

Before taking action in that direction, I shall await your instructions, as of course, if an arrangement for the acquisition of the road is not reached, it would be a useless expenditure to send out the inspecting engineer to examine the road.

I am, yours faithfully,

COLLINGWOOD SCHREIBER,  
*Chief Engineer of Dept. Railways and Canals.*

The Honourable A. G. BLAIR,  
Minister of Railways and Canals,  
Ottawa.

*EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on the 24th March, 1897.*

On a report dated 20th March, 1897, the Minister of Railways and Canals, stating that in the opinion of the Chief Engineer of Government railways and the General Manager of the Intercolonial Railway, in which opinion the Minister concurs, the extension of the Intercolonial Railway from its present terminus at Levis to Montreal, with a terminal in that city, will greatly increase the traffic and business of the Intercolonial Railway and place the Government railway system upon a much improved footing. The disadvantages under which the Intercolonial Railway has been operated, with its 1,200 miles of track traversing almost the entire length of the two provinces of New Brunswick and Nova Scotia, and through a considerable section of the Province of Quebec, and terminating 170 miles distant from the great commercial city of Montreal, have been so obvious to railway men that such a condition of things would not have been tolerated if the road had belonged to private corporation.

The Minister states that the present western terminus of the Intercolonial system is at a small village on the south side of the St. Lawrence River, and connection with Montreal and the important business centres of the west is only possible over the Grand Trunk Railway. The latter company controls the rates between Montreal and Levis, and in consequence the Intercolonial Railway has been entirely dependent upon the Grand Trunk Company for such through traffic, East and West, as it has carried. The interest of the Grand Trunk to divert Montreal shipments for European ports to Portland, in preference to maritime ports has operated most unfavourably against the Intercolonial Railway doing any portion of the traffic, and must continue to do so as long as the Government railway system remains excluded at its western terminus from an important traffic augmenting centre. In this situation, the executive officers of the Intercolonial Railway have always felt that they were seriously handicapped in competing for direct business for Europe and the Maritime Provinces in one direction, and for west-bound traffic in the other. They have very properly regarded Montreal as the most convenient distributing centre, and to be shut out from that point has been to lose a vast volume of traffic that would pass over the Intercolonial Railway. At Montreal the most direct and best possible connections are available with the Grand Trunk and Canadian Pacific Railway systems, having their lines running throughout the most populous parts of Western Canada, reaching all the chief industrial and shipping centres of that section of the Dominion, and having connections at various points with the leading lines of the United States. With a satisfactory connection at Montreal, the managers of the Intercolonial are of opinion that they would then be in the best possible position to compete with rival lines for business from the West, which they have hitherto been unable to obtain in any considerable volume. The traffic agents of the Intercolonial could then canvass the field for business to and from the East, upon rates either made and controlled by themselves, or in regulating which they would have a potential influence.

The Minister further states that the officers of the Intercolonial Railway are of belief that by having command of the traffic to and from the Maritime Provinces, as well as Europe, they would be in a position to give the public a better and more rapid