

the contract enabling the government to reserve any portion of the progress estimates until the final completion of the work. The Grand Trunk Pacific Railway Company are entitled, under the contract, to call for a progress estimate of all the work they have done. There is not a word from beginning to end of any reservation of any percentage for the final adjustment. Mr. Chrysler admitted that. I do not think my hon. friend who has just spoken will say there is one word in the schedules, Mr. Shepley's report, or in the Bill before the House inconsistent with that statement. I am quite sure if there had been anything to the contrary, Mr. Chrysler, who is thoroughly informed on the subject and who is, I believe, a very able lawyer, would have at once met the point I made and told me there was every protection to the government. There is no question whatever that in the original contract the government agreed to guarantee interim bonds, which bonds would ultimately be exchanged for permanent bonds on a final settlement of account. But, from beginning to end there is not one word to show that the interim bonds were to be issued for anything less than the full amount of the progress estimates.

Mr. L. G. McCARTHY. I have been trying to look it up, but I have not been able to find it; perhaps the hon. gentleman could tell me from recollection or from having looked it up: Did the original contract between the Grand Trunk Pacific Railway Company and the government provide for the retention of any percentage before the issuing of the interim bonds?

Mr. BARKER. Mr. Chrysler says expressly not. As I said before, I do not profess, with all the other things we have here, to have read through 108 pages of contracts in addition to the two Acts we already have on the statute-books with all their schedules for the purpose of searching out all the details. But, I asked the question of Mr. Chrysler: Is there any provision in the contract whereby a certain percentage of the progress estimates is reserved until the completion of the work. He said: No. I therefore pointed out, that, while in the original contract, the government might have been willing and might safely have issued an interim bond which was subject to adjustment and would have to be taken up before it got into the hands of the public, it would be a very different thing to at once issue instead of that interim bond a permanent bond that went on the market and bore the guarantee of the government. Mr. Chrysler met that in only one way. He said: I assume that the government will not issue more than they feel safe in issuing. But, that is not the contract.

Mr. L. G. McCARTHY. That is not the answer. The answer is that the proceeds of the bond go into the hands of the Minister

Mr. BARKER.

of Finance and the Receiver General when they issue it.

Mr. BARKER. The hon. gentleman may wish to deal with the proceeds of the bond; I am dealing with the liability of the government after the bond gets into the hands of the bank or somebody else.

Mr. L. G. McCARTHY. If the government has the proceeds of the bonds that are outstanding they have the proceeds to meet the bonds so that there is no difficulty there. If the proceeds are not paid out improperly, if the engineer does his duty and if the proceeds of the bonds are in the hands of the Receiver General or the Minister of Finance in trust no harm can come to any one.

Mr. BARKER. I think the hon. gentleman does not quite understand my point. When the chief engineer issues certificates amounting to, say, \$1,000,000, the company calls upon the government to guarantee bonds for \$1,000,000. These bonds go out on the market, pass into the hands of the bank or some one else who will pay for them a certain amount of money, say, \$1,000,000 less the bank discount. But these bonds are in the hands of the public and the government has undertaken to pay \$1,000,000.

Mr. L. G. McCARTHY. The money does not go into the hands of the company. It goes into the hands of the Receiver General.

Mr. BARKER. You do get the cash for the \$1,000,000 worth of bonds, but you apply the cash in payment of the progress certificates.

Mr. L. G. McCARTHY. The government has got the cash and the bank the bonds.

Mr. BARKER. The government issues bonds for \$1,000,000. It may be that you get \$950,000 for these bonds. The government is liable for \$1,000,000 although there may be less than \$950,000 worth of work done.

Mr. L. G. McCARTHY. They have not paid that out.

Mr. BARKER. They have signed the guarantee and the government are good for whatever they sign. I am not proposing to criticise this contract. It is not my business to do it. It is the business of the government of the country and if the hon. Minister of Justice or the right hon. Prime Minister says the government have considered that question and they are satisfied, I have nothing more to say. But, I consider it my duty to point out to the government that there is no safeguard here, that there is no limitation, as is usual with all contracts entered into by railway companies, reserving a percentage until the final completion of the work. The Grand Trunk Pacific Railway Company may issue bonds