

should be issued forthwith. Therefore, the bonds issued from time to time on these progress estimates become an absolute obligation upon the government of Canada; and there might be some difficulty in the final adjustment. I asked the counsel for the company, Mr. Chrysler—who was very fair and, so far as I can see, desired to give every information to the committee—what protection was provided in this contract to the public against error which might creep in in the progress estimates. I asked him also whether, under this contract, there was a reservation or drawback of a certain percentage on the estimates for which bonds would not be issued. People who are acquainted with such contracts know that this is a very common provision—that 15 or 20 per cent of the progress estimate is often reserved for final adjustment. Mr. Chrysler answered that there was no such provision. But he also said that the government had the matter in his own hands, and it would only guarantee the amount of bonds that it considered would be safe. But I asked him if there was anything in the contract that would entitle the government, if, for instance, \$100,000 was certified on the progress estimates, to issue only \$80,000. His answer was: No; I take it that the government will do just what it thinks necessary in that case. And he went on to say that Mr. Schreiber, Chief Engineer of Government Railways, or whoever happened to occupy his position, would take care to certify for only such an amount as would allow full protection to the government. But, as I pointed out, Mr. Schreiber, on the face of the contract, has no right to do anything of that kind. That there was no provision in this contract for the reservation of any percentage until the final adjustment of the account; and if the government did reserve part, they would be doing something that no private contractor would have a right to do.

They would be breaking the contract, but Mr. Chrysler said the government is not like an ordinary contractor for they can do as they please. But that did not seem to me a very satisfactory explanation. He went on to say that Mr. Schreiber—he only used Mr. Schreiber's name because he was there before us—the chief engineer of the government, in issuing his progress certificates, would take care to be within the mark. To that I pointed out that the chief engineer is absolutely at the mercy of his subordinates. We need not speak of any subordinate as dishonest. All of us know the young gentlemen who superintend the construction of sections of eight and ten miles of railway. These young gentlemen are very anxious to do right but they make a great many mistakes. Mistakes are frequently made for many thousands of dollars on a small section, and the chief engineer is absolutely dependent on those young gentle-

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men for the bulk certificates he issues as the maximum amount to cover them all. It did seem to me that some provision should have been made, either in the agreement or the mortgages or the Act, to enable the government, as a matter of legal contract—not as a matter of arbitrary conduct—to reserve 15 to 20 per cent as a safeguard, so that at the end of the contract the final adjustment would find the government on the right side of the account. My hon. friend, the Minister of Justice, took a note of the remarks that I made. Mr. Chrysler was unable to give any explanation except that he supposed the government would always take care of themselves. I would point out to the right hon. the First Minister that that is not business. What is not business for an ordinary railway company cannot possibly be business for a government, unless the government are going to assume that they will do arbitrarily what no company would be allowed to do. I do not think that would be a proper position to take. There may be ample protection in these contracts. The day we met in the Railway Committee to discuss this Bill, it was placed in our hands for the first time. We had an Act of about two or three pages and schedules of over 100 pages of a printed contract, and we were asked as a committee, taking care of the interests of the country, to act to the best of our ability in criticising that Act. I have not the slightest fault to find with the conduct of any gentleman on that occasion. I believe that Mr. Chrysler endeavoured to give the fullest and clearest explanation in his power. I am quite sure the Minister of Justice wished to have every protection, but it was patent to everybody in the committee that he was not fully advised. I do not think he could possibly have acted personally in the matter. It had been entrusted to Mr. Shepley, of Toronto, a very able legal gentleman, who gave a written report, in very general terms, that the contract was settled satisfactorily, but I do not think his report dealt with these particular questions. He was satisfied at large with the terms of the contract; but it occurred to me, in the short discussion we had in the committee, that the government, having since last year, when parliament agreed upon the terms of the contract, in effect altered its terms by providing that instead of interim bonds, which could be recalled, the company were at once to issue and put upon the market final permanent bonds, the effect of that change might not have been sufficiently considered. No gentleman on the committee could have pretended to criticise the contract in that respect. I speak for myself quite frankly when I say I do not think the Minister of Justice on that occasion at all professed to answer, of his own knowledge, that everything was satisfactory. I am quite sure he decided to have it satis-