estimate that applied to the present line. He knows well that the present line is a cheaper line, that it has greater natural facilities than the line to Edmonton. If he will read the reports of the engineers carefully, he will find that the river crossings and the bridges are infinitely more expensive and the country, is much more broken, on the Edmonton route than on the southern route.

Mr. CHAPLEAU. That is not the point. The hon. gentleman said I said the same line, and I never said so.

Mr. BLAKE. I so understood the hon. gentleman.

Mr. CHAPLEAU. You could not have so understood it.

Mr. BLAKE. The hon. gentleman has no right to say I could not have so understood it. I say I did so understand it, and I will go further: I will say that a belief in the fair play of the hon. gentleman could have led me to no other conclusion than that he meant it, because, if he knew it was a different line, and if he knew that the comparison was useless, why did he state it? What is the use of comparing a line over one region of country with a line over another region of country, and saying that the particulars in regard to one region of country are applicable to a different region of country? What I stated upon that occasion I have more than once repeated in this House. My hon. friend, the member for East York (Mr. Mackenzie), was familiar, from his experience and knowledge as a Minister, with the reports of the different engineers, given from time to time, as to the cost of the railway over the then located road. My hon. friend examined those reports and those estimates, and from them he brought out a statement of what the result of those estimates was. It was not my hon. friend's estimate; it was not my estimate; it was the estimate of the engineers. What my hon. friend, and what I, as the utterer of his statement, though I gave my authority, were responsible for, was taking reasonable care that we had correctly interpreted the estimates of the engineers, because that was what we proposed to lay before Parliament. That statement has never been controverted. No hon. gentleman has ever pointed to the reports of the engineers and shown that their estimates would lead to different conclusions than those which my hon. friend produced and put into my hands, and which, he sitting beside me, I gave upon his authority to that extent, and to that extent only. He made no estimate; I made no estimate; but we took the estimates of the permanent officers of the Government and laid before Parliament the result of that information. But we all know that this question is not to be decided upon the estimates of that day, and, in fact, these were estimates, not of that day, but of many years earlier. We know that railway construction in the year 1851-52 was very much cheaper than it was in the previous years. We know that railway construction in the year 1883 and in the earlier part—perhaps the whole—of 1884, was cheaper all around, steel rails and all, than it has ever been in the history of the country; and are you not to consider these circumstances when you deal with estimates? Are you not to consider the expense, the cost of labor, the cost of materials, the cost of rails, when you consider the question of the estimates which are given for a road? What we had to do with was the cost, at the time and under the circumstances under which construction took place. Now, the hon. gentleman has said that I gave the cost on that occasion as \$120,000,000, and the road will only cost—so he says—\$53,000,000. Now, what did the hon. gentleman mean by that statement? What did he mean

by putting in juxtaposition the two things? I gave the estimates of the engineers for the construction of the road by the Yellow Head Pass in earlier years at \$120,000,000, and no one has ever disputed that that was a correct statement of what the estimates were. The hon. gentleman says I estimated the cost of the road, and staked my reputation upon it, at \$120,000,000, and now it is costing the country only \$53,000,000. I will come to what it is costing the country presently; but, supposing it is costing the country only \$53,000,000, I want to know what was the meaning of his putting those two things in juxtaposition? Did I say it would cost the country \$120,000,000? I only stated what the road would cost, and if a company is to build it, paying a part of the cost, it is very different from the country building it and paying the whole cost; but the hon. gentleman puts the two in juxtaposition. Then, the hon. gentleman refers to the value of the railway lands. I will deal with the question of the value of railway lands a little further on. But, if you will permit me, Mr. Speaker, I will just touch it for a moment now. I was amazed to hear the hon. gentleman make his statement, and I had a mind, if he had not anticipated me, to have delivered, not in his admirable style, but with such humble approach to his histrionic powers as I could make, that lecture upon patriotism which he inflicted upon this side of the House. The hon. gentleman told us we need not be afraid of the cultivable lands in the North-West not being valuable, because there was not so much of them; it was a great mistake; half were rivers, and lakes, and marshes, and, of the other half, as I remember, one-half were ranching lands, and that left only eighty millions of cultivable lands. There is the statement of the hon. gentleman, depreciating this country, belittling our resources, minimising our assets, pulling us down to a poor, beggarly eighty millions of cultivable wheat lands in the North-West, when time and time again we have heard, in the thundering tones of the High Commissioner, the statement of the hundreds of millions of cultivable lands in the North-West. Only eighty millions! Only the small trifle of eighty millions, which will soon be taken up by—I forget how many families he said would take them up—and therefore you may expect your land to increase in value, because the supply will not exceed the demand. Well, that is a great source of congratulation. We will get the more for our land, because it will all be taken up, because it will soon come to an end. I have always believed, that after all said and done, the main dependence for Canada in regard to the lands of the North-West would be to put settlers upon them, who would be prosperous, and whose prosperity and the Customs duties they would pay would be the source of our wealth; that the main and ruling ingredient in our policy in the North-West, the ingredient to which all else should be subordinated, should be to keep the land for the settler and to give every facility for the settlement. But, if our estate is so small a farm, so comparatively small as the hon. gentleman has stated, perhaps the prospects are better of getting more out of the settler and making more money than we could when we supposed we had hundreds of millions of cultivable lands, since it appears that after all we have only this trifle of eighty millions. Then the hon. gentleman says that this side wants no road east of Callander, but only a local road. Where will he find that? He seems to think it is an absolute necessity, first of all, that the railway should be one railway, and secondly, that, if the railway is one railway, it should be made so by virtue of some great expenditure. Now, I have always believed that arrangements could have been made—and perhaps they were, in fact, made, for the mysteries of these transactions have not yet been revealed to us—whereby existing railways, when their availability and usefulness and value would be much enhanced by their being part of a trunk

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line, could be made part of the trunk line by the proprietors becoming stockholders in the great trunk line, and putting in their property as part of the stock. But the hon. gentleman thinks it is only by paying hard cash, which the company is to pay out of its own resources, or of some resources, that this thing can be accomplished; and I dare say this thing will grow. I should not be surprised, since we see that the subsidy for the Short Line is to be nearly doubled this Session, that a proposal should be made to buy the line of the Acting Minister of Railways, to buy the Townships lines, to provide public money to buy these lines, which are to be parts of, and greatly enhanced in value by the construction of, a through line; that they are to be enhanced in value by the transaction, and then we are to pay more money because of the enhancement of the value. That seems to me to follow, from the hon. gentleman's line of argument; that seems to me pretty clear from the hon. gentleman's speech. Then, the hon. gentleman says: The company had given much more than this; that they brought a railway to Montreal, 845 miles. I was surprised that the hon. gentleman did not proceed to give us the benefit of all he knows in that direction. How in the world did the hon. gentleman come to forget the Laurentian Railway? I thought he knew all about it. I really did think that that was one phase of the transaction with which the hon. gentleman was perfectly familiar. But when he was stating the eastern acquisitions of the Canadian Pacific Railway, he did not tell us one word about the acquisition of the Laurentian Railway, for about \$300,000. At the same time that the Canadian Pacific Railway Company bought from the Government of Quebec, of which the hon. gentleman was First Minister, the line from Ottawa to Montreal, they also effected the purchase, under an Act passed under his auspices, of the little Laurentian Railway, which they wanted, to use a vulgar illustration, just as much as a toad wants a tail; and it was very handsomely paid for to the hon. gentleman's particular friends. Then the hon. gentleman pointed out that there was a new policy adopted in 1881. I have pointed out that when the present Government took office, in 1878, their Canadian Pacific Railway policy was, relatively speaking, a cautious policy. I could read you large extracts from speeches, showing the necessity of going slow, and of caution in the view of the Ministers at that time; but in 1881 they took the great step and decided upon a contract policy, a policy of rapid progress and of completion of the line by 1891; a contract policy of enormous money grants, if we include the works the Government was to construct as cash—because, if the Government did not build them, the company would have to build them; therefore it is the same thing as cash—of money grants far in excess of anything that had ever been contemplated in connection with the Canadian Pacific Railway. That which had been talked of was \$25,000,000 or \$30,000,000, but at one fell swoop it was proposed to give \$25,000,000 in cash and \$28,000,000 in work, and to pay the surveys, at least \$3,500,000. We now find the Government works have cost \$29,500,000, so that you approach \$33,500,000 in money, or \$58,500,000 altogether. I say they then proposed that policy, and to that is to be added the Canada Central Railway subsidy, which had been already made, and which will give you \$60,000,000 as their cash proposals. I say that was an entire reversal of all former policies, because \$30,000,000 had been talked of as the extreme amount of cash we were to give, and here was a policy to give double that amount of cash and about the same quantity of land, here was a policy of comparatively rapid progress, of completion by 1891, of great grants, pecuniary and otherwise, and a policy of great monopolies. We opposed that proposition, and we declared there ought to be no monopolies. We declared that the country ought not to be bound for twenty

years, as the hon. gentlemen opposite propose to bind it. We declared the future of the country ought not to be fettered, as they proposed to, and have, fettered it. We pointed out that the prairie country ought to be developed, and we were anxious to see it develop, but we said that many lines would be required for its proper development. We insisted that the ends of the road ought to be proceeded with more slowly, that more pains ought to be taken as to the route, that the progress ought to be slower than was proposed, that the grants should be less, and that the distribution of the grants should be such as to secure the completion of the work with those grants, instead of being made, in the way which was proposed, we insisted that the early and easy part of the work would be done first, and that we should be called on to fill up the gap afterwards. We insisted on those things. We said: There is no finality here, because we do not know how much the Government work will cost, because, in the mode in which you are locating these grants, there is no security for the road being built by means of the grants; you are not reserving enough for the heavy work. The Government promised finality. They declared that the aids were ample, were appropriately divided, for the thorough completion and adequate equipment of the railway, in the first place, while they declared that we would be entirely recouped out of the lands. They declared there would be no grievances whatever from the monopoly. They declared that the railway company itself would build plenty of branch lines. They declared that Manitoba could not and would not be checked, and that the proposed policy, therefore, would not apply to that Province. These were their statements in answer to our views. Now, Sir, as we have been called upon last year, and are called upon this year, to give further important aids, to alter seriously the position of the country, with reference to this railway, it becomes expedient to understand what the declarations and promises were upon which the original contract was entered into, so far as the hon. gentlemen are concerned. The First Minister declared that by the contractors taking up the enterprise "they relieved the country of immediate responsibility for building the road, in a great degree." But, I will prove that the contracted line has been built with our money, and that we have not been relieved from the responsibility of building the road in any sensible measure whatever. Sir Charles Tupper, estimating the amount of money for which Canada would get quit of its obligation to build and to work this railway, used these words:

"For the construction of the road from Lake Nipissing to Fort William, 850 miles, and from Selkirk to Kamloops, 1,350 miles—2,000 miles in all—the Government have agreed to pay, in addition to the \$28,000,000, \$25,000,000 and 25,000,000 acres in land, making a total subsidy in cash of \$33,000,000, and in land—estimating the 25,000,000 acres at the same rate that I have estimated the land under the contract of 1873 and under the Act of 1874, \$1 an acre—of \$25,000,000; or a total sum to be expended by Canada for the construction of the Canadian Pacific Railway of \$78,000,000."

That was the declaration as to the terms upon which we were getting quit of our liability. Fifty-three millions in money is all that we were to spend, and twenty-five million acres of land was all we were to give. What we have in fact spent and what we are now asked to give I will investigate farther on. Then Sir Charles proceeds to say:

"We have reason to know that all that a command of capital can do they have the advantage of; we have reason to know that all that skill and energy and a knowledge of precisely such work will do, has been secured in order to make this a successful contract."

Then he makes a further unfavorable statement of what would happen if the English contractors, even of the greatest skill and capital, had undertaken the work. He points out that they probably would have failed, and predicts that horrible things would happen, many of which seem to have happened since. Then Sir Charles Tupper says, again:

"I have the satisfaction of knowing that throughout this intelligent country every man breathed more freely when he learned that the great, enormous undertaking of constructing and operating the railway was

to be lifted from the shoulders of the Government, and the liability the country were going to incur was to be brought within, not over, the limit which, in its present financial condition, it is prepared to meet; within such limits that the proceeds from the sale of the land to be granted by Parliament for the construction of the line would wipe out all liabilities at no distant day."

There was the pledge made when we were asked to make a contract. Our liabilities were \$53,000,000, and the proceeds of the land at no distant time were to wipe out every cent of that money and leave us free. Then the Minister of Public Works took up the cudgels, and he is generally rather cautious and precise in his statements. But influenced, I suppose, by that patriotic exuberance of spirit which his colleague, Sir Charles Tupper, sometimes showed signs, and with which, in his closing remarks, the Secretary of State also indicated he was occasionally afflicted, the Minister of Public Works made a very positive statement as to the result. He said:

"According to the contract the amount of money to be given to the Syndicate is \$25,000,000, and the amount of land 25,000,000 acres, worth, say, \$1 per acre. To these two sums you have to add the cost of the sections completed or now under construction, as far as Burrard Inlet, amounting to twenty-eight million dollars, so that the whole amount that will have to be expended by this country for completing the Pacific Railway is \$53,000,000, to which you must add the value of the land at a dollar an acre, making altogether \$78,000,000. Thus, according to our plan, we shall have the whole Pacific Railway completed for \$78,000,000, and with the guarantee that the company now to be inaugurated will work the road for all time to come."

At that time it was not deemed unpatriotic to insinuate a doubt that there might be difficulty about working the road. On the contrary, those hon. gentlemen who think it very unpatriotic that this matter should be questioned now, themselves took security in \$5,000,000 that the road would be operated. On the contrary, they told us that an enormous sum would have to be paid by the company during the earlier years to operate the road, and if we were paying large and liberal subsidies in money and land, it was to recompense the company and make them strong enough to operate the line. Then, the hon. gentleman, getting into that patriotic fervor to which I have referred, said:

"Does he (Blake) want to drive a hard bargain with these gentlemen? What reason could there be in attempting to out them down to as small a figure as possible, in order to make the company a poor company? It is to our interest, and to the interest of the country, that the company should be able to construct the railway and work it afterwards, so that they shall not come back to us, year after year, and ask us for new terms. We want, once for all, to settle the whole question," etc.

Those were the opinions of the Minister of Public Works upon the question. Why should we out the company down; let us deal with them liberally; let us not make them a poor company; let us make them a rich company, so strong that they will not come to us, year after year; that they will not come to us in 1884, for example, or in 1885, or in 1886; that they will not come to us, year after year, and ask for new terms. We want, once for all, to settle the whole question. Has the hon. gentleman, once for all, settled the whole question by the contract of 1881? Have they not come back, year after year; and who will say they will come back no more? Then the hon. gentleman said something which I thought was exceedingly sensible. I have heard something during the discussion to-day which was entirely opposed to the views of the hon. gentleman. I have heard it pointed out that we ought to regard ourselves as under a deep debt of gratitude to the contractors for and constructors of this road, and should deal with them in that spirit. What did the Minister of Public Works say:

"These men are not going to work that railway for the mere pleasure of doing so. They are not undertaking it for the sake of patriotism. They are undertaking it to make money, and they will make money, because they know that a railway through that beautiful country, settled with a large and thriving population, must give large returns."

That was the hon. gentleman's statement—a plain, business-like statement, such as the hon. gentleman knows how to make. We can see it all now. There is no longer a hazy atmosphere about it. It was the business, and not the patri-

otic motive; it was in order to make money out of the undertaking that the promoters undertook it; and the hon. gentleman said he was sorry if they did not make money. I hope they will make money; if they do not, it will not be for the fault of hesitating to come here. The hon. gentleman further said:

"The hon. gentleman (Mr. Blake) has referred to the obligations and liabilities of Canada in connection with the railway. He says they are undetermined—that they have no finality."

How much are they nearer finality now?

"I generally find the hon. gentleman very logical, but I fail to see his logic in this case. . . . I think our liabilities in the matter are as well determined as they could possibly be. Taking the land at \$1 per acre, we have a total of \$78,000,000 as the sum we have to pay. Surely there is sufficient definiteness and finality in that calculation to suit hon. gentlemen."

The hon. gentleman was losing his temper; he ridiculed the idea of there being any want of finality and definiteness in the calculation. What has happened since? We have altered the figures. We have given them \$29,500,000, or almost thirty millions since. We are to give them some more presently. The Secretary of State tells us to-day that although, when we gave them the loan, we took a mortgage, and were told we had absolute security under which we could get the road at figures appallingly small, dirt cheap, if they failed in fulfilling their bargain; still the Secretary of State tells us that was all a form, that we all understood it so; but the hon. gentleman was not here to understand it, and he did not hear the fervor and earnestness with which any such idea was repudiated by hon. gentlemen, his colleagues, or he would not have said what he did say. When that contingency was suggested, we were told that it was a fair and square bargain; that we were asked to advance money because it was clear we were going to get rid of paying so many millions if the company made default. The Secretary of State says we would have had to have bought up the stock. What is the use, then, of a mortgage, and of being on the top? The hon. gentleman makes a distinction, but it is entirely without a difference. He says it is an old loan; that it never was intended to deprive those people of their cottages; that, in fact, our bark was much worse than our bite. We took a very stringent mortgage, but we never intended to enforce it; it would not have been right to enforce it; it would have left a stain on the Government to enforce it; therefore, you are not to believe all you hear from us. That is the effect of the statement. For we certainly were told last year, when the bargain was made, that the mortgage was a good and valid mortgage, and was to be enforced. The Minister of Public Works said in 1881:

"I have shown, moreover, that not only will the railway be built by the Syndicate, but worked for all time to come; and that we have sufficient guarantees in our land to ensure both these objects."

That is quite true, if you make a little addition to it—if you pay the necessary further sum in order to accomplish that result. The Minister of Public Works further said:

"The leader of the Opposition asks why so monstrous a contract as this was brought down to Parliament. I tell him it was to secure our institutions, to increase our population, to enrich the country."

There was the object—it was to enrich the country. After another pause he goes on:

"Hon. gentlemen may or may not see that this is one of those great measures that a party, even in Opposition, should not hesitate to support. This is one of those rare opportunities that public men have to show how they can appreciate great measures and how they can foresee the future of their country. This is a measure which we, at all events, as public men, as the representatives of the people of this country, consider will be the crowning act of our lives."

Well, Sir, you may see that our appreciation of the results of the contract have been somewhat more accurate than that of hon. gentlemen. We declared that the bargain would not be observed; we declared that more concessions would be made, and these concessions have been made. They

declared they did not want to suggest Christmas there was 1881, at said:

"We must secure the whole rail. Then the mee-

"By all means come."

And per- Works a- ing can Govern-

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declared that there was ample security, ample funds; that they did not want any further applications for aid. They wanted the matter settled then once and for all; but these suggestions have not been borne out. Then, during Christmas vacation, while the great debate was going on there was a meeting at Montreal, on the 9th of January, 1881, at which Sir Charles Tupper made a speech. He said:

"We must go on with the work, and now we are going to build the whole railway without costing the people a single dollar."

Then the Minister of Public Works, who could not attend the meeting, sent a letter, and *littera scripta manet*:

"By giving 25,000,000 acres and \$25,000,000 we will, by our scheme secure the building of the railway and its working for all time to come."

And persuaded by the assurances of the Minister of Public Works and the eloquence of Sir Charles Tupper, the meeting came to a resolution approving of the policy of the Government on this condition:

"While it limits our outlay and responsibility to a fixed annual sum."

