

Railway Policy of Manitoba.

MEMORANDUM.

The railway policy of the Manitoba Government, as it has been foreshadowed in the public press, is of such magnitude, and is fraught with such serious consequences to the Province, that every resident of the Province should himself understand the conditions under which it is proposed to carry out this policy.

It was the declared intention of the late Government—an intention which has been emphasized by its successors, the present Conservative Government—to ultimately secure for the people of the Province a rate of 10 cents per 100 lbs. on Wheat from Manitoba to Lake Superior, and various projects have been discussed with the object of bringing that about.

It is now known that the Government, in order to be in a position to influence the question of rates, has leased, with the option of purchase, the lines of the Northern Pacific in Manitoba, comprising about 350 miles, and it is understood that the rental to be paid by the Government is :

For the first ten years	\$210,000	per annum.
“ second ten years	225,000	“
“ third “	275,000	“
Thereafter	300,000	“

and that the option of purchase is at \$7,000,000.

It may be here remarked that it is difficult to understand how, in the face of the strong position taken by the leaders of both political parties against the over capitalization of railways, the Government can justify an arrangement under which it will pay as rental interest at the rate of 4 per cent. on over \$20,000 per mile, or about double the cost for which a new road could be built; yet capitalizing the average rental at four per cent. this is what the Government proposes to do.

These lines the Government proposed to hand over for operation to whichever of the existing companies would make the best arrangement, the main object being the securing of reductions in rates, and it asked for propositions.

Without entering into the details of the preliminary negotiations, it will suffice to say that amongst others, the two Companies which were really in a position to meet the requirements of the Province, the Canadian Pacific and the Canadian Northern, each submitted propositions.

That of the Canadian Pacific Company provided as follows:—

1st. That the Company would take over and operate the lines of the Northern Pacific and would pay the Government by way of rental—for the

1st ten years.....	\$220,000	per annum
2nd “ “	245,000	“
Thereafter	300,000	“

or a profit over and above the rental paid by the Government of more than half a million dollars.

It may be said that the fact that the Canadian Pacific Company was willing to pay a profit on the rental is a justification to the Government for the payment of the rental it has agreed to pay.

It must be borne in mind, however, that the Canadian Pacific Railway Company is only able to make such an offer because it can operate these lines in connection with its present system for a vastly less sum than they can be operated for by the Government, or by any independent corporation, and because whatever additional traffic they will contribute to the Company's lines East of Fort William makes them more valuable to that Company than to any Company whose interests extend to Lake Superior only.