

bonds of certain specified railways, it would be of no use issuing B. C. Railway bonds in London unless they were guaranteed by the Provincial Government.

I think I am right, therefore, in saying that at the time of the legislation of 1910 the Howe Sound and Northern Railway occupied a unique position. There is no other railway in British Columbia that has the right to say that it has suffered by that legislation because there was no other railway under construction at the time of the legislation of 1910—by which time we had already spent or rendered ourselves liable to spend several hundred thousand dollars by way of showing our good faith in the matter.

If there had never been any guarantee of any other bonds the position of all would have been equal and there could have been no complaint, but I am free to confess that as far as any flotation of our bonds in England is concerned, unless we obtain the guarantee of the Government, the legislation of 1910 renders such flotation there impossible.

With all due deference I think, as an old timer of British Columbia, providing my plans be laid properly, I should be given at any rate an equal chance by the Government with promoters coming from other parts of Canada. And in this connection I may add that my family is not unknown in railway circles, having for many years operated the Chicago, Burlington & Quincy and the Chicago, Milwaukee & St. Paul Railroads.

As far as the construction of the balance of our line is concerned, we should probably be using the same contractors as other railroads constructing in the Province, and I respectfully submit that if I and my friends are willing to construct and equip a railroad from Newport to Lillooet at a cost of some \$7,000,000 the Province should, in view of the peculiar position in which my Company has been placed, and taking into consideration the value of the line as an air line between the Coast markets in the upper country, guarantee our debenture issue of \$4,200,000 thirty-year four per cent. bonds. Construction to Lillooet to be completed within five years. As under the terms of our debenture mortgage executed to the Trusts & Guarantee Company, of Toronto, our bonds can be issued at the rate per mile mentioned in our charter only on construction, the Government would assume a responsibility which in the case of non-completion within the time specified would be covered three times over by our present assets.

As far as the earning power of the line when completed is concerned we have already demonstrated what we can do on our first section and have the most reliable data as to the balance, which prove the immediate potential earnings of the line to be far in excess of the amount required to discharge the indebtedness proposed to be guaranteed.

I am, sir,

Yours truly,

J. C. KEITH,

President H. S. & N. Rly.