That was the ground which had been pressed upon the meeting, and upon that ground these worthy citizens gave it their support. There followed, very shortly, a period of expansion, which we know and remember to our cost. There came the time of the boom, the season of the boasts of the Government—their boasts of progress; the time at which the company announced to them that they intended to complete the road in 1886, and great joy was uttered at that announcement. There came the time of inflated stock, the time of the changed policy about branches, of the outside schemes, the time of the inflated estimates of the results to the country itself; there came the good time for hon. gentlemen of 1882 and early 1883. There came the time, on the 4th May, 1883, when the Minister of Railways read a statement to the House, for its information, in making his annual Canadian Pacific Railway report—a statement from the Department of the Interior, declaring that, after a careful and exhaustive examination, they had come to the conclusion that the country would receive, within the nine years ending in 1891, \$58,000,000 in cash from the lands of the North-West. This statement was solemnly read, with grave face and measured tones, to prove to us that we were going to be recompensed for our expenses. What were our expenses? We had heard nothing at that time of the loan of \$30,000,000, it was the original expenditure of \$28,000,000 or thirty-three and a half millions, just as you may count it, in Government works and subsidies, and \$25,000,000 subsidy. It was an expenditure practically to be covered by \$58,000,000. They had declared, in 1881, that they were going to pay this out of the lands of the country, and they brought proof to show it by an official document from the office of the Interior, running out the result with a critical, and, perhaps, I might say, an almost suspicious degree of accuracy, to a figure which neatly covered the required amount. The Minister of Finance, too, at the suggestion of the Minister of Railways, forecast the future and gave us estimates for several years. For the years 1882-83 he estimated that we should make out of public lands \$1,750,000; we made \$1,009,019. For 1883-84 he predicted a surplus from consolidated revenue of \$3,000,000; we got \$754,255. He estimated, as the proceeds of the lands for 1883-84, two millions and a quarter; we got \$951,636. He estimated a surplus from consolidated revenue for 1884-85 of one million dollars. Early in the Session, when he made his Budget Speech, he estimated \$350,000, apart from the lands, as the surplus for 1884-85, but I am sorry to say that even that modest surplus has long since disappeared, and has been replaced by appalling figures on the other side of the account. He estimated, as the proceeds of the lands for 1884-85, one million of dollars; in his Budget Speech for

this year he estimates half a million. He estimated a surplus from consolidated revenue, for 1885-86, of one million dollars; in his Budget Speech of this year he estimated it at *nil*. He estimated the proceeds of the lands for 1885-86 at one million dollars; in his Budget Speech of this year he puts it at \$700,000, and I think, when the figures come to be revised, when the Supplementary Estimates come down, it will be found that that calculation will be largely cut down. He carried on these estimates down to 1891, estimating the comparatively neat round sum of \$1,000,000 from lands, and \$1,000,000 surplus from consolidated revenue each year, and he proved that we could pay or the Canadian Pacific Railway very handsomely in that and other ways. Well, the figures I have given you down to 1885-86, show 11,000,000 of an estimate, against the present estimate of \$4,164,000, or thereabouts, so that there is a large deficiency there. Meanwhile, while the boasts of hon. gentlemen were filling the land, while they were boasting of the great progress of the Canadian Pacific Railway, of the great progress of the country, of its wonderful development, of the great success of their schemes, of how everybody was going to be made rich, while they were calling on everybody to put on more sail, inviting prudent men to sink their hardly-made earnings in speculation, doing all they could to press on that inflation which we all remember—monopoly and disallowance were doing their work in the North-West, and the pressure for the main line construction overshadowed the earlier and wiser plans of the Canadian Pacific Railway Company itself, to prosecute branch lines forthwith. That company brought forward a plan for the prosecution of branch lines of many hundreds of miles in length throughout the country. They were to be proceeded with soon—not when the main road was completed, as the First Minister said the other day, but almost immediately; but the moment that this project of completing the road from end to end in 1886 took shape, of course it was necessary that the company should strain every nerve and devote all its energies to the prosecution of a single long line, to the exclusion of the branches, and the people were worse off than if these promises had not been made, worse off than if these lines had not been projected. Large blocks of land had been reserved as railway lands; large territories had been pointed out to the country as to be permeated by railways; settlers went on these lands; other settlers were thwarted, and disappointment and distress prevailed through a wide extent of country, in consequence of unhappy alterations of plans. Then came the change of scene, in the fall of 1883, when hon. gentlemen opposite took the responsibility, executive, of agreeing to a thing in excess of their powers, namely, the arrangement to make the guarantee for the company. It was an arrangement the financial element in the success of which I have never been able to discern. The Minister of Railways declared that it ought to have succeeded, because all the most eminent financiers of Canada, New York and London had agreed it ought to succeed, and he could not make out why it had not succeeded. Well, I never could make out how it was expected to succeed, on the theory that money's worth was being given to the Government for the guarantee, and that money's worth was being extracted from the company to provide a dividend. How in the world that was going to increase the value of the stock to the holders I have never been able to see, and the public seem to have taken the same view, because the arrangement has been an entire failure. But the Government had committed themselves to the policy of agreeing that the company should appropriate enormous portions of its capital to the payment of dividends during construction and for years after construction; the Government sanctioned that policy and agreed to invoke the aid of Parliament, in which they were all-powerful, to make it lawful and to carry it out. The most injurious consequences flowed from that great

error of judgment on the part of the company and from that abuse of power and error of judgment on the part of hon. gentlemen opposite. Well, what followed? We met in the year 1884, and we were told that a loan was necessary, and a loan of \$22,500,000 was proposed, and a pledge of \$7,386,000 to meet the arrangements for the guarantee. We were told at that time that full investigation into all elements of the calculation was absolutely necessary, and that that full investigation had been made. Hon. gentlemen better their course with time. At that time they sent down two inspectors, Mr. Schroiber and Mr. Miall, to the offices of the company, to inspect their books, to strike balances, and to make such a calculation as would be proper, in the event of a party being about to enter into partnership with, or to advance a large sum to, a respectable mercantile firm—I think that was the language of the late Minister of Railways. These gentlemen went down, and a few days before the final decision of Council was made, they sent in their report; I believe the decision had actually been made before the report was in. In point of form, only, hon. gentlemen opposite investigated the matter, but with reference to the engineering schemes of the company, with reference to the various sums they proposed to expend and the various purposes for which they proposed to expend them, there was the full report of the engineer on the letter of Mr. Stephen, in which he went into these matters, and staked his professional reputation as to the accuracy of the estimates and the propriety of the proposed expenditures. Then the proposal was brought up in Council; the Minister of Railways brought up these reports and laid them before the Council; the Council considered them, and they came to the conclusion to submit the matter to Parliament, and the Order in Council was brought down. Well, what is the action this time? The hon. gentleman lays a resolution on the Table, and about four days afterwards, speaking from memory, Mr. Miall makes the report. Did that inform the hon. gentleman's mind? He had decided his policy before Mr. Miall's report was made; everybody knew that he was going to lend the money, though not on the basis of Mr. Stephen's letter; the resolutions were laid on the Table, and after the Government had committed themselves to their policy, forsooth, they send down Mr. Miall to see whether they were right or not; and, strange to say, he finds they are quite right. Well, Mr. Miall sends down condensed balances—very condensed indeed. Twice I asked for the two large detailed balances from which Mr. Miall constructed his condensed balances, and hon. gentlemen have not taught *propos* to bring them down. They bring down the condensed balances, from which you cannot extract the true state of the question, and they decline to give up the detailed balances which would enable us to obtain some idea, even without the books, as to the state of the expenditure. Even as to the road, there are enormous expenditures proposed; there is a statement of a very large expenditure between Callander and Port Arthur; a large expenditure for snow sheds; \$910,000, or thereabouts, at Coal Harbour; in the works at Montreal, \$1,500,000, and large sums elsewhere; and on none of these has there been a single report. Neither the engineer nor the Minister has reported on one of them; and no evidence has been furnished to this House, even as to the propriety of one of these expenditures, at all. Even the form of an investigation has not been gone through, still less the substance. So far from that, when we met here, the Speech from the Throne contained no reference to the Canadian Pacific Railway. I called attention to this at once, and the First Minister said that the Speech contained no reference to the railway because it was not the intention of the Government to invite this House to legislate concerning the railway this Session. Another time I enquired whether he was going to bring down anything. He said it was not the present intention, and so forth. Then, had there been any

negotiations? There had been no correspondence—there had been verbal conversations, which he did not care to mention. Then comes the letter of Mr. Stephen, on the 18th of March; and then long negotiations with the company, stretching from that time till about the end of April, about six weeks; and then, at the end of April, come down these resolutions. Well, Sir, it is clear that if it was plain and obvious and reasonable, and in the public interest that these resolutions should be made, that the Government hesitated very much indeed about bringing them down. It is clear that the company were at their heels before Parliament met; it is clear that they have been dogging them ever since; it is clear that the Government having failed to come to any agreement to bring down any measure of relief, the company put their proposition on paper on the 18th of March; it is clear that the Government did not think that a proposition that they could reasonably ask Parliament to assent to. And they took six weeks more before they made up their minds to bring down any proposition at all. It is very clear, therefore, that in the minds of hon. gentlemen opposite this was a matter involving very serious considerations. We met on the 29th of January, and it was not until the close of the normal period of the Session, when we ought to have been proroguing, that they brought down a measure for the Canadian Pacific Railway, although the subject had been under consideration from a time anterior to the commencement of the Session. Why this hesitation and difficulty about these negotiations? Why this pressure on one side and this resistance on the other, if the matter was so clear and straight and obvious—if hon. gentlemen opposite would have been so plainly reconcent to their duty if they had neglected to bring down the measure at all? It is therefore very plain that hon. gentlemen opposite felt that they were in a painful position—a position of great difficulty and doubt as to whether they should bring down any measure at all. But other efforts were made to get information. I, myself, a little misdoubted the Government's power of resistance. I knew, of course, it would take a great deal of pressure after what had happened in 1881, and after what had happened in 1884, before they came down, but I always was inclined to believe that the pressure would be applied, and that to it they would ultimately yield. I felt, it therefore, very important to attempt to be prepared and that this House should be prepared, with full information with reference to the operations of the Canadian Pacific Railway, financially, and as to the earnings and working expenses of the road, and as to construction, and as to estimates from the period of the last loan; and very early in the Session I moved a series of motions on that subject, almost all of them being motions which were based on information given and thought proper to be given on the occasion of the last loan, or information given under Addresses granted by this House. The House unanimously adopted these motions; and by the unanimous consent of the Commons House of Parliament, it was indicated to His Excellency that it was in the public interest this information ought to be obtained. This information should be obtained. I shall not now, having a large area of ground to travel over, go over the several Addresses which, at a very early period of the Session, have been passed, asking for this information; but I will say this, that it was the duty of the Government to have pointed out to the Canadian Pacific Railway that if that company expected the Parliament of Canada to grant their application for aid they must comply with the demands of Parliament for information as to the operations of the company, and to have declined to bring forward measures for aid, unaccompanied by that information which Parliament unanimously decided it was in the public interest should be obtained. That information is a most important element. As to the working of

the road and with operation of more accounts be due by the Canada informati papers ar debate as a mode when I able, of c over there and are n possess. pared by for three February down be a way t Cussion of Canadian ment and figures th to analyse throw so the comp assistance Full info We are n to get the The Actio Session, a that he r railway, itself, and Mountain what un by that n indulged an apprec reminded memorial take the

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the road, as to what has been done with the public money and with the resources of the country, as to the results of operations, as to the expenditure and the fate of large sums of more or less questionable character which were in the accounts of last year—for example, the \$600,000 alleged to be due by the Northern American Contracting Company to the Canadian Pacific Railway, and other sums—you find no information given at all, and a few of the less important papers are placed on the Table to-day, five minutes before this debate commences, by the Minister of Railways. Almost as a mockery, he says, I will give the papers just about when I am about to make the motion. I have not been able, of course, to investigate these papers; but, on glancing over them, I find they are not so full as they ought to be, and are not the papers of importance the House desires to possess. I ask, why should not these papers have been prepared by the company earlier, because they were asked for three or four months ago, many of them early in February last, why should they not have been brought down here in time for us to examine them in such a way that we might intelligently proceed to a discussion of the question. I say that the accounts of the Canadian Pacific Railway, as they are submitted to Parliament and the public, are in a shape so condensed and contain figures that vary so that it is difficult in the slightest degree to analyse them. I think, that when information which would throw some light on this grant is asked for by Parliament, the company, which is demanding Parliament for further assistance, ought to comply with the demand of Parliament. Full information is a condition precedent to our acting. We are not, to use a vulgar phrase, to go it blind; we ought to get the information before being asked to vote the money. The Acting Minister of Railways, at an earlier period of the Session, also made a speech on this subject. He pointed out that he had visited the country, that he had gone over the railway, and he spoke in terms of enthusiasm of the railway itself, and of the Syndicate, and of the scenery of the Rocky Mountains. I was delighted to hear him, ordinarily some what unimpassioned, cool, and calculating, so exhilarated by that mountain air and those glorious prospects, that he indulged in these unwonted expressions of joy, and in such an appreciation of the picturesque. His railway journey reminded me a little of another railway journey that is memorialised in verse by Mr. Leland, and which I will take the liberty of paraphrasing:

"John Henry went to Stephen;
He drafel fast and far;
He rided shoost drei thousand miles
All in von rail-roat car.
He knowed foot rate how far he goed—
He gounted all de vile,
Dere vash shoost von bottle of champagne,
Dat bopped at efery mile."

I have no doubt, in the hon. gentleman's case, it was Apollinaris water and not champagne, but that would not suit the metre, and so I am obliged to use the ordinary liquor. The hon. gentleman went in a railway car, as several of his colleagues have done, without seeing very much of the railway, and he declares that the company has done more than they agreed; but after all what they have done and propose to do is what is necessary in order to have a good road. If there be one thing more than another which, at the time of the contract, and since, has been impressed upon our mind, it is that the road was to be a first-class road. We objected to the standard of the Union Pacific, as the Government put it in the contract, because it was a very imperfect standard. "Oh, well," they said, "there is no use to talk about that, because the company is certain to build a first-class road in every way; it is in their own interest to do so." "Why then," we asked, "put in any standard?" "We must," they said, "put in some standard." We urged that they should not put in a low standard, and they actually got a letter from the contractors to say that they

consented to the standard of the Union Pacific, as it was at the time of the completion of the road in or about 1873, and not as it was at an earlier period; in fact, as it was when they had got it up to something like a first-class standard. Then, and every year since, whenever the Pacific Railway was touched, we were told that the road the company agreed to build was no mean, shabby, colonisation road, but a first-class railway; that the standard was a high standard, and that they were building a road as good or better than the standard. Now, the hon. gentleman says they have done more than they agreed to do; but what they have done it was necessary they should do in order to make the road a good one. Did they not agree to do all that was necessary in order to make the road a first-class one? Was it not to be a first-class road? If they are indulging in fancy expenditure more than is necessary for a good road, I do not see why we should furnish them with the money. By the agreement they are bound to do all that is necessary to have a first-class road. That was the interpretation of the contract forced upon us by hon. gentlemen opposite, and that is what we have a right to expect. The hon. gentleman said we owed a great deal to the company. I thought, until he told us so, that it was the other way—that the company owed \$30,000,000 to us. But he said we owed them a great deal; and I suppose by these resolutions we are to pay them what we owe. His colleague joined, in a minor strain, in the same harmonious chorus. He said we owed a tribute to Mr. Stephen, and he proceeded to pay Mr. Stephen an oratorical tribute. I have no objection to his paying Mr. Stephen as many oratorical tributes as he pleases. No doubt Mr. Stephen deserves them, and I would be the last to say a word reflecting upon his title to the tribute; but while the hon. gentleman may pay his magnificent oratorical tributes to Mr. Stephen—and I am quite willing to give cordial assent to almost any tribute of that kind he may pay—I am opposed to the proposition to add to the oratorical tribute this other kind of tribute mentioned in the resolution. That is the sort of tribute people object to. They do not object to speeches lauding public men, but they do object to the hon. gentleman saying we owe the president a tribute, and moving a resolution declaring that we pay the company cash. We owe tribute to the president, therefore let us vote the money. It really becomes serious. I would like to know when we shall have done paying tribute to the company in the shape of money. I did suppose we had entered into a business transaction, in which we had given a particular price for the accomplishment of a particular object, and that there was no obligation on either side, except the obligation on our side to do our part as contracted, and on theirs to do theirs as contracted. Then the hon. gentleman said that they did a great deal more work than they were required to do, and they did this at this time, because they could do the work cheaper while the main work was going on; and he declared, in another part of his speech, or his colleague did, that the statements about extravagant expenditure duo to haste were entirely erroneous. I can hardly think that either of these gentlemen have read the papers which have been laid upon the Table on this subject. Will you believe it, Sir, that these hon. gentlemen, who declare that it was cheaper to do more work than the company were doing at the time, while they were pressing on construction, these hon. gentlemen who declare that no increased cost was produced by speed, have laid upon the Table of this House papers with reference to the work through the Kicking Horse Pass, which are to the following effect: Mr. Van Horne declares, on behalf of the company, that in the estimate which the company made, with reference to the sum required to complete the railway last year, on the occasion of the loan, he included a sum for a temporary line round a portion of the Kicking Horse Pass, as well as for a permanent line at that part. I will not pledge myself to absolute accuracy, but my recollection is that the figure for the per-

manent line was \$960,000, and the estimate for the temporary line a trifle over \$400,000. Mr. Van Horne declares that he made that double estimate because it had been his intention to build the temporary line first and then the permanent line almost immediately afterwards, within the period prescribed, by September, the temporary line to be built in order to get on with the operations beyond. He then proposes, in this letter to the Government, to get permission to postpone the construction, for some years, of the permanent line, for reasons to which I will allude a little further on, and he says: If you will allow me to do so, it will be a positive saving, because, by taking time and by using the ties and rails in the temporary line, I can build the permanent line for so much less that it will save actually the amount of the cost of the temporary line; the price of labor is so high, and it costs us so much more to do the work quickly within the specified time, that we will save the whole cost of the temporary line we are going to construct if you will allow us to postpone the permanent line; it will cost us 50 per cent. more to build that \$960,000 of work within this time we have stipulated for than it will if you allow us some further time to do it. The report of the chief engineer of the Government is that his opinion is, and that he himself estimated for that twelve or thirteen miles of permanent line, about \$960,000, and that in that estimate he added 50 per cent. to the cost, in consequence of the speed of construction, and that he believed it will cost no more than, I think, some \$630,000 or \$640,000—as I said, I will not profess to be accurate to a few thousand dollars—if time is given for the construction of this permanent line, being less by 33½ per cent. than he had estimated, when he added 50 per cent. to the cost of comparatively leisurely construction for expeditions construction. Now, there are the papers on the Table of this House proving how much extra it has cost to build this line at the speed at which it was built, and with these papers and the company's statement, and the Government engineer's statement, brought down by hon. gentlemen opposite, they ask us to vindicate this extra expenditure as a prudent expenditure, because it could be done cheaper now, while they were straining every nerve, hiring every available man, and raising the price of labor, than it could be done later on! How are we to take it? I have the statement of the vice-president of the company and of the Government engineer as to its costing 50 per cent. more in this particular part to build this railway with speed. I have the statement of the Acting Minister of Railways, that it is cheaper to do the work in a hurry than it is to do it with more time. Which am I to believe? Then the hon. gentleman said—and he came there to a very tender point—that we had no right to anticipate the necessity for these works last year. He said that was the difficulty, and there we get back to the allegations of last year. We find that last year the statement was made as to the plan upon which this company was to construct the road. We find last year that their plans were made for completion. We know that they were plans for a first-class road. We know that they were plans involving large expenditures. We know that they contemplated the construction of elevators and of great works, and we were told last year that the subsidy, the aid that we were giving was ample to complete the road. The contract is to complete the road. Now, the hon. gentleman says that the contract will be completed in September. I deny it. I say our contract will not be complete in September. Our contract with the Canadian Pacific Railway Company was to have a completed road. They will have the iron down by September, but they themselves say they are not going to open the road for business till the spring following. Why are they not? Why in the world are you not going to open the road and to reap all the profits which are to accrue the moment the road is opened? What means this insanity, of keeping a road some thousands of miles

long closed to traffic some months after it is completed? Open your doors, run your trains, take your freight trains across, from one side of the continent to the other, and reap your dividends. Oh, no, they say; we are not going to begin till the spring of 1886. And why? Because the road is not going to be completed till the spring of 1886, because all that is going to be done is to get a pair of rails from the Atlantic to the Pacific. Of course, there are parts of the road, and considerable parts of the road, which are completed; but according to the confession of the company, the entire road will not be completed till next year. They say, forsooth, that the contract is completed. They say that all they have agreed to do will be completed by September. I say our contract was to have a road quite complete, a road fit to carry traffic, a road in such a condition that the traffic could be carried over it, a road to be opened, and then, from the time of opening, the agreement as to maintenance went on. They say: We will have completed the contract in September, but the road will not be so far finished that we can open it up for traffic. No, it will not be completed; else, I presume, they would open it for traffic; but in many respects, even if it were open for traffic, it would not be complete, in the proper sense of the term. I observe that an eminent engineer, who was for many years connected with this road, and is now a director of it, Mr. Sandford Fleming, after passing over a portion of the road the other day, sent a telegram, in which he stated—I cannot remember the exact words—that either a large quantity or a considerable quantity of work remained to be done, but it was of the simplest character. Well, we know that a large quantity remains to be done between Callander and Port Arthur, because a great portion of the places that have to be crossed are crossed by trestles, not only small rivers, but ravines and depressions in the ground of various kinds, are crossed by trestles. Of course, these trestles are intended to be filled up with earth, and I presume the simple kind of work Mr. Fleming speaks of refers to that. Now, I do not care whether the work is simple or complicated; what is important to consider is, that there is a large quantity of work remaining to be done, and that is the statement in this very telegram. The circumstance to which I have just alluded, and the other circumstance, of the road not being intended to be opened for business to the Pacific until the spring of 1886, are sufficient indications that we are not getting a completed road. The hon. gentleman says we are getting all we really bargained for, because the road is completed within the meaning of the contract. But it is not completed so as to be fit for use; it is not completed so as to be serviceable for the purpose for which we wanted it; for that purpose you have got to pay more money. The statements which are made upon this subject, and also with reference to the effect and consequence of this loan, are material in considering our present condition. Sir Charles Tupper said:

"They are in a position to say to the Government, we can fall back upon our contract; we can disband our force of 9,000 men now operating near Lake Superior; we can draw in our engine, and by 1st May, 1881, we shall be able, to sell land enough to provide with the net revenue for operating all that we require.

