

## Sir George Stephen's Letter.

SIR GEORGE STEPHEN has issued the following address to the shareholders of the Canadian Pacific Railway, on the Manitoba situation

MONTREAL, Sept. 12, 1887.

To the shareholders: In view of the exaggerated accounts and persistent misstated facts which have been set forth concerning the railway agitation in Winnipeg, the directors of the company have thought it due to the shareholders to publish a brief statement of facts for their information. On the 21st of October, 1880, the contract for the construction of the Canadian Pacific Railway was signed, and for the purpose of carrying it out, the Canadian Pacific Railway Company was incorporated on the 18th of February, 1881. Article 15 of the contract provided that for 20 years the Dominion Government should not authorize the construction of any line of railway running south from the main line of the Canadian Pacific Railway to any point within 15 miles of the International boundary. It is asserted and widely believed that this clause has no effect in the original province of Manitoba, but the B. N. Act which settled and defined the constitution of Canada distinctly assigns to the jurisdiction of the Dominion Parliament all matters not specifically delegated to provincial legislatures, and power to legislate concerning railways extending beyond the international boundary or intended to connect with other lines at such boundary is nowhere in the constitution given to the provinces. Whether or not the 15 mile limit applies to the old province of Manitoba, the matter of a railway connection at the international boundary is clearly within the control of the Dominion, and as clearly beyond the power of the province. The object and spirit of the 15th clause of the contract with the company was the temporary protection of the interests of the Dominion in the North-West as well as the protection of the C. P. R. from the encroachment of lines from the south during the infancy of the enterprise. Could connections be made with the American railway system at the southern boundary of the original province of Manitoba, the clause would be meaningless; for, once across the boundary line there would be practically no limit to the extensions that might be made. The company required protection because it was bound, under its contract, to make an enormously expensive railway through what was thought to be an unproductive wilderness north and east of Lake Superior. It was also bound to take over and work the line then being built by the government, from Lake Superior to the Red River, through a similar unpromising district, and it was required to give security for the working of the entire line when completed. It was not expected at the time that sufficient local traffic would be developed for many years to make the section from Lake Nipissing to Red River, nearly 1,100 miles, self-sustaining. It was thought, indeed, that this section could never be self-sustaining, and that it must depend for its support upon the through traffic to and from the great prairies beyond, and this traffic had yet to be created, as the

settlement of the prairies had been scarcely begun. Railway lines were pushing forward from Chicago and St. Paul towards the Manitoba boundary, threatening to tap the prairie section of the Canadian North-West, and to deprive the eastern section of this railway of the traffic so necessary to its support and efficiency as part of the through line, and it was therefore on the part of the company absolutely necessary to the procuring of the requisite capital and to the safety of the capital proposed to be invested, and generally to the success of the enterprise that the traffic of the territory to be developed by the railway should be secured to it for a reasonable period of time. A term of five years from the time fixed for the completion of the railway was agreed upon.

Without this provision for protection the necessary capital could not have been secured and the railway could not have been built. The government had strong reasons of a more exclusively public nature for this protection. It was a political necessity that the detached provinces should be connected and bound together by a railway, and the other provinces were heavily taxed for the building of it. Political reasons alone would not justify the heavy burden it would put upon the country, but a vast territory was to be opened up, and the older provinces looked to the extension of their trade and manufactures over the entire northern half of the continent to justify this expenditure. Their interests required protection, and this protection afforded the company protected them as well. It was most important to the whole country that the railway when made should be in a position to sufficiently serve the purposes for which it was intended, and the need of protection was generally recognized. Indeed, the same protection was insisted upon by the government in respect of the Canadian Pacific Railway when it was commenced as a public work long before the company was thought of.

Winnipeg at that time was a mere village, and the settlements in Manitoba were mostly confined to a narrow fringe along the Red River. The province hailed the signing of the contract with satisfaction, and hardly a voice was raised in objection to the so-called "monopoly" clause. The company set about its work, and completed in less than half the time required by contract. Feeling that the protection clause in its contract placed upon it a moral obligation to provide railway facilities as rapidly as possible in Southern Manitoba, where the making of railways was to some extent restricted, the company, almost simultaneously with the commencement of work on its main line, laid out and commenced work on a system of branch lines in Manitoba, in addition to those previously made by the government, to the extent of more than \$5,700,000.

Partly in view of the same moral obligation, but chiefly for the purpose of promoting the development of the country, the company made its rates, both for freight and passengers, on a scale far below the rates of any of the railways of the United States similarly situated. The immediate effect of the open-

ing of the railway between Lake Superior and Winnipeg was an enormous reduction in rates theretofore paid by the province to and from the east over American lines. For its chief products and for fuel and commodities most essential to the growth of the country rates were made especially low, and year by year, as traffic has increased, these rates, in whole or in part, have been reduced until they are now in many cases, less than one half the rates originally authorized. The charge that our rates are excessive or unreasonable is simply untrue.

The average earnings of the company for the past three years have been as follows: Freight per ton per mile—1884, 1.45 cents; 1885, 1.20 cents; 1886, 1.10 cents. Passenger per mile—1884, 2.60 cents; 1885, 2.45 cents; 1886, 2.10 cents. And omitting through traffic to and from the Pacific from the figures of 1886, they stand 1.14 cents per ton per mile for freight and 2.13 cents per mile for passengers, a low average than shown by any important American line aside from the old trunk lines in the east. It has been the aim of the company to adjust its tariff so that the settlers in the Canadian North-west should receive more for the products of their farms, and pay less for fuel, and no more for other necessities of life than settlers similarly situated in the United States; and that it has succeeded in this is clearly shown by a comparison of prices with neighboring sections of Minnesota and Dakota. The company has also dealt in a most liberal manner with all independent railway enterprises in the North-west, and the building and operation of at least two of these would have been impossible, but for its co-operation and liberality. The development of the prairie section west of Winnipeg has been rapid, and on the section from Winnipeg eastward to Lake Nipissing, where little was at first expected a valuable local traffic from forests and mines is growing up, giving promise that even this part of the line will, before long, be self-supporting.

It may therefore be argued that the protection afforded by the contract is no longer necessary; but it should be remembered that the company, encouraged and aided by the growth of its traffic, and on the faith of this protection has expended a vast amount of money on local lines, in Manitoba, and unless prevented by acts of the Province itself will yet expend a large amount in completion of the system of branch lines it has been carrying out as rapidly as its means would permit; and it should also be remembered that all of the 443 miles of branch lines operated by the company in the North-west and Manitoba, that all but 65 miles were paid for with the company's money, and that many miles were made prematurely at the earnest solicitation of the Provincial Government and without expectation of immediate profits. But notwithstanding the liberal policy of the company as regards branch lines and independent lines and rates of transportation; notwithstanding that the tariff of rates of the company have as yet been approved by the Government only from year to year, and are subject to annual revision, and notwithstanding that no complaint of