

interest the Government is to make up the deficiency. Under this arrangement, the people of Manitoba get, first, a through line from Port Arthur to Winnipeg; second, control of freight rates on a road to a shipping port; third, a 3-cent passenger rate on provincial railways. The contingent liability of the Government for rental and interest will be \$530,000 yearly.

When negotiations were still in progress, the president of the Canadian Pacific pointed out that it was easy for a railway company to lower rates, if the Government stood ready to grant assistance in paying its interest obligations. He claimed that the C.P.R. rates were even lower than in some corresponding districts in the States, and that the demand for a 10-cent rate was as reasonable as to ask for gold dollars at 70 cents each. He, however, offered, on behalf of the C.P.R., to lease the Northern Pacific at \$220,000 for first ten years; \$245,000 the second ten years, and \$300,000 a year afterwards. Under this offer the total rentals for the first forty years would be \$10,650,000, as compared with \$10,075,000 under the Government lease. After forty years, the terms are identical. The president of the C.P.R. offered certain reduced rates on condition that it was relieved of Provincial taxation and an undertaking being given by the Government that it would not build any competing lines. He also proposed that a Commission be appointed to supervise traffic charges. These proposals were favoured by the Government of Manitoba, but rejected by their supporters. Thereupon, the C.P.R. president made an amended offer, in which he pointed out that the fresh liabilities of the Province under the scheme popular with the House amounted to \$12,800,000 with a contingent annual payment of \$682,000. He alleged that the Northern Pacific would not pay anything over operating expenses for many years, and suggested that a practical test be made as to the working of the Northern, and for this the C.P.R. would provide rolling stock. This amended offer was also rejected. The Government of Manitoba under an arrangement effected assumes liabilities capitalized at \$12,800,000; which, with other railway guarantees, makes a capitalized liability of \$16,600,000, with contingent annual charges of \$682,000. Amalgamation and pooling arrangements with the C.P.R. are prohibited, and the Government has the option of levying the entire property of the railways in 1929 for par value as going concerns.

The exact amount which the Government will have to pay each year is uncertain, but, supposing it is the full sum guaranteed, viz., \$682,000—which is very improbable—it will, no doubt, add materially to the taxation of the Province. But the people on the average are above the ordinary standard in their capacity to bear taxation without distress. To quote the total debt as evidence of its ruinous amount is not reasonable, the amount of the annual charges of a public debt are the true, practical test of its burden.

Whether this possible addition to the taxation of the Province would exceed the financial resources of the people seems to be answered in the negative by the almost unanimous determination of their representatives to incur the obligation. They may be over-sanguine to the point of imprudence, but they must be reflecting the opinions and feelings of the people of Manitoba, and a people who are so generally intelligent, who have had considerable business experience, who undertake such obligations in broad daylight and mature consideration, are not likely to be "ruined," as Sir William Van Horne says they will be, by meeting obligations to maintain the credit of their Province, and to keep in operation a railway system which they have established in order to secure cheap transportation. They are only anticipating an equivalent compensation for any possible increase in taxation from cheaper freight, and, if the lines in question have any surplus earnings over operating expenses, such surplus will go towards paying rentals and interest.

If we assume the aggregate value of the annual cereal crops of Manitoba to be \$25,000,000, an impost of 2 3/4c per \$100 would pay the \$682,000 required for rentals and interest of the railways in question. Or, if the average quantity of cereals and other products moved by the railways in question were, as in last three years, from forty-five to forty-six millions of bushels, a charge of between about 1 1/2c. per bushel would more than cover the railway rentals and interest, and the farmers and dealers seem confident that they will save more than either of the above amounts by reduced freight on agricultural products and lower passenger fares.

The establishment of cheap freights for produce and low passenger fares throughout Manitoba will advance its development; it will encourage settlement; it will so add to the contentment and prosperity of the farmers as to make them more and more active in inducing others to take up lands in the Province; it will add to the value of the settler's property, and by enlarging the population of the North-West, will have a beneficial effect on the trade of the whole country. Sir John Macdonald said: "You cannot check Manitoba." Its wheat fields are unrivalled in the world; the lands of Manitoba are of an extent equal to supporting a population of many millions of settlers; the tide of population is setting in steadily; ample and cheap railway facilities cannot fail to stimulate the general welfare of the whole North-West, as they did in Ontario, Quebec and the eastern provinces. Manitoba is like a lusty youth who is blessed with a splendid physical constitution, with ambition tempered by good judgment, and enjoying opportunities for a brilliant career. The future of the Province is assured as a magnificent and wealthy section of the Dominion.