"We shall have the means of completing our contract; but if you want that great work completed by the end of 1885, we ask you not to give us an additional dollar, but to advance to us, as the work proceeds, the amount of \$22,500,000 for that purpose. I have told the House, in the first place, that they do not ask an additional dollar of subvention for the purpose of completing the contract they have made with the Government.

"I have told the House the company have the strongest confidence in the value of the subvention already given; that with the amount that can be obtained from the outside public and that has been obtained from the outside public, they have the means of completing their contract. But while they do not ask the House to give them a single additional dollar, they ask us to use the credit of this country which, thanks to the management of my colleague, the Minister of Finance, never stood in a higher position, to obtain the means of accomplishing this great national work by the end of 1885, and that without imposing the slightest shadow of a shade of additional burden upon the Government or upon

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the country for the repayment of every dollar by the time the contract was to be completed, the 1st May, 1891."

First of all, then, Sir Charles Tupper declared that the contract was to be completed and the road was to be completed, and now we are told that the contract is completed but the road is not completed. Then, Sir Charles Tupper says: "You are to do this without imposing the slightest shade of a shadow of additional burden upon the Government or upon the country for the repayment of every dollar by the time the contract is to be completed, the 1st of May, 1891." I wonder to what date the new loan, now under negotiation in London, is to run; I wonder for how many years the Minister of Finance is asking the public to loan us the \$30,000,000 which we authorised him to borrow the other day. Is it a short loan, to mature in 1891, so that he may not be embarrassed, as he stated a while ago he would be embarrassed, by the circumstance of getting so much money from the Canadian Pacific Railway Company by 1891? I wonder whether it is a short loan of that kind that the Minister of Finance is now making, or whether he has abandoned those golden dreams which, so late as the Budget Speech, haunted him, of receiving from the Canadian Pacific Railway Company \$30,000,000 by 1891, and earlier. Perhaps some hon. gentleman—perhaps the Minister of Customs—who knows the date of that loan, would relieve our minds, and would tell us whether it is a short six years' loan, that the Government may use until they get the \$30,000,000 from the Canadian Pacific Railway, in 1891. I am afraid that they have abandoned that hope; I am afraid they have decided it will be a good many more years before they get back their money. I am afraid that there now exists more than the slightest shadow of a shade of an additional burden upon the Government or upon the country, for the repayment of every dollar by the time the contract was to be completed, the 1st of May, 1891. You know that already, in consequence of this loan, we deferred negotiations for the exchange of 5 per cent's. for 4 per cent's. for six months, because the Minister, having to provide a large sum of money for the Canadian Pacific Railway, felt that he could not call in the old loan. You know that we lost the interest, being the difference between 5's and 4's for the half-year, and have been making various other short loans in order to pay this Canadian Pacific Railway; we have been making various other loans at some pretty fair rates of interest for them, too. The hon. the First Minister sometimes says that a little bird told him something. Well, Sir, a little bird told me something, it told me that 5½ per cent. has been paid for a portion of this money borrowed for a certain time from some of the banks. Well, when we are borrowing money from the banks in order to pay the Canadian Pacific Railway, and when we have got to give our Exchequer bills for other money; when we are told now, as we are in effect told, by the silence of the Ministers, that the expectation of getting the loan in 1891 is abandoned, and that we have to make a long loan instead of a short loan, it is evident that the words of Sir Charles Tupper, which I have read, have hardly been verified. Then, says Sir Charles Tupper:

"I do not rest these resolutions for a single moment on the low ground of any claim that these gentlemen (the Canadian Pacific Railway Company) have. They have no claim. They made a contract, and they received, by the terms of that contract, a magnificent subvention for the work, great as it was, that they were undertaking to deal with; and they have, no doubt, prospective profits of a large character before them. I do not ask, for a moment, that these resolutions shall receive the consideration of this House on any such claim."

At that time, also, it was as a business operation this was treated, though now, it seems, there is an attempt to treat it on some other and so-called higher ground. Now, the Acting Minister of Railways declared that our security was actually improved by this operation—it was not a loan unimpaired; that would not satisfy the Minister; he wants to improve our position, and so he improves it by this

operation. Why? Because the money had been put into the work. But it was contracted that the money should be put into the work. That was the security on which the old loan was made. It was upon the express agreement that the money should go into the work. It has gone there, and the money is going to stay in the work. To tell us that our position is improved by the money going into the work seems to be perfectly absurd. The hon. gentleman says that thirty-five millions of stock was to go into the work. I deny it. The whole theory of the arrangement of last year was that the stock was not saleable. The Government took it, and said: We take power to sell it, if we think it rises to a price at which it should be sold, and we take power to use the proceeds at our discretion, either in payment of the debt or for the purposes of the company. The company could not have disposed of the stock, because the Act of Parliament gave the Government the discretion to say when it should be sold, and whether the proceeds should be applied towards payment of the debt or not. The Minister of Railways, who was presiding over the measure, proclaimed that it was to be so applied; that the amount was to be used as a means of repaying the loan. But the hon. gentleman said, what are we doing? We are making another arrangement in respect of \$35,000,000. This new arrangement, about \$35,000,000, is an arrangement of an entirely different character. If the money had been realised from the stock and had gone into the work below our security, and the stockholders had no special claim, our mortgage would be improved by the value produced by the amount that went into the work. But if we gave power to the company to place, say, \$15,000,000 on a par with ourselves, and that sum goes into the work, we occupy a different position. Let the Minister of Railways, as a first mortgagee of a farm, consider a mortgage transaction, and see what is the situation supposing a second mortgage is put on after the first, for improvements on the mortgaged property. He then would be in a very good position, because he would be able to cut out the second mortgage, and his property would be made more valuable. But suppose the mortgagor came to the Acting Minister of Railways, his first mortgagee, and said: Mr. Pope, I want to improve the property, and for that purpose to put a mortgage on it, which will stand in the same position as your mortgage; in fact, I want to have a joint mortgage. I think the Minister of Railways would be acute enough to see that he would be placed in a different position; that his position, although the money went into the property, would not be quite so good as if it had been placed there under a second mortgage. So with respect to the stock. Then, the hon. gentleman declares that this arrangement will give satisfaction. He makes a statement with respect to the Government work, and admits an error in the calculation of a million and a-half. He excuses the error by saying it is due to the deterioration, the wear and tear, that resulted during the six or seven years since the road was constructed. Was that not known last winter? Did not the Government, which had charge of the road, know its condition? Were they not aware of what was necessary to put it into proper order? Is it only this Session that it is known that ties and rails wear out and the roadbed gets into a bad condition? Last winter we were told emphatically that twenty-eight millions was the cost of the Government work. It is strange, indeed, that they were not in a position, last Session, to say that this large sum would be required. I remember there were loud boasts made, when this Government came in, as to the savings on this section. They said they had cut down the amounts very low; but it has since turned out that they have increased the expenditure. The hon. gentlemen who have brought this measure forward have submitted a statement by Mr. Stephen, which is the foundation of the measure. Mr. Stephen's letter contained

a proposal on his part as to what the Government, in his opinion, ought to do for the company, and what the company would do if their wishes were complied with. The Government declined to accede to Mr. Stephen's proposal. I enquired whether, under the arrangements made for the altered proposals, the company had agreed to perform those things which they said in their letter they would perform, provided their own proposals were acceded to. And I could not get a satisfactory answer. I got it yesterday. It came in the report of the company, at their annual meeting. They think they have been rather hardly used by the Government. Mr. Stephen's letter will show the House that last Session the company remonstrated earnestly but ineffectually against the harshness of the Government, and pointed out the bad results that would flow from that harshness. The company says:

"The company, it will be remembered, at the time of the passage of the Act, earnestly, but ineffectually, remonstrated against the severity of the conditions on which the loan was granted, especially pointing out the damaging effect on the future credit of the company of the stringent and apparently inequitable character of the remedy taken by the Government, in the event of default by the company, and their apprehensions in these respects have been fully realised."

You will see, though we were not told it last year, that we were held to be harsh creditors, dealing with a reluctant debtor, and that we were going to injure the company by the severe terms imposed. They appear to be very good terms. The company, however, it seems, remonstrated against the Government lending them thirty millions, part at 5 and part at 4 per cent., and taking over the road if the company fail to pay back the money. We find now that the Government, on default being made, would not have taken over the road. We find that it was all a farce and a deception, and that it was useless to append that condition to the loan. I believe in making a bargain in plain terms, which will be carried out, and that a contract should express what is really intended. Hon. gentlemen opposite have told the House and the country that the arrangement with the company meant one thing, while they had a personal understanding with the company that it should mean something entirely different, something much less; that, if it became necessary to take over the road, the stockholders were to be dealt with on reasonable terms. Such is the statement of the Secretary of State, who then, as now, was a member of the Administration. If that be so, it is a most extraordinary commentary on the decision of Parliament, on the speeches made and the representations given to the country at that time. But we see the fatal effect. Mr. Stephen comes forward and says that if the Government grant the terms he asks the company will be enabled to complete the whole railway, to build the line to Coal Harbor, to construct the terminal works at the various points, to provide additional equipment, to build elevators and to pay off the floating debt, and so on; and then, after this is done, he says:

"It would then be in a position to proceed, 1st, with the much wanted extension of the Manitoba South-Western Railway; 2nd, with the completion of the line to Sault Ste. Marie; 3rd, to secure, in some way, a connection with the city and harbor of Quebec; 4th, with reasonable aid from the Government, to extend the Canadian Pacific system to the ocean ports of the Maritime Provinces; 5th, it would also be in a position to aid indirectly in securing the early completion of its Ontario division to the Detroit River, and at the same time removing for ever all necessity for any further application to the Government for assistance on the part of the company."

These seven things he speaks of, showing that we have not removed that necessity by the last Act, though we were told so, and unless we grant this condition we do not remove that necessity, yet I find that in the report of the company, as it now stands, they say:

"This measure does not afford means for so complete and advantageous an arrangement of the company's affairs as would have been obtained under the conditions suggested in the president's letter of the 18th March last."

They go on to say:

"But the company is being pressed in several quarters for extensions and additional facilities beyond its main line, some of which it desires to provide; and although the directors hope that the measure proposed may also enable them to meet the more important of these requirements, it remains to be seen how far the Government measure, in reducing so largely the relief the company requested, may not restrict its power of providing for the extensions of its connections which the company and the public, and, it is believed, the Government, also, so desired to see carried out; any may not also interfere with the intention and wish of the company to anticipate the period of the repayment of the Government loan."

There you see, Sir, the direct statement, very pointed, that it is not expected to be within their power to carry out these various things which they proposed to carry out, which they pledged themselves to carry out, if they got their own terms. So we have not now the assurance that the conditions of Mr. Stephen's letter will be fulfilled; but, on the contrary, we have a fair and frank statement, which it does him credit to have made, that those terms are inadequate to produce such results. In that point of view, I think we have important considerations presented to us. It does seem to me that it is necessary for us to know what this arrangement will accomplish. Sir, we have been asked to assist this company once and again, and now for the third time—to make the contract first, to assist secondly, and now to assist again. And we want to know distinctly what is going to be accomplished. Is this to be the last time of calling? How much is the deficiency? What changes are to be made? What additional expenses incurred, in order that these things shall really be done; else this will not be the last time of asking, and we must expect to be called upon again? The hon. gentleman dealt, in this portion of his speech, with the question of the route of the road, and he gave us some statements as to the route, and some comparative statements with reference to this road, and the other Pacific roads which demand some attention at my hands. I did not intend to say much upon that topic, nor, indeed, had I intended to touch to any great extent upon the topics which have occupied me up to this time, but the unusual course which was pursued, in making two speeches, and dealing with all phases of this question, from the earliest period to the end, of course rendered it necessary that an answer should be made at the earliest practicable moment, and as fully as it could be by one individual, with such disadvantages as one individual labors under in speaking at this hour in the night, and after the House has been sitting nearly 12 hours. But those statements demand from me, and they shall receive, reply. I have not been able to agree to the wisdom of the change in the route of the Canadian Pacific Railway. I have never been able to see that it was dictated by a wise appreciation of all the facts, properly collected, before the decision was arrived at. I maintain that the decision was arrived at and acted on by the company, long before they had found the route through the Kicking Horse Pass. I maintain that they, having determined to risk the Kicking Horse Pass route, have in the end, persuaded the Government, during the absence of Sir Charles Tupper, and while the hon. gentleman who is now acting was acting as Minister, to agree to a modification of his former policy. Mr. Speaker, it has just been intimated to me that the Government is willing to consent to an adjournment. I am sorry to ask it, but as I am answering two speeches late at night, it would be a convenience to me, as I have a good deal to say yet in reply to them.

Sir HECTOR LANGEVIN. It was intimated just now that the hon. gentleman was about one half through his speech, and that he was desirous of an adjournment. Under these circumstances, perhaps he will move the adjournment of the debate.

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Mr. BLAKE moved the adjournment of the debate.

Motion agreed to, and debate adjourned.

Sir HECTOR LANGEVIN moved the adjournment of the House.

Motion agreed to; and the House adjourned at 12:20 a.m., Wednesday.

HOUSE OF COMMONS.

WEDNESDAY, 17th June, 1885.

The SPEAKER took the Chair at half-past One o'clock.

PRAYERS.

CANADIAN PACIFIC RAILWAY RESOLUTIONS.

The House resumed the adjourned debate on Mr. Pope's proposed motion, that Mr. Speaker do now leave the Chair for the House to go into Committee of the Whole to consider certain proposed resolutions respecting the Canadian Pacific Railway Company.

Mr. BLAKE. When the House adjourned last night, I was adverting to the question of the route of the railway, upon which something requires to be said, not merely in consequence of the intrinsic importance of the question, but also because reference has been made to it by hon. gentlemen opposite in connection with the other important question of grades, curves and alignment of the road. I pointed out that I had not been able to assent to the views that it was a prudent thing to change the route of the Canadian Pacific Railway. The hon. gentleman, the Secretary of State, declared—as I showed from the language of Sir Charles Tupper last night, erroneously—that the surveys which had been made under the auspices of the hon. member for East York (Mr. Mackenzie) had been entirely useless. I admit a portion of these was less useful than it would have been had the route adopted by both Governments, that by the Yellow Head Pass, been fortunately retained. It is to be remembered that the present Government, as well as the Government of my hon. friend, formally adopted that route which these surveys led them to conclude was the proper route; and it was not until after the enterprise had been placed in the hands of the Canadian Pacific Railway that the present Government agreed to a change of route. That change was dictated by considerations which did not give due attention to the topographical features of the country through which the road was to pass. I make that statement without hesitation, because the public papers prove that there had been no ascertainment of a real practicable route when the company began to press upon the Government to accede to their determination to go south. I believe the company speculated on the possibility of a route being found through the Rockies, the Selkirk and the Gold ranges, and that they were anxious to secure a southern route through the prairies for two reasons. First, because it was known to be an easier line, one requiring no considerable bridges, requiring none, in fact, of importance except one across the Saskatchewan and a much less expensive one across the Assiniboine, thus being a better railway country, in that respect, than the other line, and therefore affording cheaper construction. Secondly, and perhaps a more important object to them, because they

believed it would enable them more effectually to control and dominate the traffic of the North-West. The nearer they got the main line to the international boundary, the less danger there would be for them of pressure for the construction of a line south of their line. These were the points of view of the policy of the Canadian Pacific Railway which led to this conclusion. They built their line through a country which is not equal to the territory of the central route. I point to the fact that the statement made by the First Minister is before the House, which shows that not a single homestead has been taken up between the 3rd and 4th meridian on the 48 mile belt, and between the 4th and 5th meridian only 23 homesteads have been taken up, thus giving a total of 23 homesteads on more than 400 miles of railway, stretching between a point close to Moose Jaw and a point close to Calgary. I point to that fact as one of great consequence and importance. I point also to the second fact, that between the 3rd and 4th meridian, the company has accepted 524,100 acres, while in that same area between the 3rd and 4th meridians it has assumed to reject 126,720 acres, or about one-fourth the area accepted. That figure is also of great consequence. I do not believe there is any serious dispute as to the proposition that the territory is in fact inferior. I observe that in the speech of Sir Richard Temple, made in Winnipeg, in September, 1884, he used these expressions on this subject:

"They were anxious to impress the consideration that the Canadian Pacific Railway was only the beginning of the vast railway system, nothing more or less than the main artery from which must branch out many veins, the backbone of the body politic, the limbs, arms, toes and fingers yet to come.

"The Canadian Pacific Railway runs through a rich country no doubt, but still not the richest, the richest country was far to the north, and to that country branches must extend. Critics said that the main line ought to have been taken farther north, but no doubt the wisest course has been followed, because the main trunk runs nearly as straight as an arrow from ocean to ocean.

"The remaining work of constructing branches was what ought to be called the crying want of the North-West.

"They had heard many remarks from many farmers to the effect that branch railways were wanting towards the south from the main line of the Canadian Pacific Railway so as to make connection with the railways advancing upwards from the United States.

"The great and pressing importance of these matters should receive consideration."

Now, this gentleman voiced, I suppose, the general information of those whom he had met in the extended tour which he and his confreres of the British Association took through the North-West, and gives them as the impression of the people of the country with reference to the relative quality of land on each route, and also as to the necessity of branch lines southward as well as northward. He also points to the wisdom, in his view, of building a straight line, but we know that, in railway construction, it is not always the straightest that is the shortest line. The question of curves and the question of grades tend materially to determine the practical shortness of a line of railway. There is also the question of the comparative character of the climatic conditions of the two passes. In the Yellow Head Pass, as is found by the reports of the engineers who visited that region for a long time, who traversed it frequently, and also by the reports of explorers and travellers for many years through that country, there are no traces of avalanches or snowslides. But, both on the Rockies and on the Selkirks, and perhaps on the Gold Range, at the crossings of the Canadian Pacific Railway, the case is entirely different. If you refer to the papers laid on the Table, you will find that Mr. Vice-President and General Manager Van Horne applies, I think in the month of September last, to be allowed to make permanent for some years the temporary line round a portion of the main proposed line in the Kicking Horse Pass, and the reason why he proposes to

make that line permanent for some years—a line with gradients of 237 feet to the mile and with very severe curvature—is, as he declares, that there are several boulder slides along the main located line, and there is one avalanche or snowslide moving from a glacier high up in Mount Stephen, that the engineers have been observing the movement of these boulder slides and this snowslide for a considerable time past, but that they have not been able to decide what would be the proper route in order to avoid the dangers and difficulties arising from them, and that several years, I think, is the phrase, but at any rate a very considerable time of observation will be necessary in order to establish the proper permanent route across the Kicking Horse Pass; and therefore, says Mr. Van Horne, I ask your approval of our opening the road and working it for some years to come with the temporary line we have built to facilitate construction. He proceeds to point out, rather in contrast to the glowing terms which we hear as to the great traffic that is to go over the road from China and Japan, and to China and Japan, that the severe grades to which I have referred, the grade of 237 to the mile, the severe combined grades and curves, are of less consequence there because the traffic will be comparatively light for some years to come, and will not compare at all with the traffic in the prairie country. So I find a complete proof, from the application of the president of the company and the assent of the Government to that application thus formally made, agreeing in the force and strength of his reasoning, and determining that for some years the temporary line is to be used, in order that they may see what the permanent location should be; that there are difficulties in the Kicking Horse Pass which do not exist in the Yellow Head. Then I come to the question of the Selkirk, close to the Illecillewaet Creek, which descends from a point close to the crossing of the Selkirk, going westwards towards the Pacific Ocean, and I find that, in answer to a question put by me early in the Session, the Minister of Railways declared that they had no reports upon the subject of snowslides in that region at all, but that the engineers had been ordered to observe. Later on, in answer to a question put by me, on information I had received from the west, he declared that the company had made an application to change the location they had already made at that point, and to make a new location, because the location which they had adopted was an impracticable location. Why? In consequence of the snowslides there. And the other day I applied to know whether the new location had been laid before the Government for approval, and the hon. gentleman said it had not yet been laid before the Government for approval. But in his former statement he had said the proposal was to adopt a location which would lengthen the line some 3½ miles. The Government, then, has not yet got a practicable location across the Selkirk Range, the company has not yet got a practicable location across the Selkirk Range, because unquestionably, if the company was in a position to submit the profiles and plans and the requisite information for that practicable location, having long ago informed the hon. gentleman that they could not use the location which they had adopted and which he had approved, and would be obliged to resort to a new one and having given some general information upon it, they would have submitted the new location and the evidence. But the hon. gentleman has not yet submitted any evidence upon the subject of the snowslides. Now, this is a most material and important question. You find, at the two great crossings which are involved in the change of route, if there be not three, if the Gold Hills be not considered a third, the question of boulder slides and snowslides or avalanches assuming great and disagreeable prominence, and you find us actually to-day without information in the hands of the Government or in the hands of the House that there is a really safe, practi-

able location across these mountains. The hon. gentleman has received, or at any rate has brought before the House, no evidence as to what the condition of things has been in reference to the snowslides on the route of the Canadian Pacific Railway in the Selkirk; but I have found some information which has been accessible to the public, and I read it to the House in order that we may understand if it is not possible to obtain some authentic official information upon a question so critical and important as this is; and I beg the House to observe that by the course which has been taken, in determining the location through the North-West before these important, crucial questions of the crossings of the Selkirk and the Rockies had been decided, by sufficient length of time in exploration, by sufficient length of time in observing the climatic difficulties, we were plunged into that particular route and pledged to that particular crossing. I say that was an act of great imprudence for which the Government is responsible. Long ago difficulties had been stated by the aboriginal inhabitants to exist in that part of the country. Of this very place, in 1865, Mr. Moberly, an engineer, said:

"I tried to induce the Indians to accompany me all the way across the Selkirk Range."

