

highway from their connecting point to the St. Lawrence. I will not elaborate again my objections to this plan. It is wholly impracticable that this line could be so used by different railway companies. There must be some authorized body to work, not the trains, but the freight cars of the different railways, and generally to look after and operate the line. The necessity of this is what I presume has led my colleagues to decide that they will lease this section to the Grand Trunk Pacific, and it is proposed to assure the public that a contract can be made with the Grand Trunk Pacific so binding as to enable these different railway companies to exercise what are called 'running rights' from and to Quebec and Winnipeg. This is equally impracticable, in my opinion, or nearly so. The Grand Trunk Pacific will employ the men who will handle the traffic. The officers of the line will also be employees of the Grand Trunk Pacific, and the Grand Trunk Pacific Company will be in the field as a keen and active competitor for western traffic with these other companies which it is presumed will desire to connect with the terminals at the end of the government owned section.

I will not go into the reasons, which are conclusive, but, under these circumstances, other companies if they can find any other means of reaching eastern points will not utilize this road. For my present purposes it will suffice to say that in this opinion I believe I am absolutely correct.

As I have said, I am in favour of the whole line being built and owned by government; but having abandoned any expectation in that regard I am equally in favour of the whole line being a company line, if any portion of it, or a substantial portion, is to be a company line, and therefore I am prepared, since Council has determined to go forward with this undertaking at once, to co-operate with my colleagues in guaranteeing the bonds over the whole line to an extent not exceeding three-quarters of the cost of the construction of the railway.

If this view is entertained I think it should be upon some such conditions as the following—I do not propose to state all of them, but the important ones:—

1st. The Grand Trunk Pacific is being aided to a most generous extent. It cannot build its road without very liberal assistance. In giving aid the government might very properly impose terms looking to some financial advantage to the country in the future, and therefore I would insist that a share of the earnings—I would not say half, but I would not think it ought to be less than a third of the net earnings, or that portion of the net earnings which would not be required for the improvement or betterment of the road, and which remained for distribution among stockholders, should go to government.

In this connection, government might very properly claim the right to appoint one of the directors, and also have the books of the company open to the inspection of a railway accountant at any time required.

2nd. As a means to achieve the same purpose which the Nova Scotia people appear to consider very essential—that is to say the obtaining of a share during the winter of the Grand Trunk Pacific through-traffic for Halifax—the company should be bound to carry all unrouted traffic over the whole of the Winnipeg section of a St. Lawrence seaport in summer, and in the winter from Quebec to Halifax and St. John over the Intercolonial; and the In-

tercolonial should, in the division of rates, be entitled to such division on a mileage basis, mile per mile, with the Grand Trunk Pacific. As to traffic not routed the Grand Trunk Pacific should be required to bind itself that it will use all its influence with its shippers in respect of traffic originating in the west for ocean carriage to secure such traffic for the Intercolonial during the winter season, using with its shippers all lawful and proper means to that end. There might very well be a condition in the contract between the government and the Grand Trunk Pacific in order to ensure the observance of this feature of the contract, that the Governor in Council should have power by Order in Council to declare, after inquiry at any time, if it is so established, that the Grand Trunk Pacific have not complied with their agreement and have not used all lawful and proper means to secure the routing of traffic over the Intercolonial; and such declaration being made, the same should be final and conclusive as to the fact, and the Grand Trunk Pacific should be thereupon liable to pay to the Intercolonial the share of freight rates which it would have earned had the agreement been carried out.

I am sure that this will guarantee bona fide treatment by the Grand Trunk Pacific under any management, and will thereby secure an advantage, not only without the enormous expense to the country which would be involved in the building of a line to Moncton, but would save the Intercolonial from destruction and depreciation, and keep the people who live along the line from having the Intercolonial reduced to a mere local road, and, at the same time, would increase the business carried over that railway to the extent to which such business would have been done by the Grand Trunk Pacific over the proposed Moncton line.

I mention these as a few of the stipulations which appear to me to be reasonable and proper, and which, if I had been permitted to conduct the negotiations on this question, I would have sought to bring about. They do not by any means exhaust all that might be suggested; but I mention these now so that you, Sir Wilfrid, and the council may have them before you before you finally determine that you will perpetrate that I cannot help regarding as one of the most indefensible railway transactions which has ever taken place in this country. The more I think upon this subject and look forward to the consequences which are going to flow from an adherence to the present scheme the less capable I am of reconciling myself to it, and the more determined I feel that the whole responsibility of the undertaking will have to rest upon other shoulders than mine.

I feel it my duty to add, that I shall be compelled, on further reflection, to oppose the project in its passage through parliament.

Yours faithfully,

(Sgd.) ANDREW G. BLAIR.

To that letter the right hon. Prime Minister returned the following reply:

Privy Council,

Ottawa, 14th July, 1903.

My dear Blair,—I received yesterday afternoon, your letter dated the 10th, placing in my hands your resignation as member of the Cabinet and Minister of Railways.

I have received at the same time another letter in which you set forth the reasons which have led you to the course which you have adopted.

Hon. Mr. BLAIR.