

A dispute arose between the government and the Grand Trunk Pacific Railway Company as to the interpretation of that clause, the government contending that the Grand Trunk Pacific Railway Company should issue additional bonds to be guaranteed by the government, so that the government's liability would be secondary and not primary, and that the Grand Trunk Pacific Railway Company should be liable, as makers of the bonds, for the amount required to implement, so as to realize the par value of the bonds sold at less than par. The railway company, on the contrary, contended that the government should make good the amount of difference in cash. The Supreme Court of Canada held in favor of the contention of the government, but, on appeal to the Judicial Committee of the Privy Council, this decision was reversed, and as a consequence the government of Canada is responsible to pay in cash the amount of difference between the selling value of the bonds referred to and par.

The Grand Trunk Pacific Railway in March again notified the government that further "implementing" was necessary.

The finance minister reported in May, 1913, that securities of the par value of \$13,961,006 had already been purchased and that from month to month, as funds were required, further purchases would be made until the remainder of the issue had been acquired. When the transaction is completed, if the entire amount of the authorized issue of \$14,000,000 is required, and it is altogether probable that it will be, the Dominion will hold about \$35,000,000 par value of these securities.

In his budget speech last year, the finance minister said: "In addition to the gain to the Dominion of saving a portion of the so-called 'implementing money,' the purchase avoided the necessity of the placing of our guaranteed securities on the London market at a time in 1912 when, owing to the severe market conditions prevailing, the price obtainable would necessarily have reflected adversely upon that of our own standard stock and of all other securities guaranteed by the Dominion. In other words, the excellent financial condition in which the Dominion happened to be during the year, and more especially last fall, enabled us to buy in to the extent of several millions of dollars the guaranteed securities of the Grand Trunk Pacific Railway Company of which otherwise an issue would have had to be made in order to provide money for the construction of the western division of the railway."

This Grand Trunk Pacific incident, as stated previously, helped to swell the total of Dominion cash subsidies in 1912. Last year, the cash subsidy account on June 30th, was as follows: Dominion, \$163,000,000; provinces, \$36,000,000; municipalities, \$18,000,000. This cash aid has taken various forms, the most popular being cash subsidies. Here is an analysis of the totals as they stood at midsummer last year:

	Dominion
Cash subsidies	\$ 89,735,145.63
Loans	25,576,533.33
Cost of lines handed over to Canadian Pacific Railway	37,785,319.97
Paid to Quebec government	5,160,053.83
Implement clause, Grand Trunk Pacific agreement	4,994,416.66
Total	\$163,251,469.42

The Dominion government is also constructing the eastern division of the National Transcontinental Railway, on which an expenditure of \$130,200,684 had taken place up to March 31, 1913.

Provinces.

Cash subsidies	\$ 33,449,985.16
Loans	2,750,030.00
Subscriptions to shares	300,000.00
Total	\$ 36,500,015.16

Municipalities.

Cash subsidies	\$ 12,834,674.98
Loans	2,404,498.62
Subscriptions to shares	2,839,500.00
Total	\$ 18,078,673.60

The Dominion and five provinces have given land grants to the railways aggregating more than 43,000,000 acres. The only western province contributing is British Columbia. It is unlikely that many, if any, further land grants will be made by either the Dominion or provincial governments to railroad corporations. It seems unlikely

DOMINION 31,864,000 Acres			
NOVA SCOTIA 160,000 Acres	NEW BRUNSWICK 1,647,000 Acres	QUEBEC 1,000,000 Acres	
ONTARIO 624,000 Acres	BRITISH COLUMBIA 8,000,000 Acres		

Land grants to Canada's railroads.

also that very many more cash subsidies or loans will be granted. The government guarantee of bonds, Dominion and provincial, will probably continue, at periods, for some years to come. The Dominion is responsible for the greater share of land grants, as will be seen by the following table:

Land grants by the	Acres.
Dominion	31,864,074
Province of Quebec	1,146,150
Province of British Columbia	8,119,221
Province of New Brunswick	1,647,772
Province of Nova Scotia	160,000
Province of Ontario	624,232
Total	43,561,449

An explanation is necessary in the case of the province of Quebec. The land grants by that province have been on a different basis from that adopted by the other provinces. The record, as officially reported, is as follows:—