In another passage:

"All my efforts were unavailing, as they affirmed that, if we went in, we should be caught in the snow and never get out of the mountains."

In another passage:

"We soon found ourselves 500 feet below the summit. The adjoining mountains are steep, and tracks of avalanches are frequent."

The *Calgary Herald* of the 19th February last contains this statement:

"Corporal McDonald left the second crossing of the Columbia on February 8th, and rode for 30 miles east up the west slope of the Selkirk Range. Having gone thus far, he found himself 14 or 15 miles from the summit, and unable to proceed further unless on foot, and that with difficulty. The reason Corporal McDonald was unable to ride that stretch of mountain road was that from where he had dismounted, straight up to the summit, the pass was one mass of avalanches, and snowslides, and fallen glaciers. The snowslides were solid packs of ice, and were sometimes 50 feet in thickness. Mair's men, under the direction of Foreman Garner, were hard at work cleaning the Tote road, which had been a chief sufferer by the slides. On February 8th, the day McDonald left the second crossing, a slide had occurred six miles west of the summit, at McKenzie's camp, and a man named Robert Miller had been killed by it. Miller was the cook of the camp. On the same day another slide occurred four miles on the west of the summit, at Ross McDermott's camp. In this slide three men were buried alive, and have not since been seen. One of these men was known to be Dulac, a Frenchman. When the slide occurred the Frenchman and two others were known to have been overwhelmed by it, and none of the three were subsequently seen alive. A third slide occurred at the summit of the range where Hill's store was. There were a number of men in the store at the time. Luckily only the skirts of the avalanche swept the store, the consequence being that only the west corner was buried and the men succeeded in escaping through the windows east of the Selkirk. It took McDonald a day and a half to reach the summit of the Selkirk. Arrived there he got a horse from the detachment stationed there and rode to Beaver Creek, a distance of 28 miles or 30 miles. The eastern slope of the Selkirk was free from the slides, and was a more favorite resort for the workmen on the road than the western slope. In fact, the men at work on the west slope were quitting work on account of the danger. They evidently had the same opinion as Mr. Moberly's Indian: 'That if they went in they would be caught in the snow and never get out of the mountains, in fact the road from the summit of the Selkirk west beyond the second crossing in the Gold Range, was having a hard time of it. In the Gold Range the road had been overflowed by a slide and Wright's teams were all blocked out.'

Then I find in the *Moosomin Courier*, of March 12th, 1885, this statement:

"Mr. Bowen found the chief topic of conversation at the Creek was the abnormal amount of snowslides obstructing work. The workmen on the road seem panic-stricken, and many of them are refusing to work on account of the danger, others are striking for higher wages, the demand being for \$3.50 per day. The slides seem to occur chiefly on the west slope of the Selkirk and on the east slope of the Gold Range. Some, however, have taken place on the east slope of the Selkirk, in one of which Holt, the contractor, had \$65,000 worth of supplies swept away about a fortnight ago. Monday it was recovered, however, the loss

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amounting finally to about \$10,000. Hill's store at the summit of the Selkirk was also swept away. West of the summit the road is blocked with the snow, the slides occurring nearly every day. Wright, the contractor, whose men are working on the east slope of the Gold Range, is now getting his supplies from Beaver Creek, the road to Kamloops being completely blocked. So far there are six men known to have perished in these slides, but there are others whose names have not been ascertained, who also got buried in them. There was a rumor among the men that the line of route was being slightly changed on account of the dangers from avalanches. Instead of seeking the centre of the passes the road was being led along the mountain side, the rock being scooped out to afford more shelter to the passing trains."

Now, Sir, that is the statement of the newspapers as to the condition of things. I should have been glad if the hon. gentleman had given us an authentic statement from the reports of the Government's and the company's engineers and from the contractors, of what the state of things is. I think it was his duty to have done so. I think that Parliament has a right to be informed as to the results of the operations, as to what the results has been with reference to the climatic difficulties on the route which was chosen without those precautions and explorations, which should have been insisted on before the Government allowed themselves to be committed to it at the solicitation of the company. In the same connection I may advert to the circumstances that we now find in the papers on the Table an estimate for a further large sum of money for snowsheds, not merely on the north shore of Lake Superior, but the largest part in the Pacific region. Now this was either considered as an essential for this road originally or it was not. If it was considered as an essential originally and was included in the estimates of last year, it is embraced in the money that is voted to finish the road; but, if it was not considered a necessity then, it has become a necessity on account of these subsequent developments, and, therefore, you have additional proof from the company itself that there have been developments of a serious character with reference to the climatic difficulties in passing this way—how serious, what the drawbacks may be, what the difficulties may be, arising therefrom, it is of course impossible for me to tell. I have endeavored, before reading in this House what is notorious to the public through the medium of the newspapers, to obtain authentic information from hon. gentlemen opposite, and having so endeavored in vain, I have brought the subject once again before the House in the hope that we may even yet obtain that information to which we are entitled. Then passing the climatic question, which is a very serious difficulty, we come to the question of grades and curves. As I have said, it is not only a question of mileage with reference to a railway, it is a question of gradients and a question of curves. In the debate which took place last year, when the hon. member for Richmond and Wolfe (Mr. Ives) undertook the duty of sustaining, after I had spoken, the position of the Government, he, in a very elaborate speech, dealt with many topics, amongst others with that of grades and curves; and he stated, as you will find in the report of the *Debates*, that the utmost care had been taken to give easy grades and easy curves to the Canadian Pacific Railway. Now, by the Yellow Head, the maximum grade was 1 in 100, or 52.80 to the mile. The stiff grades there of 52.80 were all concentrated within 30 miles, and the longest stiff grade was but 3½ miles. That is the condition of the Yellow Head Pass. By the Kicking Horse Pass there are over 52 miles of 116 feet or 117 feet; there are over 52 miles of that grade, more than double the maximum of the Yellow Head Pass grade, and more than three times the mileage of that grade. Contrasting these things you have got in one case 6 miles of a grade of 52.80, and you have got in the other 52 miles of a grade of 116 or 117. This is altogether apart from the temporary line, which temporary line is to be the permanent line for several years to come, and to carry this immense traffic which is expected to go over the line from China to Europe, and back from

Europe to China. On that line the grades are 4½ to the 100, or 237 to the mile. The grades are so steep that already serious accidents have occurred. In one case a construction train ran away and a large number of men were injured, and there are in the course of the grade two of what are called switch backs, arrangements by which, if you find the train is overpowering you, you can run it off the main track and run it up a little hill so as to stop it. That is the kind of track over which the traffic on the Canadian Pacific Railway is to be carried on for some years to come—237 feet to the mile, protected by switch backs. Taking the 119 miles west from the summit of the Rockies, there are only 11½ miles about as near as I can make out, of levels. Now with reference to curves. On the Yellow Head line, on the line of my hon. friend from East York, there was but one curve of 8 degrees, and there were several of 7 degrees, and those curves of 7 degrees were on levels, or very low grades, and I need hardly tell the House that that is a very important consideration, that the combination of a steep grade and a sharp curve intensifies the difficulty, and that therefore it is customary, wherever practicable, to compensate for the curvature by the grade. But, as I say, on the Yellow Head Pass, the maximum curve was one of 8 degrees, and there were several of 7 degrees. Now, what is the case in the 119 miles west of the summit of the located line? Why, Sir, there are no less than 103 10-degree curves, 37 9-degree curves, and 76 8-degree curves and under 9 degrees, making 216 curves of that very severe character. And this does not include all, because there are several very sharp curves on the line beyond the 119 miles. The investigation which I have made did not enable me to go through the whole of the line, and therefore I took this particular section of 119 miles, and from the imperfect information before us I gleaned such facts as I could. Now, Sir, the total number of curves on that 119 miles is 691. On one mile there is about 2,000 feet of tangent, as near as I can make out; on another of 1,500 feet; on several more about 2,000 feet. In one place, in about 2,200 feet of line, there are five curves, thus: 10 degree right; 10 degree left; 8 degree right; 8 degree left; and 6 degree right. They take as many and as sharp turns as this Administration does. In 12 consecutive miles there are 123 curves, 18 of 10 degrees, 9 of 9 degrees, 19 of 8 degrees, 15 of 7 degrees and under 8, 2 of 6 and under 7, or 63 curves over the minimum curve of the Union Pacific; and these are on grades which average about 116 feet. That is the condition of things. I say that the hon. gentleman authorised this location; authorised a location by way of Kicking Horse Pass, before he had before him plans and profiles, showing that there was a practicable road within the conditions of the contract, by the Kicking Horse Pass. They had realised that duty of theirs at an early stage. I can call your attention to the Order in Council, and the reports of Sir Charles Tupper, showing that he declined, on the advice of the engineer, to recommend the location of the Canadian Pacific Railway through the prairies of the North-West, beyond a particular point on those prairies, because they were pointing towards Calgary and Kicking Horse; and because he said beyond this point, which is a common point for both routes, the route by the Yellow Head and by Kicking Horse, I will not authorise the location until you show me a line within the contract by the Kicking Horse. That was his determination, and he declined to authorise a location beyond the common point I have mentioned. I can show subsequent Orders in Council passed under the rule of the Acting Minister of Railways in which, with the former Order in Council staring him in the face, and without information that there would be a practicable line within the contract by the Kicking Horse, the Acting Minister of Railways did authorise the location of the line to a point which was run-

ning southerly, and by which in effect he pledged the Government to agree to the Calgary and Kicking Horse route.

Mr. POPE. No.

Mr. BLAKE. Let the hon. gentleman contrast the Order in Council and the reports of Mr. Schreiber and Sir Charles Tupper with his own Order in Council and reports, and he will be unable to say "no" without conflicting with those reports. Already the route was authorised towards the Kicking Horse before he had the proof that a line within the conditions and terms on the contract was practicable by that route. They adopted that route in excess of their powers. They were authorised to approve a location within the contract, and, in the earlier Orders in Council and reports approving the section of the location of the line, the grades and curves are shown to be within the standard of the Canadian Pacific contract, and upon those reports the Government approved of those locations. But on this occasion they have acted in excess of their powers, because they have approved of grades and curves which are in excess of the standard of the Canadian Pacific Railway. The hon. gentleman declared the other day, with a view of escaping from that statement, that the maximum grade on the Union Pacific was 116 and the minimum curve 11 degrees. The hon. gentleman is entirely mistaken in that statement. Some years ago I put the question to his predecessor, or the then Minister of Railways—because the hon. gentleman is not yet Minister of Railways—whether the maximum grade of the Union Pacific was 90, and he told me across the House that it was 90. But in anticipation of some questions arising on the subject, and being aware that sometimes grades and curves which occur not on the line of the Union Pacific but on some branches or extensions, are referred to as being those of the Union Pacific, I took occasion to get an official statement from the proper authorities of what the grades and curves on the Union Pacific were. The hon. member for North Norfolk (Mr. Charlton) wrote at my request to the Commissioner of Railway at Washington a letter in March, and this is the reply to that letter:

DEPARTMENT OF THE INTERIOR,
OFFICE OF COMMISSIONER OF RAILROADS,
WASHINGTON, D. C., March 12th, 1885.

HON. JOHN CHARLTON, Ottawa, Canada.

DEAR SIR,—In reply to your enquiries about the grades, curvature and character of bridges upon the Union Pacific Railway, I have the honor to make the following statements:

(a) As to maximum grades, number of miles of same, &c. The maximum grade is 89.76 feet per mile, and total length of same is 16.32 miles; the aggregate length of all lesser grades is 833.18 miles; the average grade is 24.33 feet per mile; length of level is 188.18 miles.

(b) As to the curves upon the road, radius of each, &c. The total curvature is 22,508.43°, giving an average per mile of 119.37° or 2.26° per 100 feet chord, the shortest radius is 942 feet. There are no means in this office for ascertaining the length of curves that occur upon grades.

(c) The total length of curved line is 188.56 miles, being about 18 per cent. of the whole length of road.

(c) As to material, class and character of bridges, &c. More than three-fourths of the whole length of trussed bridging is constructed of iron, of excellent design and abundant strength; all the other bridge structures are of wood, in excellent condition, and fully able to bear a heavy traffic.

Yours very respectfully,
W. H. ARMSTRONG,
Commissioner.

You will find in numerous printed documents and in official reports to which I have had access, and I speak after having read them, confirmatory statements, although there is one report dealing not with the Union Pacific proper, but with some branches and extensions—

Mr. POPE. That was putting the Central with it.

Mr. BLAKE. We discussed both the Union and the Central when we had the Canadian Pacific Railway contract

before us; and we were told that it was the Union Pacific which was to be the standard, not the Central Pacific. The hon. gentleman takes the Union and the Central, and the whole system of those two lines, and joins them together for the purpose of his argument, because he finds on the Central a 10 or 11 degree curve and 117 feet grade, and he says that is the standard to which we agreed.

Mr. POPE. It is part of the Union.

Mr. BLAKE. It is not part of the Union Pacific. It was not part of the Union Pacific at the time the Canadian Pacific contract was made. Their standards are different, and it was the standard of the Union Pacific and not the standard of the Central we adopted. Compare the grades. You have a maximum grade on the Union Pacific of under 90, and there are only 16.32 miles of that maximum grade. On the Canadian Pacific there is a maximum grade on the intended permanent line of 116 or 117, and over 52 miles of that. But you have got also on the temporary line, to be used for a long time, a grade of 237. On the Union Pacific there is a minimum curve of 6 degrees, and on the intended permanent line of the Canadian Pacific Railway the curves are even in excess of 10 degrees, for there is one of 10.40 on the intended permanent line. But on the temporary line there is a curve of 11.30 degrees. What is the curvature of the Canadian line? On the line of the Canadian Pacific Railway there are, apart from the temporary line and leaving out the 11.30 curve, 142 curves of 10 degrees 62 of 9 degrees, 338 of 8 degrees, 114 of 7 degrees, 39 over 6 degrees, or 687 curves in excess of the minimum curve on the standard line. What as to the total number of curves? There are no less than 4,258 curves of 6 degrees and under, or no less than 4,945 curves in all. The total curvature of the line is 900 miles, or 35 per cent. of the whole length of the line. On the Union Pacific the total curvature is only equal to 18 per cent. of the length of the line. So you have about double the curve mileage on the Canadian Pacific Railway which there is on the standard line, and no less than 206 double curves, and I suppose everybody knows what a double curve means in railway works. This much was gleaned from answers to questions put to the Minister, and from imperfect information supplied by him. No proper table of grades and curves divided into mileage sections has ever been laid before this House, or has been prepared. When my hon. friend (Mr. Mackenzie) was engaged in the task of finding a location for the line of the Canadian Pacific Railway he took the proper and usual precautions, and you will find in the Blue Books tables of the engineers divided into mileage sections, giving information in that form, and showing the grades and curves and the alignment of that line. When the hon. gentleman was bringing down his statements with reference to the comparative merits of the lines to form the short line from Montreal to Halifax, he brought down in his Blue Book these tables of grades and curves. He knew you could not tell what the line meant without them, and they are down here on the Table before you, forming an element in your decision. But, Sir, the Government has never caused the company to prepare, it has never itself prepared, it has not now in its possession—or had not the other day, for when I asked the question I was told that the tables were only in course of preparation—analogueous tables with reference to the Canadian Pacific Railway, which has been under construction for four or five years, so that the essential, the usual preliminaries, even to a final location, have not been taken. Although the final location has passed, although construction is advanced and almost completed, although the country has paid for the road, the Government has not caused to be prepared those tables of grades and curves which were necessary to a proper determination to themselves, and necessary to the

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proper information of the House and the country. But, Sir, from the general statements I have been able to glean, I have brought before you these results, and I maintain that the statement I have made indicates a very unfortunate condition of things for our great transcontinental highway, and a condition particularly unfortunate with reference to the change in the route. The reason why this route was changed, was that it was going to decrease the mileage length of the line by a certain number of miles—or rather, by an uncertain number; I cannot well make it out, as it seems to vary a good deal; sometimes 69 or 70—sometimes about 100, I know not what it was or what it will be, but something in that neighborhood. I say that any such shortening as that is far more than counterbalanced by the climatic difficulties to which I have referred and by the steep grades and the sharp curves to which I have referred in the statement I have made; and I believe that my hon. friend's wisdom in the choice of his route has been already demonstrated by what has already taken place, and I regret to say that I believe it will be more demonstrated hereafter as the road comes to be worked and the traffic upon it comes to be heavier. Now, Sir, looking at the two speeches of the hon. gentlemen, looking at the glowing prospects they held out to us as to this line, looking at the magnificent future which they depicted—the immediate future and the grand prospective future of the line, and considering its strength, its power, its capacity for competing with other lines, considering its unique advantages, considering its infinitesimal debt compared with other lines, I ask you whether these speeches did not lead rather to the conclusion that we should apply to the Canadian Pacific Railway to lend us some money than that the Canadian Pacific Railway should apply to us for a loan. If such be the strength and the magnitude of its resources, which have largely come from us, it does seem to me that while we are begging and borrowing, taking from the people inside and outside, from the banks in London and the banks in Canada, from the poor in the country and the rich in the country, while we have exhausted our cash and are signing our names for bills for which we cannot find the cash, it does seem to me that we should rather apply to this rich and powerful creation of ours for a moderate and temporary assistance from the temporary embarrassment in which we are placed, than that the situation should be reversed. They do seem to me most extraordinary speeches if you look at them as destined to support the conclusion to which they were directed, that we should lend the company some more money—no, we cannot do that any more, but that we should lend them our names, and put ourselves under discount at the banks, endorsed, no doubt, by the company; for after the statement of these hon. gentlemen no doubt the endorsement of the Canadian Pacific Railway would add much to the value of the Canadian Exchequer bills, and probably that is the reason that they are going to be financed more advantageously by them than if we borrowed the money ourselves and paid it over to the company. The company is so strong that it can do more with 4 per cent. Exchequer bills of Canada than we could, and thus we give them a great advantage, and they get this money on better terms. That seems a reasonable explanation, otherwise I do not see why we should not raise the money and hand over the hard cash to them instead of giving them our names. Now, I have always said, whenever I have addressed the House on this subject or spoken to the public, that the Canadian Pacific Railway had received enormous advantages. I think so still, and I think they had a great prospective future before them if prudence and not rashness, good management and not mistaken management, had guided them and the Government together. But I have also said, and I have signalled the fact for the last two Sessions at any rate, that great prudence was required in order to avoid danger and disaster,

and certainly to avoid the marring of these fine prospects. I have never believed that the very early prospects of that road were such as hon. gentlemen depicted, but I believed that it had a future, and I believed that that future was bound up in a concentration of effort to construct the road not with extreme speed, but with moderate speed, at as low a rate of cost as was consistent with stability of execution. I knew that a low rate of cost was not consistent with extreme speed of construction; we all knew that. I knew also that its future was bound up in a comparatively moderate rate of speed, because we wanted the people to come into the country, that there might be something to feed the road with business when it was constructed, and I believed that its prospects were therefore marred to a considerable extent by the policy which it and the Government together had equally adopted of late years. I should not have entered on this subject at any length except for the statement of the hon. the Secretary of State. He predicted a great boom when the through line should be opened next year. He said they were opening the door of commercial prosperity for Canada, and he told us that the cry would then be echoed: "All aboard for the West." Now, I fail to see the ground of this prediction of a boom. The company itself in its report of the other day, does not say very much about the great through traffic, water-borne on each side from China and Japan to Europe, and *vice versa*, on which the hon. the Secretary of State dilated so eloquently. There are three classes of traffic upon which the road has to depend. There is the transcontinental water-borne traffic. Now, as to that, the hon. gentleman admitted that there had been none of it heretofore. There have been a few cargoes of silk worms carried from the East to Europe, under special circumstances, on Pacific lines, but up to this time the traffic of the world, so far as it is composed of traffic between the Orient and Europe, is water-borne traffic; and thus, although it cannot be done by other lines, although he says the almost irresistible Yankee has been obliged to admit that he fails to induce this traffic across the continent, yet he declares and predicts that the Canadian Pacific Railway will obtain it. Well, I am sure we all heartily hope they will obtain it. But I think it will be admitted by the House that that is a speculation, and I am not very sure that the learned prediction of the hon. Secretary of State has added very new or very valuable materials to the prospect of determining that speculation. The hon. gentleman declared that the rate of expense between land and water transport was about one to three, that is to say, one mile of rail to about three miles of water; and he declared that these proportions would be diminishing proportions, the land-borne traffic more approximating to the water. I will not enter into the calculations with which the hon. Secretary of State assumed to support that conclusion; but I will say this, that as far as I know the most learned practical men who deal with this subject believe that it is a varying quantity, from one mile by land to between three and eight by water, depending very largely on the size of the vessels and the length of the voyage. If you have a trade which you can carry in very large-sized vessels, which are known to be the most economical, and if you have a very long voyage, the cost of transport diminishes until the cost for eight miles by water is about equal to that of one mile by rail. An experiment on this question, interesting in its character, I perceive, is being tried or is about to be tried, with reference to one of the most southerly Pacific lines, under the auspices of Mr. C. P. Huntingdon, who, taking the traffic by land across the most narrow part of the continent to a southern port, intends to compete with the all-rail route to New York by putting the freight on a steamer at that port and bringing it to New York; and by calculations similar to those we have been

using, he expects to compete with the all-rail routes. So much with reference to the relative cost of rail-borne and water-borne traffic. There is another element, however. The cost of rail-borne through traffic itself varies very largely, being dependent not merely on climatic questions but also on the quantity of the local traffic. If you have a very large local traffic, which necessitates and makes profitable a very large equipment, a very large staff all along your line, and numbers of those things which are adjuncts to your total traffic, you can carry a through traffic and make money on it at very much lower rates than if you have not that large local traffic. A large local traffic is essential to low rates for through traffic. So that there are varying factors in both questions of great importance. The hon. Secretary of State declared that it was material to look at the capital account of other railways as contrasted with that of the Canadian Pacific Railway, on the theory apparently that the capital account controlled the rates. Sir, the capital account does not control the rates at all. Wherever there is competition, it is competition that controls the rates, and the road that can and does carry cheapest governs the rates for the rest. It is a question whether the rest will take the traffic at the rate of that road or not have it at all. As a rule they do take it at that rate even though they may obtain no compensation or an inadequate compensation for it. They charge no more upon the traffic because of enormous capital accounts. I admit that there is an aspect of this case in which the capital account is of vital importance. I admit that the capital account is a matter of great urgency with reference to the non-competitive traffic—that traffic which, either by law, as is the case in the Canadian Pacific, or in practice, which is more or less the case with reference to some traffic of all railroads, is monopoly traffic. By law a large amount of the traffic of the Canadian Pacific is non-competitive, because the people of the North-West are not allowed to get competition by connections with the south. The Canadian Pacific can fix its own rates, and therefore with reference to that traffic, it will have regard no doubt to the amount of its capital account, so as to be enabled, if possible, to pay fixed charges and dividends thereon. Even if there were power to make through connections, this would largely remain a monopoly traffic. It is more or less the case with every railway, that there is a kind of strictly local traffic in which there is no competition, on which the company fixes higher rates because it is master of the situation. In the case of any company which is master of the situation either by adventitious circumstances or by the law of the land, its capital account will tend to regulate its rates; but if the company is not master of the situation, its rates will be regulated by those who are masters of the situation, and they are masters of the situation who can carry the traffic the cheapest. With reference to the trade between China and Japan and America, and between Europe and America on the one hand, and with reference to the through transcontinental all land-borne traffic on the other, there are of course other considerations. In our country, even as to some of this traffic our great interior seaboard offers for a great distance means of effective competition. But putting that to one side, though it is a valuable regulator of rates—for without it the rates would sometimes be very different from what they are now—and dealing with the land competition alone, there is a very severe competition, whether you refer to the Atlantic or the Pacific with reference to this great transcontinental traffic. The facilities have been greatly increased both to the east and the west not at present they are fully, perhaps more than, adequate to the present demands of trade, though we hope, of course, that the demands of trade in a progressive country, such as the North American continent, will at no distant day overtake and tax to the utmost the facilities provided for this traffic. The amount of traffic on the truck

lines, having 13 termini on the Atlantic, including Boston and New York, and 33 western termini, for the last few years, exclusive of beef, has been as follows—and those figures are very noticeable:

EAST BOUND.	
For 1880.....	\$7,500,000
" 1881.....	8,250,000
" 1882.....	5,500,000
" 1883.....	5,400,000
" 1884.....	5,300,000

That is a little more than two-thirds in 1884 of what it was in 1880. The decrease being principally in grain and provisions, as this traffic varies largely according to the crops and to the demand abroad.

WEST BOUND.	
For 1880.....	\$1,920,000
" 1881.....	1,100,000
" 1882.....	2,400,000
" 1883.....	2,120,000
" 1884.....	1,920,000

So that in 1884 it became about what it was in 1880. So, if you look to that portion of the traffic across the continent which is carried by the roads having their termini on the Atlantic, you find facilities proved to exist by the traffic carried in the year 1881 and 1882, far in excess of the facilities which were required as proved by the traffic carried in the years 1883-84; and you find in truth that railway construction has got quite abreast of, if not for the moment somewhat in excess of, the demands of the producer and the consumer. If you take the Pacific roads—I will not trouble the House with the figures—you will find they show a great increase in the last two years in the number of roads. It may be said, although some of the roads are common links for the transport of freight, that there are now somewhere about 6 Pacific roads, the result being a very considerable increase of traffic on these roads. It was inevitable from the increase of these roads that a large local traffic should be developed, but although there has been a very considerable increase of local, and even of through traffic, there has yet been an increase of the power of transport in excess of the increase in traffic. The consequence is that there is a very severe competition now for the transcontinental traffic both east and west. The old rates of freight can no longer be obtained for the same classes of goods, and I pointed the other day to an instance in which goods water-borne from Europe are being carried from Atlantic ports to Victoria, B.C., at \$2.10 per 100 lbs., even of the highest class, which tells you what transcontinental traffic means at this time. Another great difficulty we Canadians are involved in is the need of ocean ports with a very large number of seeking ships. For the purpose of that continental traffic, which is to be in part water-borne, you must always consider as one line your rail and your water communication. You must consider the question of transshipment and of freight rates on the ocean as well as the charges on land; and those of us who pay attention, as we must, to the difficulties which are besetting the shippers of the St. Lawrence at this moment, will all recognise, on looking at the figures the importance of these considerations. If they ascertain the cost that is involved in getting the stuff from a common point in the west to the port of Montreal and to the port of New York, and if they ascertain the cost from the port of Montreal to Europe and from New York to Europe, they will find how very important are the considerations of port charges, shipping charges, cost of transshipment, to freight. Now, the freight depends very largely upon the ocean port being an emporium of commerce. Take the case of the port of New York, to which immense numbers of seeking ships constantly go, which is an ocean tramp's resort. These ships go there because that port happens to have accumulated a very large amount of the traffic of the western

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world, and therefore you find it is a low rate ocean port, through the free application of the principle of competition. These are considerations we have to grapple with, and we have also to grapple with our dependence for a cheap through rate upon the existence of a large local traffic to which I have alluded. All these things point to that to which the hon. the Secretary of State pointed, and in that part of his observations I entirely coincide, that is the great importance to this line of a large local trade. The Pacific roads which were for a long time inclined rather to ignore that, recognise it now. All roads recognise it more fully than they did before; it behooves us to recognise it too. It is a consideration upon which, I think, much will turn. Now take the thousand miles of this road west of Callander and the thousand miles east of Port Moody, in round figures, and I ask this House what the present development is and what the immediate future is for the local traffic on that 2,000 miles of the line. I do not need to put the question, certainly do not need to give the answer. There are capabilities in both ends of the line; there is a future for both ends of the line, but built as this road has been, rushed through as it has been, in the insane haste which has characterised the policy of the Government, what to-day are the prospects of a local traffic for the 1,000 miles from Callander and the 1,000 miles from Port Moody east, say 2,000 out of the 2,550? On this 2,000 miles, there are a few thousand souls of white population. From Callander to Port Moody, 2,500 or 2,600 miles, there is a population of perhaps 150,000, perhaps 200,000 white men. Therefore, when you look to those figures of a couple of hundred thousand white men, you find in a moment the vast importance of settlement to the future of the country and the future of the road. You cannot have a trade without having people to trade with; you cannot have traffic unless there be persons to traffic with; you cannot send goods unless there be those who will receive the goods; you cannot sell unless there be people to buy. What you have at present is about a couple of hundred thousand souls for your local traffic. Now, the hon. gentleman compared the immediate prospects of the Canadian Pacific Railway with those of the Northern Pacific. The Northern Pacific has, over a large section of its road, owing to the adventitious circumstances to which I have referred—and which give to all railway companies, more or less, the command of the situation, and a practical monopoly, to a certain extent, within a certain range—the power of exacting very high and unreasonable rates for a very considerable part of its traffic; and to that circumstance are due the large profits, compared with the amount of tonnage moved, which you find the Northern Pacific realises. But the Northern Pacific has about 2,000,000 of people tributary more or less to its road, while, from Callander to Port Moody, the Canadian Pacific Railway has about 200,000 people tributary to its road. That is the difference, and we want to adjust that difference by an increase of population which will be tributary to the road, before we can expect results such as those to which the hon. gentleman has pointed. Thus the Canadian Pacific has a traffic, so far as its local population is concerned, of somewhere about 80 souls to the mile, while Minnesota has a railway population of about 300 to the mile, Dakota about 350, Montana 350, and Illinois 370 to the mile. Unless you lay down the proposition that you are going to take as much toll from 200,000 people as the Northern Pacific can take from 2,000,000, you cannot fairly compare at this time the traffic prospects of the Canadian Pacific Railroad, as regards local traffic, with those of the Northern Pacific. The problem is, what is the price you can exact for the traffic you have to take? How far have the prospects for local traffic changed since 1883? Have they greatly improved since then? I deny it, and I will proceed to prove it conclusively and incontrovertibly when I come to deal with the question of the land.

If that be so, I refer once again to the language of Sir Charles Tupper, delivered only two years ago, in which he said :

" I do not hesitate to say that the tariff which is now on the Table of the House cannot pay the Canadian Pacific Railway, and will not pay them for a considerable number of years."

There was the utterance of the Government two years ago. Now why?

" It would be impossible, until a large number of people go into that country, to construct a tariff which would pay them."

A very sensible observation, one in which I entirely concur, but which the hon. gentlemen opposite seem almost to repudiate—

" Because the climatic difficulties of the country are such that I have no hesitation in saying that the cost of hauling per ton per mile would be four or five times as great in the North-West, in the present sparsely settled condition of the country and the small amount of traffic, as it would be on the Grand Trunk railway with the enormous amount of traffic which I am glad to say it is carrying, and the milder climate in which it operates."

I do not think the climate of the North-West has changed much since Sir Charles Tupper made that speech two years ago. I do not think the settlement of the country has improved enormously since that time. I do not think its prospects of immediate settlement have very much brightened within the last few months. Therefore that speech as to climatic difficulties, as to the tariff of the railway company, however high, being not high enough to make the road pay, for how long? for a considerable number of years; until what? until that sparsely settled condition of the country was changed by a large population being brought in; that argument, that until then, you could not construct a tariff which would pay, why? because, if you constructed a tariff which would pay on the assumption that the goods would be carried, you would put it so high that you would prevent the goods being carried; you would kill the goose that laid the golden egg; and you would interfere with the settlement of the country. That speech and argument are true to-day. One must consider the prospects of settlement. The prospects of settlement, so far from the seaboard, where the farmer's produce has to pay so large a toll in any case in order to get to the market, depend upon low rates, and therefore you must have low railway rates if the country is to prosper. Therefore, Sir Charles Tupper was perfectly correct when he said we cannot construct a tariff which would enable the Canadian Pacific Railway to pay for some years to come, that we must have a large local traffic, the essential for which is a large population. I hope the respectable authority to which I have referred will cause me to be saved from charges of want of patriotism because I have told a few plain truths. I hope that I shall escape under the mantle of Sir Charles Tupper, who was speaking as the exponent of the views of the Government, who was speaking in his Ministerial position and upon his responsibility as a Minister, with his present colleagues, excepting the Secretary of State, sitting beside him; I hope his statements will not, now that he is in England, be altogether repudiated by hon. gentlemen opposite. They cheered them then, they affirmed them then, they confirmed them then, they assented to them then. Do they repudiate them now, and, if they do not, how do they accord with the statements given yesterday by the hon. gentleman the Secretary of State? Real progress required, then slower apparent progress than hon. gentlemen made. It required more branch lines in order to induce more people. It required a policy which would satisfy the people that were in the country. But, instead of attending to the settlers who were in, instead of recognising the great cardinal fact that the best advertisement you could give to the world for the North-West was so to handle the men who were in the country that they would send back word to the places from which they had come that this was the

land of promise, that this was the land of milk and honey, and advise their old neighbors to come out; instead of recognising that on the question of surveys, instead of recognising that on the question of land rates, instead of recognising that on the question of railway communication, instead of recognising that on the question of opening lands for settlement, instead of recognising that on the question of tariffs, instead of recognising that on twenty other administrative and legislative points, the contentment and facilities for the settler were the prime considerations. Hon. gentlemen opposite were so maddened by this notion of expansion that befell them in the years 1881, 1882 and 1883, that they went to work to survey sixty or seventy millions of acres of land, and had not a surveyor ready to survey the old settlements of the country, where the settlers were pining for surveys. The pioneers of the country were left without survey because the surveyors were surveying township after township where there is not a man to-day, and those who were there became discontented, and the worst results have come from that policy. And so you find in regard to the land companies, the bubble and expansion policy as to land companies; you find the Canadian Pacific Railway Company and the Government together going into this policy, you find the Canadian Pacific Railway Company sustaining and supporting the North-West Land Company, which has done us more damage on the English market than any other company of late date, whose stock is now standing on the English market at 38, whose stock was largely bought by people in England on representations which have been very far from being realised; you find influential men, political men, men supporting and sitting behind hon. gentlemen opposite, creating colonisation companies, creating land companies, getting timber limits, getting ranches, getting coal lands, creating local railway companies in order to get large land grants, you find everything tending in the direction of expansion in the North-West, of undue and unhealthy speculation, of a boom, and you find a feeling pervading the eastern parts of the country, so far as hon. gentlemen on the other side of the House are concerned, that the North-West was a sort of reserve for the hon. gentleman's parasites and hacks, a great domain that they could cut up and utilise to promote their private fortunes. These vast promises of material gains and immediate gains which hon. gentlemen have made have resulted in scattered settlements, in enormous expenditure, in great engagements, in widespread dissatisfaction, in an enormously exaggerated expense of construction of the Canadian Pacific Railway, in necessarily increased rates of freight for that railway, in the embarrassment of the railway company, in the distress of Canada at large, and in the ruin of a great many of her citizens who were seduced to enter into these transactions by the course that hon. gentlemen proposed. With the great aids that we gave to the Canadian Pacific Railway, with the enormous advantages which we gave it, had prudence marked the course of hon. gentlemen opposite and the course of the company its capital account ought to have been insignificant to-day, it ought to have been able to transact business at the lowest rates by far of any company at all similarly circumstanced geographically and climatically, and it ought to have transacted it more profitably, because, its capital account being so small, a very small margin of profit for handling would have realised a very large dividend. But, at present, you have an enormously inflated capital account, you have a road built so fast that even the centre is not developed so as to be able to sustain itself, so fast that the ends must depend wholly on the weak centre—for it is weak to-day—for their sustenance, and thus the great prospects which, had prudence reigned in the management of this business, would have been assured to the company, have been marred, those bright skies have been obscured, and we are face to face with a condition of things very different indeed from what we might once

have hoped. I showed awhile ago that the company did not now, under these resolutions which are before you, promise to accomplish those other objects which they had declared they would accomplish if the proposals of Mr. Stephen, which are on the Table, had been accepted by the Government. What are these other objects? The hon. the Secretary of State called out: "All aboard for the west." I doubt extremely that he is a very good conductor. From what point does the hon. gentleman call out: "All aboard for the west?" Is it from Quebec that he calls out: "All aboard for the west?" This good conductor sold the North Shore Railway to a private company and his sale has blocked the effective cry of "all aboard for the west" ever since. It blocks it to-day, and at what cost to this country we are to remove the obstacle in the way of the railway train, on which the hon. gentleman, duly decorated is to call out "all aboard for the west," we do not yet know. It is true we have some indications on the Table, we had indications last Session. They were indications only, though they were said to be finalities. We have more indications to-day, and perhaps to-morrow we shall have still further indications. The hon. gentleman, the Acting Minister of Railways, called out in effect—though he did not venture the oratorical flights in which the Secretary of State indulged—still in substance he did call out: "All aboard for the east." He is most anxious that the Canadian Pacific Railway should reach Quebec. He, too, duly decorated, would go a considerable distance to get to Quebec. I dare say he proposes to take the first train and call out to the passengers "All aboard for the east." To what east he did not say. He says: "I am most anxious, I do assure you"—and he looked around in a certain quarter which we used to call the north-west corner—"I am most anxious, I do assure you, to give the Canadian Pacific Railway Company facilities for getting to Quebec. All in my power I will do;" and he spoke with a tone of such frantic earnestness that I almost believed him for half a moment, until he went on to say, after expressing his strong feelings on that subject, "and I think it ought to go to New England." And there the New Englander broke out; there the shrewd, calculating New Englander broke out. By what line? I suppose by the straight and narrow way. But I cannot call it straight, for I am afraid it is very crooked. It is a crooked way, like a great many of the ways of the hon. gentlemen opposite. They are to go by the crooked International line, and all the hon. gentleman promises is that the road shall reach both points. There shall be a pair of rails to the Atlantic coast in the New England States, and a pair of rails to Quebec. But he knows very well that it is not a pair of rails to Quebec that the people of Quebec want. It is the traffic of the Canadian Pacific Railway. And he says to them: "Gentlemen of Quebec, I will take care that you get a pair of rails to Quebec; but, gentlemen of the International Railway Company, I will take care that the traffic of the Canadian Pacific Railway Company shall go over the Megantic line." That was not all. The hon. gentleman felt that the proposals on the Table had supplied him with sufficient argument to dispense with some oratory, except as to Quebec. But there were some other ocean termini which he seems to have forgotten, which were not mentioned in his proposals. Do we not remember how the names of the old termini used to be rolled out by the Minister of Railways? Do we not remember now he used to call out: St. John, St. Andrews, Halifax, Louisburg, Sydney, Shippegan?—and I know not how many more. But now I hear nothing about Sydney from the Minister. But he says, turning towards my hon. friend from Inverness (Mr. Cameron)—he says: "I assure the hon. gentleman that it is the dearest thing to my heart to secure at no distant date a connection with—which is it?"—he was obliged to be prompted as to the name, and he got the name "Louisburg"—"with Louisburg."

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"Why," says he "the county of"—and again somebody prompted him with the name "Cape Breton"—"I know," says he, that the county of Cape Breton has no railways and it ought to have railways." Thus we found the deep interest and the intelligent information that the hon. gentleman has on this subject. It reminds me of the well known story of the Duke of Newcastle, who also was a Minister of the Crown in former days, when a public functionary, one of those busy permanent officers, came unto him one day at the time when they were engaged in struggles with North America and in struggles with France. He said to him: "My Lord, my Lord, Annapolis is in danger; it must be defended." "Good heavens!" says the Duke, "do you mean to say Annapolis is in danger? Certainly it must be defended. Where is Annapolis?" Another day, in discussing a subject pertaining also to the Maritime Provinces, he was informed by his permanent officer that Cape Breton was an Island. "Good gracious! Cape Breton an Island? Why this is very interesting. I must go and tell His Majesty that Cape Breton is an Island." And so the Acting Minister of Railways, in attempting to satisfy my hon. friend from Inverness, balked at the port he was to name, balked at the county he was to name, and was obliged to be prompted both as to the port and the county when he was telling how near to his heart was railway connection with those points. I do not wonder that he altogether forgot Sydney; in fact I do not think he ever knew of it. Well, Sir, these, it seems, are not to be provided for this Session. But this Session has seen a good many unexpected turns. Few of us expected to be here at the present time, and how much longer shall we be here? I do not know, I am sure, whether we may not see a subsidy for Cape Breton yet, if my hon. friend from Inverness stands to his guns, even this Session. I know that I was assured most positively two years ago—for I have always taken an interest in this Cape Breton Railway; I have always felt that the Island of Cape Breton had been hardly treated with respect to railway facilities—I heard the Minister of Railways propose a moderate subsidy for the purpose of that railway. I said that I was very glad to hear that the Island of Cape Breton was going to have a railway, and the terms were discussed, and I asked the Minister, being anxious to secure that railway, whether he was quite sure that he was going to get that railway for Cape Breton at that price, and the Minister, Sir Charles Tupper, assured me he was quite satisfied, that the arrangements were made, that the company was solvent, that the conditions were settled, and that Cape Breton would have a railway. My hon. friend from Inverness and myself, metaphorically speaking, shook hands over it, and some hon. members thanked me for having said a good word for Cape Breton. And so it happened that three years ago we were to have a railway for Cape Breton, and now the Acting Minister of Railways says the best thing he can say to Cape Breton is, when he remembers the name, that at some time or other in the future, he proposes to make some further provision for a railway in Cape Breton; and that in the face of a direct statement made, I believe, by the hon. member for Inverness, that if that thing was not done before the federal elections, Cape Breton would return six members hostile to the Administration—and he could not say anything fairer than that. Now, Sir, we were promised last Session that all these objects should be obtained for the price, which was stated. The subject was discussed, the short line was discussed, the various connections with the Atlantic ports were discussed; and we were told the financial proposals of the hon. gentlemen opposite were made after full consideration, were made after full enquiry, were made after having counted the cost, and with the certainty that the results expected would be reached by that proposed investment, and upon the faith of that promise the House

assented to the policy and agreed to the vote. And this Session votes of \$2,200,000 more are brought down to accomplish the same results which we were told would be accomplished by the votes of last Session. Now we are told that the Administration was out by that amount of money, that it is a comparatively small amount; and we know not at all, as yet, how much farther we may have to go to accomplish this object. Sir, I maintain that it is a disgraceful thing to have to say of a Government, that they bring forward proposals committing the country to very large financial expenditures upon such incomplete and inaccurate information as to render it utterly impossible for the Government to carry out those objects upon the terms on which we were assured they could be carried out. They come down Session after Session and say: We find we were mistaken and we want more money. Is it on purpose, is it by design? Is it intended to get the people and Parliament accustomed to these expenditures by degrees; is it intended that the country shall get accustomed to the notion of an expenditure of one or two millions and then the Government shall come down the following Session and say they require three or four millions for the work, and the people will be disappointed if the additional amount is not given and the work carried to completion? Is that the reason? Or is it simply incompetency and incapacity. What is the reason why hon. gentlemen commit the country to proposals on terms which turn out afterwards to be totally incapable of execution? The information given by the Canadian Pacific Railway Company and the Government upon which to base this very large proposal now before us is altogether scanty and inadequate. I am not going to discuss at this moment the information given by Mr. Stephen in his letter and the statements given from the opposite benches. I say no man can examine that information without feeling that it requires more thorough investigation and more full reports from engineers and experts and others before we can come to any reasonable conclusion upon it. We have before us no evidence whatever of the necessity or propriety or even of the character of many of the proposed expenditures, or of the necessity or propriety of many of the expenditures in the past. It is in the absence of such evidence and information as business men would require that we are called upon to act. How are we called upon to act? We are called upon to act in this way. Our interest is to be reduced to 4 per cent., although, as I pointed out last night, for the last six months we have been paying 5 per cent. on a loan which might in January last have been reduced to 4 per cent., and we are paying it because our Canadian Pacific commitments rendered it inconvenient for the country in the opinion of the Finance Minister to take the course of effecting the conversion, and we have been paying high rates of interest to the banks in the meantime as well. This company cannot borrow money anywhere else at 4 per cent.; I do not know whether it can at 5 per cent. I find that last fall it proposed a loan on the Ontario and Quebec system with its own guarantee for 5 per cent. at 92, and it is said there were no takers or very few takers. They could not borrow at over 5 per cent. on what they say is a very profitable part of their system, with the guarantee of the whole Canadian Pacific Railway. It required a higher rate to tempt investors. Last year hon. gentlemen opposite, when they wished to induce the House to agree to the loan to the Canadian Pacific Railway told us that the country should get 5 per cent., and that it was a reasonable rate for such a company to pay and for the country to obtain; that the country was engaged in borrowing transactions and 5 per cent. would be a fair rate. Having so declared, they induced the House to agree to the loan. It was the boast of hon. gentlemen opposite that we were making

a good commercial transaction because we were getting 5 per cent. Only one Session passes, and the Government come down and say: Let us reduce the interest to 4 per cent., which for the five or six years the loan has to run will amount to a loss of something like \$1,350,000 compared with our position last year. I want to know why? Do you tell me: I am shabby, that it is mean to ask 5 per cent. from the company. It is you that are shabby and mean. It was your bargain. No; it was the company's offer. The company offered to give 5 per cent. for the money. The Government thought it was right, and fair, and reasonable to exact that rate, and that rate was given as an inducement for making the loan. They induced the House to make the loan, because the rate was at 5 per cent., and now it is proposed to throw off 1 per cent. and thus save the company \$1,350,000. Were you shabby and mean last Session? If you say you were, let us discuss it. If not, if it was not a shabby and mean act then; it was the company's own proposal; in fact, it was that which induced the House to assent to the loan then; it is not shabby and mean now; and any such assertion would be absurd, particularly when we are dealing with a company so powerful and with such brilliant prospects as hon. gentlemen opposite have indicated. Then the Government impair our security. As to the \$20,000,000 of our loan, we are to be placed in partnership with the public which is to have \$15,000,000. I put to one side the temporary loan; I assume it may be repaid out of the sale of bonds at some price or other, and the whole \$15,000,000 of bonds will then get into the hands of the public. These being in the hands of the public, the Dominion will be holders of \$20,000,000 first mortgage bonds of the railway, the public having \$15,000,000 ranking equally with the securities held by the Dominion. That is nearly halving our security. While we will obtain only 4 per cent. for six years, the public will get 5 per cent. Hon. gentlemen opposite say it does not impair our security to put other \$15,000,000 alongside of our \$20,000,000. Such a statement is perfectly absurd. Reasonable men would not make such a statement. It is an attempt to gull the House and the public to say that you do not impair the security if you place \$15,000,000 on equal terms with our \$20,000,000. We do not go in even on equal terms. While I do not admit the theory of hon. gentlemen opposite that we would be bound as first mortgagees to pay off the stockholders if there was default, still it follows from that proposition, and it follows even without that proposition, that if there be default in this new arrangement, Canada will have to pay those \$15,000,000. The Dominion cannot take over the road without doing so. It is interested as a partner in the concern. If default is made, is the Dominion going to work the concern with the other bondholders of the company, they having \$15,000,000 in the partnership and the Dominion \$20,000,000? No. If there is default, the Government are going to pay the \$15,000,000 to the bondholders and take the road. That is the practical result. We are making ourselves in effect second mortgagees, because we are bound to pay off the \$15,000,000 if there is default in order to get the road. That is an unsatisfactory state of things. There can be no doubt that instead of being partners, we are practically, I say, second mortgagees, considering our relation to this enterprise in the present and in the future. It is a bad arrangement anyway. It is a bad thing to have a partnership between the Government and the public; it is an unfortunate arrangement which is sure to lead to complication. As to the price of the securities, the public may not take them up at par. They would not take them at par, if the interest were at 4 per cent. for six years, as we have done. We have taken our bonds for \$20,000,000 at par. It is true we have taken them as securities, but we have substantially taken them at par, irrespective of the price that the public is offering for them. The *Montreal Gazette* and other organs of hon. gentlemen opposite, when the proposal was first sug-

gested, stated this was an objection; that if the Government took those securities, they should take them at the same price they brought in the market. Now, it is said we should take them at par, and no doubt we shall have hon. gentlemen saying that it is all right. The time for payment is indefinitely extended. For what time are the bonds to run? I do not know. The resolution does not indicate it. The company may issue mortgage bonds for 40 or 50 years. If for 50 years, our loan becomes a long loan. We see what we are doing, and although Sir Charles Tupper told us last year that there was not the slightest shadow of a shade of doubt but that we would get our principal and 5 per cent. interest by 1891, we find now that we are throwing off an extra 1 per cent. interest, reducing it to 4 per cent. interest up to 1891, and giving the company a practical option of postponing the debt for the whole expected currency of the bonds, which may be 50 years. Then for the \$9,810,000 we take the land as security, and in effect if not in form, release the railway, because we take a third charge on the railway, after paying off \$35,000,000 and all the fixed charges, which include the interest and rentals upon the leased and acquired lines. And more than that, this is a fourth charge, because there are several millions of land grant bonds outstanding, not cancelled, and \$5,000,000 in the hands of the Government as security for the operation of the line—outstanding in this sense that they are our security. Is it intended to release them impliedly, and to say that there shall be no security for the working of the line? Is that term of the contract to be departed from? It is not said so here, and it surely is not intended to do so without saying it. Then there are \$5,000,000 of bonds in the hands of the Government for security, and those bonds and the portion in the hands of the public are charges, of course, over our charge for the \$10,000,000. So you have first of all the expenses of administering the lands; then you have the cost of the interest upon the loan, you have outstanding land grant bonds—those in the hands of the public; then you have the security for the operation of the line of \$5,000,000 of land grant bonds, and lastly you have our own \$9,810,000, or say, in round numbers, \$10,000,000. These are the charges, and this is the order of the charges upon the land of the company. Now, the hon. gentleman referred to my valuation of the North-West lands, as he called it, in 1880-81. I pointed out what the Government valuation had been in the preceding year. I was not, therefore, measuring their corn in my bushel, but in their own, and I think that is a fair way. They had valued the lands at such and such prices, and the following Session, within a few months, with no variation of circumstances except one of improvement having occurred, they brought up a proposal to hand over the picked lands—nothing which was not cultivable—lands fairly fit for settlement—that was the character of the lands; they were proposing to hand them over to the Canadian Pacific Railway, and I said: Now you are bringing forward this as a bargain. You told us the lands were worth on the average so much money last year. Are the circumstances worse now? No; they told us they were better. Then the lands must be worth as much? Yes, that could not be denied. Well, if you are giving so much lands to this railway, and if, according to your conception, they are worth so much money, then of course you are giving them the equivalent of so much money. That was my argument. But I have never said that the price of the North-West lands was a fixed figure. On the contrary, I have pointed out that under different circumstances, in varying years, under varying influences, the price of the lands in the North-West, as in other new countries, would rise and fall, and that we have to deal with the facts as they were presented to us at the time at which we were called upon to deal. I cannot say what the North-West lands will bring in the near or the distant future, but I can refer to some tests of the value of

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those lands at the present time, and that I will venture to do. I say that their value in the future is speculative; on the average, no doubt, in the long run, the value will improve, the country will improve, but what you should deem them worth to-day, or in the near future, is a question which passes my poor head to answer, although hon. gentlemen answer it in various ways according to the exigencies of the situation. I pointed out last Session that they could not be relied on as present sources of revenue, to meet the interest on the loan, and now after the collapse which occurred during and since last Session, and after the outbreak of this Session, what are we to say is their value? Now, I will give you some tests. Take the North-West Land Company which obtained a share of the choicest lands of the Canadian Pacific Railway, in part along its line of railway, and in part the best lands of Southern Manitoba, which besides obtained a half interest in all the town sites of the Canadian Pacific Railway west of a certain point—I think it was Brandon—which obtained these advantages, and which bought its lands at a price of \$2.23 net per acre with the sites thrown in. The stock is \$7,500,000 paid. That stock is worth in the market 38 per cent, or \$2,850,000. Now how much will you allow for the town sites? Will you allow \$650,000 for them? If you do, there will remain \$2,200,000 for agricultural lands, and as there are 2,200,000 acres of those land the price will be \$1 an acre. If you allow only \$400,000 for the town sites you increase the price of the lands to \$1.10 cents per acre as the estimate placed by the public, of the agricultural lands. There is a company whose whole property consists of 2,200,000 acres of the best agricultural lands in the North-West, and half the town sites on a large section of the Canadian Pacific Railway. The stock is valued by the public at \$2,850,000, and dividing that between town sites and agricultural lands, and deducting the value of the town sites, the residue being agricultural lands—that gives you the public's value of those choice lands so situated. Well, then take the colonisation companies. We do not know of course what the Government measure is; they have promised to bring one down and they admit that they are about to bring a proposal to relieve the colonisation companies whose bargains made with them by the Government are too hard and cannot be performed. Take again the calculation of the Government itself. On the 4th of May 1883, they brought down calculations that they would realise \$53,000,000 in cash for the lands in the North-West by the year 1891. How many millions will they dare say they will realise now? Will any man amongst them say they will realise \$53,000,000? Will any man say that they will realise one half of \$53,000,000? If they will not, will they say that circumstances have not changed, or that their calculations have been verified? Take their action in June, 1883, when they passed an Order in Council declaring that in future they would give no lands to railway companies in the North-West at a price which would net the Government less than \$1.50 per acre. They were afraid that the former price gave too large a margin of profit to the railway companies, and so all railway companies which had not been fortunate enough to secure land at \$1 per acre, were to pay at least \$1.50. In the year 1884, the Minister of Railways stated that there were some 23,000,000 of acres applied for by colonisation companies, that \$10,000,000 were already provided for, and that the rest would be provided for very soon, because they would go on selling an increased acreage and enlarging the price. Now, we had this condition of things, that while in June, 1883, the Government declared that future sales to railways should be at a price which would net the Government \$1.50 per acre, the companies making their profit beyond, in September, 1884, they decided upon the policy of giving lands free to the railways, and why? Because they found that the railways could

not sell the lands at one dollar even and make money on them, and in order to make that money which they intended the railways should make, it was necessary to give them free. Does not that show a change of situation as to the lands of the North-West? Surely there is but one answer to that. When you find the Government declaring in June, 1883, that it would be sufficiently profitable to the railway companies to get lands at \$1.50, and in September, 1884, saying, we must give them free to the railway companies in order that they may make some profit on them, who will deny that there is a change—I do not know how long it will last—with reference to the North-West lands? And what more? Why, Mr. Van Horne, in September, 1884, declared that he was not sanguine, with a gift of practically 9,600 acres a mile for 100 miles of the Manitoba South-Western Railway, passing through the best part of Southern Manitoba and long settled, that he would be able to build that line, although he started out with a basis of credit of 50 miles of completed line, for which the company charges something like \$25,000 a mile. That is the statement of a gentleman who in his other capacity as Vice-President of the Canadian Pacific Railway is certainly deeply interested in not depreciating the value of the lands of the North-West. Does not that show a change? Take the dealings of the Bell Farm Company with the Government, by which their agreement is modified very materially. Take the fact that there are only 23 homesteaders on a 400 mile stretch of the Canadian Pacific Railway through the prairies. Taking all these facts, I ask you, whether there is any immediate prospect of realising considerable sums from the sale of lands in the North-West. Now, these gentlemen do not like this, because they told us when they asked us to assent to the Canadian Pacific Railway contract in 1881, and again when they asked us to assent to the loan of 1884, that they were going shortly to pay off the railway obligations which the people of Canada were incurring out of the lands of the North-West; they told us they would all be recouped out of the lands; and having told us that they do not like to hear these statements which convict them out of their own mouths of gross miscalculations. How are we to get at the facts? I have more than once pointed out how inadequate are the accounts which the Canadian Pacific Railway Company render to the public—how impossible it is to find out anything with regard to their traffic returns from the different sections, so that we may judge of the prudence and the wisdom of those acquisitions and leases by the test of their result in profit. We know now something we did not know a little while ago. We find among the expenditures made a sum of over \$1,200,000 on these leased lines. We were told they were going to help the company on; but at a time when the company are straining every nerve in order to carry out their contract, we find them obliged to pay this large sum of money, we do not know for what—whether for working expenses, for rolling stock, or for something else—in connection with the leased lines. Are we to have no account or audit such as in the United States is provided for the subsidised lines of that country? By Act of Congress it is provided that there shall be a railway auditor, who shall have access to all the books and accounts of railway companies which are subsidised by the public. Are we to have nothing of the kind? Is that to be refused this year, as it was refused last year? Are we to have no opening of Manitoba to the south, closed as it has been by virtue of the exercise of the power of disallowance, contrary to the spirit of the constitution and to the declaration made by the First Minister and re-echoed by the hon. member for Cardwell (Mr. White) when the contract itself was made? Are we, I say, to have no opening of Manitoba to local lines? Is the power of disallowance to be continuously exercised? Last Session, when we were asked to vote the loan, the

which are desert, and of the great quantities which are not wholly desert, but are mixed up, good, bad and indifferent, they of course come under the operation of deduction to which I have referred. The Central and Union Pacific systems received about 32,000,000 acres. The Atlantic and Pacific, whose intended mileage is 2,300, of which but a small portion is constructed, is to have only 17,000,000 acres. The Southern Pacific, 929 miles, has 10,445,000 acres; the Texas Pacific, 1,901 miles, 12,000,000 acres; the Northern Pacific, 2,700 miles, may get, but it is disputed, 42,500,000 acres, of which 15,000,000 is all that is vested, and it is claimed the company has forfeited its right to the whole or to a very great portion of the remainder, and of that which may not be forfeited, a large portion is hilly country. Comparing these in every aspect you please, whether in the figures, in the quality of the land, or in the cost of railway building, you find no comparison whatever between the American lines and the Canadian line. The Acting Minister of Railways was imprudent enough to refer to the cost of these roads, when he compared them to the Canadian Pacific Railway. I quite admit the nominal cost was enormous. They were constructed on the good old-fashioned plan, the plan which has caused American railway investments to stink in the nostrils of Europeans, and even of the American investor of late years. They were constructed on the old plan of watered stock, of enormous bond issues, of *credits mobiliers* and construction company contracts, of which we saw a specimen on this Table a little while ago in connection with the Canadian Pacific Railway. They were constructed according to these principles, and by these principles was this enormous apparent capital account created. The apparent cost of the Union and Central Pacific systems was \$91,150 a mile or \$324,000,000. The real cost was estimated to be about \$30,000 a mile, as estimated when the road was just about completed, by the engineer of the Government. In the year 1831 again the Government officer estimated that the road would cost, laid with good steel rails, \$25,042 a mile or \$91,150,000, instead of \$324,000,000. Between one-third and one-fourth the nominal cost of the road. Let this be a lesson to us how we permit the system of stock watering to invade our subsidised roads, how we permit the system of *credit mobiliers* and construction companies to invade our Legislative halls, as well as our companies' headquarters. Then of the Atlantic and Pacific, the nominal cost was \$35,526 per mile or \$83,816,000; the real cost of that road, as estimated in 1831 by the Government, was \$20,000 a mile or \$50,000,000. The Southern Pacific, nominal cost \$31,020 a mile, or \$75,250,000; the real cost, estimated in 1831, was \$25,000 a mile or \$23,225,000. The Texas Pacific, \$37,416 per mile nominal, or \$71,130,000; the real cost, estimated in 1831, was \$20,000 a mile, or \$33,020,000. Look at what was fictitious on the one hand, and on the other look at what was real. Look at the nominal amount, the enormous amount of fictitious capital which has been palmed off upon a credulous public of investors, and under which so far as the law of competition has not admitted of relief, the public tributary to the railways is obliged to stagger, because, as I said, I entirely admit that, so far as your road is a monopoly road, the capital account will be regarded in considering the tariffs; and therefore I am glad that hon. gentlemen opposite referred to these American roads and to their system of finance, because they furnish lessons to us, to which I have alluded formerly in this House, which were not heeded by the majority at that time, and the melancholy results of which we are now to reckon with. The hon. the Secretary of State said, and I quite agree with him, that it was of prime importance to keep down the cost of construction; but it is also of great importance to keep down the nominal cost; because you already find this company rating its stock at \$65,000,000, as if a dollar had been

paid for every dollar of that \$65,000,000. You find it estimating the cost of the main line at a sum including the aggregate of that nominal stock; you find it already trying to persuade the public that there is value there for all the stock it issued at a discount of 60, or whatever it may be; you already find it trying to pile up a capital account under which it may ask this House a little later on to sanction tolls upon that portion of the road which, under the monopoly provision is subject to and tributary to the company. It was a sound and prudent proposal of the Secretary of State that we should keep down the cost of construction, and it is also a sound and prudent proposal which I have made that we should keep down the issue of fictitious capital. I turn now to the nature and extent of our own Pacific Railway aids, and one cannot but be amazed and confounded at the nature and extent of those aids. What are they? There were 1,909 miles of road to be built by this corporation, and 2,550 miles to equip. That is what they had to do. What is done for them? The Government builds and hands over to them 641 miles of the main line, besides the Pembina branch, the probable cost of which I estimated, before the hon. acting Minister of Railways made his statement, at \$30,000,000. He says now \$29,500,000. I dare say we shall entirely agree by next Session, but I will leave it now at \$30,000,000, because, I am sorry to say, half a million more or less in the figures I am about to deal with is of very little consequence. The Government surveys cost \$3,500,000 about, really, I believe, \$3,440,000. The Government subsidy in cash was \$25,000,000. The Government provision of lands and powers has already realised to the company about \$11,000,000 in cash, under the operation of the land grant bonds system, the sales of town sites, and so on. That makes a total of cash or its equivalent of \$69,500,000, besides which there are 20,000,000 acres of land, because I throw off 1,400,000 acres with the \$2,060,000 now due for land sales, to meet the outstanding \$3,600,000 of land grant bonds in the hands of the public. Throwing this off—the proceeds of land sales yet to be collected and this fourteen hundred thousand acres of land to which I refer gives you a net 20,000,000 acres of free lands. So there were \$69,500,000 in cash aids, and 20,000,000 acres of land. If you value that at a dollar, you get public aids, not loans but gifts, of \$89,500,000. If you value that at \$2, which hon. gentlemen opposite and the company in their report of the day before yesterday value it at, you get public aids of \$109,500,000. There is the condition of things. Remember these are not loans, these are gifts. Besides that, there were those monopolies, those exemptions and those privileges to which I have referred more than once, which are of enormous value to the company and are of still greater disadvantage to the country. The sternness with which they are clung to shows their value to the company and shows their injury to the country. Throw them in at what you please, you find the aids in cash or its equivalent and in land, according as you value the latter at \$1 or \$2 an acre, amount to either \$93,500,000 or \$109,500,000 given to the company. Now add the loans of 1884. They amount to \$29,810,000. Then you have gifts, as before, \$69,500,000; loans, \$29,810,000, or a total of cash aids of \$99,310,000. Then add the 20,000,000 of acres and, if you value the lands at \$1, you have \$119,310,000, or if you value them at \$2, it gives you a total of gifts and loans, a total of aids of \$139,310,000. And the cost of the whole line, the Government and the company's sections, according to their own estimate was \$-3,500,000, and the equipment \$3,000,000, making a total of \$91,500,000; and it is to be the property of the company, and the company and the Government both declare that it is going to pay from the day it is opened. Not merely does the Government declare that the whole line is going to pay from its opening, but the First Minister has declared in this House that the ends of that line are

going to be the most profitable parts of the line, that the British Columbia end and the North Shore of Lake Superior end are going to be more profitable than the middle. We have all agreed that the middle would be profitable; the hon. gentleman says the two ends are to be more profitable still; so the prospects of the company as a paying road are of the brightest description, and, as I have shown, we have given them the means, and far more than the means, to build that paying road. Well, then, the hon. First Minister gave a reason for the faith that was in him the other day, for he told us the road could carry freight at one-fourth the cost of other roads; and a road that can do that will certainly be a highly paying road. It is quite true that the late Minister of Railways said that it would cost the Canadian Pacific, for some years, four or five times as much to carry traffic to the Grand Trunk Railway which, in its through traffic, is burdened by all the disadvantages of making connection with other lines from which the Canadian Pacific Railway is free; but the First Minister's statement is that by which, I suppose, the Government is bound; and it contrasts curiously with the statement of Sir Charles Tupper who said the road would cost four or five times as much to carry traffic as other roads, while the First Minister says it will cost only one-fourth as much. But if we take the statements of the First Minister as the real determination of the Government upon this question, it will certainly be a most profitable enterprise. We build, and they are to own, they are to enjoy; and, besides owning and enjoying the railway, by virtue of the monopoly they are to own and enjoy the country as well. The company themselves have declared, in the report the other day, and the Secretary of State has practically declared that they are going to make a profit from the opening. Now, then, that is the position of this company, and what is our position at this moment, when we are asked to impair our securities and to make this new arrangement? I have pointed out that for the last six months, just in consequence of our financial embarrassments in connection with the Pacific, we have been paying 1 per cent. extra upon twenty-five millions of money. We borrowed \$25,000,000; we have borrowed temporarily \$15,800,000 from the banks, and we are to make new loans, chiefly to pay off these borrowings and in connection with the Canadian Pacific Railway Company, of \$40,000,000, which makes a total of fresh obligations of \$65,000,000. We have a war debt on hand and we are in danger of a deficit, despite the monstrous taxation from which we are suffering. We have to pay increased permanent charges in the North-West, along with diminishing receipts from that country, and we have demands from various Provinces which claim railway aid and governmental aid of various kinds, at the peril of discontent, dissatisfaction, and some people even say—threatening only, I hope—disruption. We have depression and difficulty. We have a statement now made from those benches, and from the financial institutions, and from the company's reports, of unexampled depression. We even heard the word "crisis" used yesterday, a word we thought had disappeared from the dictionary with the incoming of a Conservative Administration. That is the condition in which we are, when we are called upon to make this new arrangement between the Government and the company, after we were told that the arrangement of last year was ample, ample and final—that there was an end to all. It behoves us to be cautious. The proposal, apart from the danger of the old loan, increases the aids by \$5,000,000, irrespective of the \$1,350,000 for interest; and this increases the total amount of the aids to the Canadian Pacific Railway in this wise: assuming the 20,000,000 acres to be unvalued, the gifts are to be \$69,500,000, loans \$34,810,000, or an aggregate of \$104,310,000 of aids, besides the 20,000,000 acres of land.

Assuming the land at \$1 per acre, and gifts become \$89,500,000, loans \$34,810,000, or a total of aids of \$124,310,000. Assuming the land at \$2 an acre, and you get a total of \$144,310,000. Nor is that the sum of our Canadian Pacific Railway engagements. I alluded a little while ago to our present and prospective Pacific Railway engagements outside the contract, which sum up to about \$14,000,000, apart altogether from the value. I know not what value the hon. member for Inverness attaches to them, or at what rate he would discount those several promises the Minister of Railways made to him yesterday; but apart altogether from that, there is about \$14,000,000. First of all, in British Columbia, aid to the Island Railway and the dry dock arrangement, both made in compensation for the Pacific Railway, \$1,000,000. In the Province of Ontario, the Canada Central, \$1,440,000; Gravenhurst and Callander, \$1,320,000; total, \$2,760,000. In Quebec, New Brunswick and Maine—Ottawa to Quebec, \$3,350,000; the Junction, \$200,000; proposed addition of this year, \$360,000; in that connection, \$3,910,000. Rivière du Loup or Rivière Ouelle to Edmondston, \$240,000; proposed addition of this year, \$258,000; total \$498,000. The Short Line proposal, which, as I understand, applies to Quebec, New Brunswick and Maine, is this: value of the grant of \$170,000 for 15 years, \$1,890,000; the present value added this year by making the grant \$250,000 for 20 years, or \$1,510,000, make a total of \$3,400,000. I will slip in here, as low a voice as I can, for fear it should reach the ear of the Acting Minister of Railways—the International, \$158,000, making a total of \$3,558,000, and a grand total for Quebec, New Brunswick and Maine of \$1,936,000. In Nova Scotia, Canso to Louisburg, \$256,000; Oxford to New Glasgow, \$224,000; Eastern Extension, bought to carry out that arrangement, \$1,286,000; Oxford and Sydney, \$30,000 for 15 years capitalised, \$33,600, or \$2,100,000 in Nova Scotia; making a total of \$13,827,000 as the aggregate of the proposals of the previous and the present Session, outside the Canadian Pacific Railway, but in connection with the scheme of a grand trans continental railway. So that you are about to add that sum. Then, if you do not value the lands, your total aids, including the proposed loan, to the whole scheme, inside and outside the contract, will be \$118,310,000, and 20,000,000 acres of land. If you value the land at \$1, your total aid will be \$138,310,000. With the land at \$2 an acre, the total aids will be \$158,310,000. But, Sir, let us revert to the contracted line and omit any reference to these outside engagements, which yet belong to the Canadian Pacific Railway policy: there is another way of viewing the case. Apply the means which are provided by the country as a basis of resources to build 1,909 miles of railway, and to equip 2,550 miles of railway, which was the company's obligation, the result is as follows, on the mileage basis of 1,909 miles: cash subsidy, \$25,000,000; cash realised from land grant bonds and powers of that kind, \$11,000,000; summing up, \$36,000,000, or making cash gifts in this way of \$18,858 per mile, available now, or in September, when the line is completed. Government works and surveys, \$33,500,000, making a gift at the rate of \$17,518 per mile on the 1,909 miles; thus making an aggregate of gifts in cash or its equivalent of \$36,406 per mile, with 20,000,000 acres of land, or a balance of 10,470 acres per mile by the original contract. And if you value the lands at \$1, the original gifts are equal to \$46,877 per mile; or if you value them at \$2, they are equal to \$57,348 per mile. Then, if you add the loans of 1881 these loans are equal to \$15,091 per mile on the 1,909 miles of contracted line. That makes gifts, cash and works of \$36,406 per mile, and a loan of \$15,091 per mile, or a total of cash, gifts and loans of \$51,497 per mile, besides the 10,471 acres per mile; if you value the land at \$1 per acre it gives gifts \$46,877 per mile; loans \$15,091 per mile, or a total of \$61,968 per mile. If you value the lands at \$2 per acre the amount of gifts is \$57,348 per mile; loans \$15,091 per mile, or a total of \$72,439 per mile. Now,

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if you add the proposed loan of \$5,000,000, that makes the total loans equal to \$17,710 per mile—the old loan and the new loan; and that makes the aids of cash gifts and loans \$54,110 per mile and 10,471 acres per mile. Valuing the land at \$1 per acre makes the amount, of the gifts and loans, \$64,487 per mile; and valuing the land at \$2 per acre the amount is \$75,058 per mile for the 1,909 miles which the company are to build. Now, of course, I am not prepared to say, without going into further calculations, that this is too much; one has to consider what was to be done in order to find out whether this was too much or too little. I propose now to proceed to enquire what was to be done for those aids. One year ago, when the loan of 1884 was asked for, the official statement as to the cost of the contracted line was as follows: expenditure already made, \$23,078,455; materials on hand, \$1,028,604; total amount required to complete the contract, \$27,000,000, from which I deduct, for the moment, \$1,700,000, being the amount out of that estimate attributed to equipment, because I am dealing with the construction, and have for the moment no reference to equipment. That is to say that \$25,300,000 were required to complete the road; and thus the total cost of construction would be \$52,407,500. That is a plain and clear statement of the case given to the country by the Government and the company last year, namely that \$52,407,500 was to be the cost of building that line, in accordance with the contract, apart from the equipment. Mr. Van Horne, in a paper on the Table, says this estimated cost includes the permanent road round that part of Kicking Horse Pass which is now arranged for by a temporary line; that the cost of both the permanent and the temporary line was estimated at about \$1,360,000, of which \$950,000 was estimated for the permanent line. He has obtained permission to use the temporary line for some years to come, and therefore the permanent expenditure will not be incurred. I deduct, therefore, from the estimate of last year, \$950,000, since we are not to have the permanent line built, and that reduces the cost to \$51,457,500. But Mr. Van Horne also says that \$1,000,000 have been saved in British Columbia since the estimate of last year. Mr. Stephen, however, in his letter of 18th March, says that the saving in British Columbia has been offset by extra expenditure on the North Shore. Now, when you come to the brief, condensed and unsatisfactory statement placed before us, unverified and unsupported by the statement of any engineer, you find that the extra expenditure on the North Shore is stated by Mr. Stephen at \$2,500,000, and that only. I deduct that sum of \$2,500,000, unsatisfactory though the statement is, from the \$1,000,000 which Mr. Van Horne said was saved at the other end, and I find a net saving of \$1,500,000 in that respect, as estimated last year. That being deducted from \$51,457,500 reduces the cost of the line, by the estimates and statements which are before us, to a trifle under \$50,000,000. Now, as to the cost of equipment. When the loan was asked for, we were told that \$1,700,000, which was included in the loan, was quite adequate, in addition to the existing equipment. The existing equipment of all lines and branches was said, at that time, to be of the value of \$3,638,000; and the amount added, which was put into the loan for equipment, was \$1,700,000 and it gave, as necessary for all the lines and branches, according to the estimate, \$10,328,000. There is the required equipment for the main line and branches. I will make another calculation, by which to ascertain the cost of the equipment. I take Mr. Stephen's own letter of the 18th March, in which he states the expenditure for equipment up to 31st December, at \$9,168,755; and that there will be required \$1,000,000, making a total of \$10,168,750 for the main line and branches. That is on average within a fraction of the result of the former calculation. I take the larger of the two figures, so as to err on the safe side, and taking \$10,338,000 as the cost of equip-

ment of all lines and branches, and observing that there are 2,550 miles from Callander to Port Moody, \$3,000,000 would be the proper proportion for equipment. This accords, so far as I can see, with the figures given on the last occasion. I have thus arrived at the cost of the construction of the contracted line and the cost of equipment for the Government and contracted lines: \$50,000,000 for the one, \$3,000,000 for the other, total \$53,000,000. That is the result of the information which was given in January, 1884, as modified by the information we have since received. I ask, next, having arrived at what the cost of the work for the company to do was—a work which they say is to be completed a few weeks from this hour—what are the cash resources available to meet that work? They are easily ascertained. There are, subsidies, \$25,000,000; the loan of \$22,500,000, the land grant bonds, which realized, in 1883, \$9,200,000, and in 1884 the company received more than \$1,000,000 more of land grant bonds, which have always been saleable at something approaching to par, from 97 to par. I put in \$1,000,000 for that. Then there are bonuses and town site sales \$800,000. These three figures give you \$11,000,000 of cash resources actually available to the company, in addition to the subsidy and the loan. Then I come to another point, and that is the net profits of working. The company state the profits from all the lines to be \$1,626,000. There I am in the region of conjecture, because we have not got a statement of what the net profits were from working the leased and acquired lines, and therefore it is impossible for me to declare what proportion of profit is due to the main line, the line from Callander to Port Moody. But my belief is, that I overstate the case when I assume \$66,000 to be the amount of net profit derivable from the acquired and leased lines, in excess of the fixed charges to the company, and charges for interest on purchase money which the company have already paid. If you take the purchase money paid for the Canada Central and for the Montreal, Ottawa and Occidental Railway, and the Laurentian Railway, and other lines, and calculate the interest on the purchase money; and if you take the interest on the unpaid purchase money of the Canada Central, and Montreal, Ottawa and Occidental, and the interest on hypothecated bonds and for stock, for the other line, the Ontario and Quebec proper, if you take the charges on the Credit Valley arrangement, the rent of the Toronto, Grey and Bruce, and deduct them from what are called the net earnings, which are the gross earnings, less the actual expenses, I think you will find it very probable that I erred in assuming that \$1,626,000 were the earnings in excess of those sums. I do not know whether that sum is the result of the earnings of the Canadian Pacific Railway, after deducting those charges. It ought to be, because if those charges are not deducted, then the main line has been charged with the cost of buying and leasing lines and branches. I did assume that those charges were deducted and that the result of \$1,626,000 was after the deduction of those charges. Assuming that, and assuming that \$66,000 would be the surplus upon the leased and acquired lines, after their bearing the cost of their acquisition, I take \$1,560,000 as the net earnings of the Canadian Pacific Railway main line from Callander to Port Moody, and I add that to the resources I have already stated, which gives \$60,060,000 cash resources—or, say sixty millions. Now, I have shown you the cost of construction, and equipment, to be \$53,000,000, and I have shown you the cash resources provided altogether outside of the company, provided, in fact, by the public, to be \$60,000,000, or \$2,000,000 more than the whole cost of construction and equipment, and that without touching the company's original stock. Now, that stock was to be touched; it was part of the contract that the company should subscribe that stock and pay it up in full; it was part of the contract that that should be done; that the money should go into

the fulfilment of the contract. They did subscribe it, and they did pay it up and put it in the contract, and therefore that \$5,000,000 is to be added, which gives you the total available assets of the company—of which the company provided only \$5,000,000—\$65,000,000, to meet the expenses due under the contract of \$58,000,000, or a surplus of \$7,000,000. Then, Sir, you may make certain deductions and additions, and I am about to state those for which there is more or less plausibility. You may say now: You have charged us with the whole amount which has been realised for land grant bonds, but we had to pay interest on them, and that should be deducted. I admit the fairness of the statement, but I do not admit the fairness of the whole deduction, because, if they deducted \$582,000 for interest on land grant bonds, while the money received from them was deposited with the Government, of course the interest they receive on the money goes against the interest they pay for the money, and so, deducting the \$192,000 which they received in that way, we have a net charge of \$390,000 for interest on the land grant bonds. They have also paid interest on the Government 5 per cent. loan, which was one of the assets, and I have credited that interest to the amount of \$265,000 to date. That gives a total interest of \$655,000, which is a fair deduction from the surplus of \$7,000,000. Then, do you dispute my deduction of \$960,000 for the permanent line? I do not see upon what ground you can dispute it, but if you do, let us throw it off. Do you dispute my deduction for savings of one and a half million? I do not see upon what grounds you can dispute it, but throw it off. Then, you still have \$3,115,000 against the surplus of about \$7,000,000, you still find about \$4,000,000 remaining. If you even ask me to include what the company says is a betterment to the Government lines, it is only some \$1,200,000, and still there is left a balance of \$2,700,000, out of these resources all provided by the public, excepting the original \$5,000,000 provided by the company. Now, I invite your consideration to those figures, and I invite those who challenge them to show in what respect they are substantially inaccurate, and if accurate, how it is that ample provision in cash has not been made for every dollar which was required to be expended to complete this contract, upon the contract itself. But, Sir, I have entirely omitted, up to this moment, enormous additional resources of the company. There is the Government 4 per cent. loan on securities. These securities were available; they were securities which might be used in order to get cash or credit; they were used in order to get credit, in order to get the Government deposit of \$7,330,000, and therefore there is that available asset created by this work of \$7,330,000, and in respect of which the company obtained from the Government a loan to that amount. Then, as to unsold lands: after settling for the land grant bonds, as I explained a little while ago, there remains a balance of twenty millions on that account, and that, also, was an additional asset. Then the Government works and surveys were an additional asset of thirty-three and a half millions. And the company actually realised, in cash, for the sixty millions of stock which they issued and sold, subsequently, under the new scheme of finance, to which I will presently allude, \$24,493,000, or, say twenty-four and a-half millions. So, outside altogether of the line of assets which I have given to you before, I show you enormous additional assets and resources which were available towards the completion of this contract. And you cannot overlook the consideration of those assets when you come to consider the proposal to grant additional aid and to impair the existing securities to Canada for the aid already given. Now, Sir, so far I have been dealing with the figures as of the 1st September next, when it is said this contract will be completed, and the loan and the subsidy will be actually realised to the last dollar. That is the proper date to handle. We are now within a few weeks of the 1st of September,

and all of our calculations may be fairly directed toward the condition of things on that day, and on that day, therefore, you find the results such as I have indicated. But I will turn back, and I will deal with the figures which were given—deal with the figures of Mr. Stephen's letter as of the 31st of December, 1884, and I will enquire what were the expenditures and what were the assets up to that time. There were, in the shape of assets, cash receipts on account of subsidy, up to 31st December, \$19,773,027; loan up to that date, \$17,970,720; land grant bonds, etc., of which I have explained the details, \$11,000,000; working profits, \$1,560,000; original paid up stock, \$5,000,000; making an aggregate of \$55,640,000 received up to the 31st of December last. Now, I cannot make out in the same satisfactory manner the expenditure on the contracted line up to that time, because the statements of Mr. Miall and Mr. Stephen are short, obscure, vague, condensed, and give no reasonable practical information upon which one can make it out. But I give you my deductions from figures the accuracy of which I do not admit, which I am unable to reconcile with the statements made in January last and the statements made since; but such as they are, assuming them to be correct, these are the figures. Mr. Stephen says the expenditure on the main line and branches up to the 31st of December was \$32,595,842, and for the material on hand \$3,687,729; making a total of \$36,283,571. From that I deduct, according to Mr. Stephen's own figures, the company's expenditures on the acquisition of lines east of Callander, \$4,213,758; their expenditure on branches—the Algoma branch, \$2,269,798, and on the western branches of 176 miles, \$2,335,374, or a total for branches of \$4,605,172; those deductions aggregating \$8,818,930, which, deducted from the principal sum, leaves, according to Mr. Stephen's statement—which is inexplicable to me—\$47,464,671 as the expenditure on the construction of the contracted line up to the 31st of December last. My opinion is that that may include a large sum for interest or dividends; I think that is the negro in the fence corner. But I only conjecture it. Then, as to the equipment up to the 31st of December, Mr. Stephen's statement is that it is \$9,163,750 for all lines. Deduct for the line east of Callander and the branches, say 670 miles, their proportion, \$1,890,000, leaving the expenditure for equipment on the 2,551 miles \$7,173,750. That gives me an aggregate of \$51,641,000 for construction and equipment on the contract, as against the receipts to that date of \$55,643,000, leaving an apparent surplus of \$1,000,000. But that surplus is properly subject to the deduction of \$655,000 on interest account, so far as I can judge. I do not know, of course, whether this \$47,464,671 may not include some interest. If it does, then the deduction I suggest should not be made; but, if it does not include the interest I have referred to, then that deduction should be made; and that would still leave a surplus. And, even if you add the improvements on Government sections to the amount of \$1,240,000, you only get a deficit of under \$1,000,000, after paying up to the handle for everything that was expended on the contract up to the 31st of December. The assets which produced that result being entirely public assets, except the \$5,000,000 of the original stock of the company, that deficit of under \$1,000,000 is, at any rate, not embarrassing, because a floating debt of \$3,000,000 or \$4,000,000 is customary in such operations; they said it only became abnormal when it reached \$7,000,000 or \$8,000,000. All they required to do was to carry this \$1,000,000 as a floating debt, and of course the drawback which was kept on the Government subsidy, and which obviously rendered plain the cause of the narrow circumstances, would pay for that, practically, under the contract. So that on 31st December there was no ground for embarrassment, irrespective altogether of those other enormous resources to which I have referred. I have pointed out that these enormous resources had netted on the

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new stock of sixty millions, \$24,493,000; the Government 4 per cent. loan was \$7,380,000; and their credit enabled them to owe \$6,895,000, of which you can strike off \$1,000,000 as due on the contracted line, which would leave owing on other accounts than the contracted line \$5,900,000; so that their other resources had actually produced, up to the same date, the 31st December, applicable to other purposes than the contracted line, an aggregate of \$37,780,000. Now, the next question to which I address myself is what has become of this \$37,780,000; because I have shown you enough assets to accomplish all they were bound to under the contract, without having reference to that sum at all. They obtained it and the 20,000,000 acres of land besides. Well, what became of it? The explanations of that are not absolutely clear; but they are sufficiently clear for our purpose, dealing, as we are, with sums so enormous, that an inaccuracy of even half a million or so is of little consequence. I divide this \$37,780,000 into two grand heads; the first of these is outside expenditure in one way or another, and I will give you the items which I find in the company's various statements:

Main line and branches east of Callander...	\$4,658,622
Algoma branch	2,289,798
Western branches	2,335,374
Steamers	697,369
Real estate at Montreal	408,207
South-Western Railway	1,595,280
St. Lawrence and Ottawa Railway	227,155
Atlantic and North-Western Railway	203,837
Montreal and South-Western Railway	1,254,678
Ontario leased lines	1,265,450
Proportion of equipment for these Outside lines	1,890,000
Interest on financial matters, &c., &c., &c.	1,359,484
Total	\$18,195,264

The sum of \$1,359,484 is stated by Mr. Miall to be interest on financial matters and other charges, some of which I have very probably included in my estimate of interest already charged against the other receipts, and therefore should not now be included; but still I include it all, for I have not the details, though the Government have them; and all these sums give me the aggregate of \$18,195,264 spent by the company on outside matters out of the \$37,780,000. Well, that leaves the larger half to be yet accounted for. I have found for you where \$18,200,000 have gone; I have to find for you where \$19,600,000 have gone. And that comes under the second grand head of the two grand heads of expenditure by this company of its resources—dividends, dividends, dividends. The statement of Mr. Stephen on the subject of dividends is not, according to my judgment, absolutely accurate, but I will use it, in the first instance, so as to state the amount from his own lips. He states that there were paid by funds provided by the company, partly paid by the company itself and partly by the Government, out of the funds provided by the company, \$5,378,000 in dividends up to the 31st December last; and that the sum remaining in the hands of the Government for future dividends was, on the 31st December last, \$14,283,000, making an aggregate for dividends of \$19,661,000. My task was to account for \$19,600,000. I have got you the \$19,600,000, and I think I have practically squared the account. I think I have practically shown you where this \$38,800,000 has gone—that the smaller half of it has gone in outside enterprises and that the larger half of it has gone in dividends, past, present and to come. This shows where the money has gone and to what the trouble is due. There were extravagant expenditures, according to my belief; my belief is that this road cost more than it need have cost. There was haste and waste. There is proof in Mr. Schreiber's statement and Mr. Van Horn's also, to which I referred yesterday, of the necessary cost involved in the speed; there was inordinate expense on outside objects, on the Laurentian Railway line, on the South-Eastern line, the St. Lawrence

and Ottawa Company, the North American Contracting Company, the North-West Lands Company, the leased lines and other objects. There were on these various heads, grounds for saying that more money had been expended than ought wisely to have been expended. With reference to the whole of this outside expenditure questions arise, various questions, differing questions, questions which may make some of the expenditure prudent, and some of it very rash—but granting all, wiping out all the extravagance and assuming there was no extravagance; wiping out all the imprudence and assuming that there was no imprudence; saying that it was right and wise for the company, assisted and egged on by the Government, to spend the sum of over \$18,000,000 on outside enterprises, while they were, or ought to have been, straining every nerve to build the contracted line—admitting all that, for the moment, yet with the resources they had and have in hand there was a margin up to the 31st December last of \$20,000,000 to keep them out of embarrassment: \$20,000,000 is absorbed in repayments to subscribers. Now, let us examine this question of repayment to subscribers, this question of dividends. The law allows a railway company during construction to pay not exceeding 6 per cent., if they please, on the amount actually paid up in cash, in hard cash, on the stock that has been subscribed for construction. That is all which the wisdom of Parliament has provided that railway companies should be allowed to pay. No watered stock payments, no payments on anything that was not solid cash, but you might, if you pleased, having got in hard cash, which had gone into the works, say \$1,000,000, pay the subscribers of that amount 6 per cent. a year on that or \$60,000. That, in the wisdom of Parliament, was the sound rule established. Let us consider this company. Did it occupy an exceptional position? It did. What was the exceptional character and position of this company? It was this, that it was subsidised by the Government on the understanding that it was not going to make an early dividend, but that it was to be recouped out of the sale of the lands for its actual losses in the early working of the road. The proposal was, not that we should furnish money to the company to give subscribers who had stock 6, 10, 12 or 20 per cent. on their money, but that we were to give the company, in addition to cash, land, the ultimate result of which would repay them for the loss of interest or dividends in the early working of the road. That was the position of the company, a position against the paying of dividends out of capital instead of in favor of it; a position in which the impropriety of paying dividends out of capital was recognised, and in which the source of recoupment for losses was to be the great resources the Government were giving the company. Now, the stock was fixed at \$5,000,000, to be all paid up, in actual cash, within a short delay, with the power of increasing it to \$25,000,000; but I need not say that when the \$5,000,000 was paid up in full in cash it would be impossible to put out the other \$20,000,000 at a discount, or on any other basis than par, without creating an entire revolution in the scheme of finances of the company. The principle recognised by Parliament was that every dollar of the stock first subscribed should be paid up in cash; \$5,000,000 was paid up in cash, and if the company were to issue the rest at 50, the subscribers at 50 would get the stock at half the price of those who had subscribed the first \$5,000,000. No one thought of more capital being issued, at any rate, beyond the \$20,000,000 additional; \$25,000,000 was the extreme capital talked of. We were anxious the capital should be kept down, because the great object was that there should be a small dividend to be paid, since the burden on the commerce of the country was to be measured, first of all, by the cost of carriage, and secondly by the dividend; and it was vital to

us that the dividend-bearing capital should be kept down to the lowest possible figure, so that the burden on the commerce of the country might be kept down to the lowest possible figure. That being the principle, and these being the expectations of Parliament, I now address myself to the question: What has actually been done? I leave out of consideration, for the moment, the original \$5,000,000, because that was contemplated, that was arranged, that was subscribed, that was paid in full, that went into the fund; but, besides that, the company has issued \$60,000,000 more, and in connection with its stock operations it has raised \$7,380,000 from the Government. Now, I want to know, having stated the millions of stock that it has issued, \$60,000,000 of new stock and \$7,380,000 raised from Government in connection with stock operations: what has that produced? The original stock of \$5,000,000 would have reaped its whole profit out of the working earnings; \$1,000,000 would have paid a fair and reasonable dividend during construction on the \$5,000,000 of capital, and that would have been paid out of the working earnings of the road; but that abominable system of stock watering to which I have referred, which, I have pointed out, in two years resulted, in the United States, in the increase by two thousand millions of interest and dividend-bearing stocks and bonds, or presumably interest and dividend-bearing stocks and bonds, while the betterments represented by that two thousand millions only cost one thousand and fifty millions, or, practically, \$2 of obligations for every \$1 of real value was to be introduced. That abominable system which has destroyed the credit of the American railways, which has rendered it impossible for the ordinary mind, with ordinary acquaintance with things, to judge of the real value of an enterprise at all, which even induces an Acting Minister of Railways to talk of the cost of a railway system as \$323,000,000 when it has cost only a trifle compared with that amount; that system which renders everything vague and speculative, which gives every opportunity to the dishonest man to deceive and gull the simple investor, was to be carried out. The principle of an honest paid up stock was to be given up, and the first thing that was done was to commence the creation of this load of fictitious capital. They issued to the original proprietors of \$5,000,000 of paid up stock \$20,000,000 more, realising only \$5,000,000 in cash, or 25 per cent. of the nominal value. They got \$5,000,000 in cash, and they issued \$20,000,000 in stock. Having done that, they sold \$30,000,000 more at prices which netted the company only \$15,281,754, or under 51 per cent. of the nominal value. They then proceeded to borrow on, and ultimately to sell, \$10,000,000 more, selling at a price which netted the company \$4,211,294, or 42 per cent. of the nominal value. They thus produced from the \$60,000,000 of nominal capital \$24,493,000 in cash, or, on the whole average, under 41 per cent. of the nominal value. And, if you choose to throw in the honest \$5,000,000, and to put it together with these tainted matters, you find that an issue of \$65,000,000 nominal realised \$29,493,000, or 45½ per cent. of the nominal value. And if you choose to average the holdings of the original proprietors, the \$5,000,000 honest and the \$20,000,000 at 25, their special holdings cost them 40 per cent. of the nominal value. Now, remember, if you please, when you hear talk of a ruinous price for Canadian Pacific Railway stock, when you hear talk of risks, when you hear talk of difficulties, when you hear talk of embarrassments, that the whole of this stock, the first five millions paid up and all, was issued by the company at prices which realised only 45½ of the nominal value. Remember that the original proprietors put their estimate of value upon their whole holding by taking the \$20,000,000 at 25, thus averaging for their holding 40, and remember that the stock has fluctuated from 37 and 38 for a little while, up to 64 and 65. Now, what is 50 on a stock, the real value of which, as

represented by the money given for it, is 40? Why, of course, when you pay 50 for a stock of which the real value is 40, it is an advance of 10, it is a premium of 25 per cent; if you pay 60, it is an advance of 50 per cent.; and, if you pay 80, the price to which Mr. Stephen said he expected the stock to advance, it is an advance of 100 per cent. on the 40 which was paid, and at which he could have sold, if his expectations had been realised. The original proprietors, if the glorious visions in which they indulged, and which they expected the House to help them to realise, had been realised, having paid \$10,000,000 for \$25,000,000 of stock, would have realised 80, and thus taken \$10,000,000 clean profit, apart altogether from the question of interest or dividend. I am going to deal with the question of interest and dividend presently, by itself, because it is too large a question to mix up with capital. But I am dealing now with the new finance. The \$60,000,000 of the new finance netted \$24,500,000. The Government loan in connection with the stock was \$7,380,000, or a total of \$31,880,000. I enquire, now, what has become of the proceeds of the new scheme of finance? What has become of that \$31,880,000? There is what the company realised by the issue of stock and by a mortgage, in connection with its stock operations, of its assets, irrespective of the sales of the public lands, the grant of the public moneys, and the grant of the public loan. Now, Mr. Stephen states that the company itself paid, not out of the Government moneys, not by virtue of the moneys placed in the hands of the Government at all, but itself paid, in dividends, up to the 31st December, 1884, the sum of \$3,428,000. The company itself paid, on the 17th February, 1885, a further dividend of \$650,000, or 1 per cent. To these sums which the company itself paid, not through the medium of the Government, I add the company's deposit with the Government and the company's loan from and deposit with the Government to meet dividends, which amounted to \$15,942,645; and I add also the interest which was paid and allowed on that item up to 17th February, 1885. That interest amounted to \$318,852.98 for one half-year, \$305,729.56 for the second half-year, and \$292,344.56 for the third half-year, making an aggregate of \$916,927, which was produced by the means of the deposit of \$15,942,645. These sums make a grand aggregate of \$20,937,572, or, in round numbers, twenty-one millions of dollars already devoted by this company to the purposes of dividends. Now, what is the short result? They raise by the new finance on stock twenty-four millions and a-half of money, and they have devoted by the new finance to dividends twenty-one millions of money, making \$3,500,000 to go on the work, and \$21,000,000 to go into their own pockets. What is the amount they actually paid on dividends up to the 17th February last? On the first \$5,000,000 of cash stock they have paid about \$1,000,000; on the \$20,000,000, which represents \$5,000,000 cash, they have paid \$2,610,000; on the \$30,000,000, representing \$15,281,000, they have paid \$2,640,000, and on the \$10,000,000, representing \$4,212,000, they have paid \$750,000, or a total of \$7,000,000 already paid in cash to its shareholders by this embarrassed company, which has to come to us for help in its urgent need. And having paid \$7,000,000 in cash they have deposited with the Government now, at interest at 4 per cent., \$13,934,572.42, which with interest, at 4 per cent., would sum up to about \$14,100,000 at this moment in the hands of the Government. Now, Sir, there is the finance. A portion of that \$15,942,645 was paid in by the company itself, how was it raised? It was raised by the sale of this stock at a price which makes the dividends on that stock between 12 and 13 per cent., and it was deposited with the Government at 4 per cent. interest to secure the dividends at 12½ per cent. interest on that very stock and the other stock. They sell the stock, agreeing to give it at a price which is to net 12½ per cent., and they take the money and put

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it into the hands of the Government at 4 per cent. and they say: Keep this to secure the 12½ per cent. dividends—I ask you what is to be expected from finance like that? Now, Sir, the original proprietors who took the additional \$20,000,000, have on their \$5,000,000 of cash, for which they received \$20,000,000 of stock, already received 52 per cent. on their capital investment. They got for part of the time 24 per cent. per annum on their investment, and for the rest 20 per cent. They promised themselves a continuation of this same dividend until the completion of the road, and honorable men, fulfilling their promise, they kept it, Sir, in the dire distress of the company in last September, they kept it in the still more dire distress of the company on the 17th of February last. What mattered it that the contractors were unpaid? What mattered it that the section men on the line, the employés, were unpaid? What mattered it that their credit was being destroyed? What mattered it that they were embarrassed in every way? Their promises to themselves must be observed. They took out the money and they put that money into the extra dividend producing these enormous profits, and left the contractors and section men, honest debts and everything else, unpaid, and destroyed the credit of the company. We could not collect our interest in May. We gave them time to pay it in May, because we did not want to interfere with their use of the money in the prosecution of the work; but they took care to pay their dividends, although they would not pay us our interest. There is one thing that must be done: the dividend must be paid, no matter who is left out. Having got this 24 per cent. for part of the time, and this 20 per cent. for the rest of the time, they have secured themselves, by this arrangement, 12 per cent. for eight and a-half years to come upon this investment. Blow high, blow low, do ill or do well, give up the road, if you like, to-morrow, still there will be 12 per cent. up to the end of eight and a-half years. By the end of ten years, for which this arrangement is made, they will have taken on that \$5,000,000 the sum of \$7,810,000, apart altogether from the future earnings of the road, on which the company declared just the other day, they expected to make a profit in the first year; so that, leaving the earnings out, it will repay them their whole \$5,000,000, with 10½ per cent. interest, until repaid. They are absolutely secure to get back every shilling of that \$5,000,000 and 10½ per cent. interest on it under this arrangement, and to own besides in respect of that investment twenty-sixty-fifths or nearly one-third of the whole enterprise, land and all. But they say you ought to average their investment; that it is very unfair to deal separately with the second \$5,000,000. I deny that, but I shall go into the account on the average investment, too. Now, taking the average on the \$10,000,000 cash they put in, \$5,000,000 of honest cash, \$5,000,000 for which they get twenty millions. They have got \$3,610,000 in dividends already, and they get, in eight years and a-half, \$6,875,000 more, or \$10,485,000 of dividends, apart altogether from the road and the land and the future earnings of the road, on \$10,000,000 capital.

Mr. HAGGART. Why don't you buy some of the stock?

Mr. BLAKE. I do not know what the hon. gentleman's interest in the company is.

Mr. HAGGART. I have none, but you say it is a good investment.

Mr. BLAKE. But the law forbids any member of Parliament to be an owner of stock of the Canadian Pacific Railway. Now, Sir, these are figures in respect to which I challenge contradiction. If you put to one side the question of a return of the capital, and assume that the capital will be represented by twenty-five sixty-fifths or more than one-third of the Canadian Pacific Railway and its lands, at the

end of ten years then their dividends have been in the earlier stages from 15 to 12½ per cent. on their whole ten millions, and they are to have 7½ per cent. for the rest of the term, after the completion of the road, with the chance of dividends from earnings to be added. So that they will have more than one-third of the enterprise, with dividends already secured, varying from 15 to 7½ per cent., during the ten years after its inception. Now, as to the other stock. That stock realised \$19,500,000 cash for \$40,000,000 of stock, and it has obtained, and will obtain, in secured dividends, \$14,390,000, an enormous interest; and, besides that, forty-sixty-fifths, or nearly to two-thirds of the whole enterprise. Now, Sir, take the average date of the payments of the \$29,500,000. I have averaged the dates of the payments at which those men put in their money, and I find the average date of the whole, including the original \$5,000,000, was the 16th January, 1883, and by the 17th February, 1885, or in two years and one month, they had received \$7,000,000, or 11½ per cent. per annum profit on the whole \$29,500,000. And the future secured dividends, allowing the September 1 per cent., which they have promised themselves—and I have shown the desperate fidelity with which they have adhered to those promises of the past—will give for the future 8 per cent. per annum of profit, apart from earnings, up to 1st September, 1885. In all, if you include the September, 1885, and February, 1886, extra dividends, there will have been paid and provided for dividends \$24,875,000; or a sum equal to the whole amount realised from stock by the new finance. They will have paid \$24,500,000, and there will have been paid and provided for dividends, even including only the September payment, just about \$24,500,000. So far from these resources of the company being invested in inside or outside operations, the net result of the transaction has been to invest money with one hand for the purpose of taking it out with the other. In substance the proceeds of the stock are divided among the stockholders; we are to raise money to build the road; and the country is to pay tolls for all time to meet the stock so divided. The company are seeking to secure \$15,000,000 of additional capital to use, although they have \$14,100,000 available in the hands of the Government. The Government are asking the permission of the country to reduce interest on the public debt and to create an interest charge on the new capital, while the company are saying that whatever happens we must take care of ourselves and the Government must take care of us, and we must lay by a nest-egg for ourselves. I maintain that the proper place for the company's money is the company's road. I maintain that we have no right to connive at transactions like this, to approve or to endorse them. We never contemplated such an act as this, that millions upon millions would be emitted, representing a nominal capital of \$60,000,000 and an actual capital of \$24,500,000, and then that we should be called upon to lend about \$29,500,000 and then be asked for \$5,000,000 more, and to impair our security and lower our rate of interest, in order that those gentlemen may run no risk at all, but ensure to themselves large interest in the meanwhile and a magnificent enterprise subsequently. They say it will pay a dividend from the start. It is just about to start. Let them take their dividend out of the earnings, and use their money to complete the road which is to produce the earnings. Do not let them do like the man of old, put their money in a napkin and bury it in the ground; but let them put it where it will do the most good for the country, put it where it is destined to go, put it where it belongs. For what purpose was the stock issued—the stock of \$60,000,000? To make dividends for the stockholders? Was it not that the money might be got to build the road? Use the money then to build the road. The company have already taken \$7,000,000 out of the nominal capital and put it in their pockets. Let the company take the \$14,000,000 in the hands of the Government and put it into the road. That money will pay off the floating debt; it

will give the required new money; it will keep our securities just as they are, and it will prevent the necessity of reducing our rate of interest. If the shareholders want \$14,000,000 more let them ask us for that money of theirs which the Government now holds. My view is that the company ought to apply to Parliament for what Parliament would, no doubt, willingly give them; that these shareholders should say: Gentlemen, we find that we miscalculated, that we took too much of our money as profits on our stock. We find that we want some of that money for the object to which it should be devoted, namely, to put it into the road which we were to build, and from the earnings of which we were to receive dividends; will you please hand it back to us, this \$14,000,000, so that we may put it into the road, that it may go to its proper destination and earn its appropriate dividend. Let the shareholders make that statement to us, and we will willingly comply with their request. We will say: That is where the money should always have gone, certainly where it ought to go now. I believe no ground whatever has been made out for granting the application of the Canadian

Pacific Railway Company or the proposal of the Government, which is calculated to impose for all time to come a further charge of fifteen millions of dollars on the commerce and trade of this country, to exaggerate to that extent the rates and tolls required to make the Canadian Pacific Railway remunerative; and all this is to be done because the stockholders in this enterprise, having realised from \$60,000,000 of stock \$24,600,000, have chosen to appropriate \$24,600,000 to pay dividends upon their stock. I say they ought to be told: Gentlemen, you can have the \$14,000,000 when you desire to obtain it. Assemble in general meeting, and if you want that money, come and ask us for it, and it will be handed over; it is your money, deposited as a fund for you; but while it is there, it is nothing less than inalienable for you to come to us and ask us for more money, ask us to impair our security, and ask us to allow you to make further permanent charges on the road, simply in order that your dividends may be assured beyond peradventure. Holding those views, I oppose and I protest against the passage of those resolutions.

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