

increase of 8 per cent. per annum, and probable net earnings of from \$25,000,000 to \$30,000,000 per annum, and a net revenue from other sources of about \$2,800,000.

17. Its fixed charges at consolidation would be about \$35,000,000, and it would be under the necessity of spending, in the first five to seven years, at least \$100,000,000 to provide rolling stock and to put its properties in good physical condition.

18. Deficits for some time to come would be inevitable, owing to the heavy fixed charges amounting to about \$35,000,000, as compared with \$10,300,000 per annum for the Canadian Pacific.

19. As these high fixed charges are caused by the excessive cost of government construction and by duplication of lines, bonused and guaranteed by the government, Canada must pay them.

20. The fixed charges would be at least \$15,000,000 less with one private system than with two, and very much less with private than with government management.

21. With such a combination as has been outlined, the series of deficits should not last more than five to ten years, after which the road should be very successful.

22. In order to control its policy, and to share in its certain prosperity, Canada should have an interest in the new company. The Dominion government should furnish 40 per cent. of the money required, own 40 per cent. of the stock, and appoint 40 per cent. of the directorate, but take no part in the actual management. This would give all the advantage of government control without any of the manifest disadvantages of government management.

23. Once this combination was successful, Canada should once and for all abandon the vicious policy of bonusing railway construction, either by gifts of money or land, or by the still more vicious policy of guaranteeing the bonds of railway companies of which it has no direct control.

Nos. 13 to 23.—Mr. Tye's object seems to be to show that the government can get out of a bad bargain by consolidating these roads and putting up \$100,000,000, better than in any other way. Is this the whole duty of a government? The Canadian Pacific and the Canadian Northern have both been built under this so-called "vicious" system of bonusing and guaranteeing, and both have done wonders in opening up the country. Could they have been built otherwise? The experiment was tried in the case of the C.P.R. and abandoned. It was tried again in the case of the Transcontinental and Mr. Tye condemns the experiment as an absolute failure, which it is.

The C.P.R., in spite of the enormous subsidies granted it, came very close to failure at least once in its early career, and the government came to its assistance. It had no opposition. The Canadian Northern, with less assistance, has fought its way for a perfectly logical development at almost every step. Its financial success may be said to be certain, but a perfectly unforeseen series of contingencies have deferred such success. It has admittedly rendered an enormous service in the development of the country. Under these circumstances is there a moral right to deprive its owners of their property and the fruits of their labors? Such work as these men have done is impossible for a government such as ours to do. Mr. Tye clearly shows this. Without the stimulus of profit, without exemption from interference, private individuals will not undertake it, and in spite of the implied negative contained in consideration 22, there is much development work still to be done in Canada, and the writer is very doubtful whether there is any better way of securing it than by grants of land worthless without such development.

Probably Mr. Tye will contend that it is not confiscation but consolidation which he proposes, but if the Canadian Northern is to be loaded down with the enormous debt of the lines which it did not create; with the creation of which it had nothing to do except by its initial success to point the way; the result is surely much

the same, and the discouragement to private enterprise, to thrift, intelligence, courage and perseverance will probably have a worse effect on the moral and material progress of the country than can be offset by any financial gain or saving.

The government now owns 40 per cent. of the stock of the Canadian Northern and will participate in any value which this will have in the future and in any dividends which may accrue. Would it not be better that the lines which the government has built, and the Grand Trunk Pacific have built with liberal government aid, and which are continuous with one another across the continent, should be allowed to work out their own salvation? The writer heartily agrees with Mr. Tye that their building was a mistake. Should not the mistake be paid for by those who are responsible for it? And should a perfectly legitimate and logical enterprise which but for this mistake would already be a financial success, be burdened with it?

To accuse Mr. Tye of unfairness is the last thing in the writer's mind, but there are several points on which he is evidently misinformed. Some of these have been pointed out. Quebec terminals, for instance, and the financial status of Quebec lines generally. In the case of the Montreal terminals he submits a map which is somewhat misleading. The city extends nearly to the Back River, the map not nearly so far. Hence the Canadian Northern yards at Cartierville do not appear in the picture at all, nor does the extension of the line to the Lachine Canal, nor anything but the fag end of the eastern line through Maisonneuve, along which such a phenomenal development has taken place.

The policy of the Canadian Northern has been in Montreal and elsewhere to create development, not to follow it. A passenger terminal in the city proper, and a freight yard for receipt and delivery, were considered necessities; a sorting and classification yard in a central locality was not so considered. The line through Maisonneuve was built 15 years ago through farm property. To-day it has tributary to it some of the greatest industries in the city or the country, and a population of 40,000 people along its tracks. This seems to the writer to be a line of development which deserves a good deal of credit.

The unfortunate delay in the completion of the Mount Royal Tunnel, owing to the unprecedented financial situation, has undoubtedly contributed more than any other element to prevent the Canadian Northern from making an even better financial showing than it has. Not only has the large expenditure on the tunnel itself and on the terminal property been earning no interest, but the whole line west to Port Arthur, 1,000 miles, has suffered and been comparatively unproductive through the delay in the completion of this terminal.

Imagine the Grand Trunk or the C.P.R. with its Montreal terminals wiped out for three years! The one road would be ruined and the other very seriously embarrassed.

The writer would repeat that the C.N.R. asks for nothing in the west or centre but a little patience and forbearance on the part of the public while it works out its own problems. Mr. Tye gracefully endorses the high standard of location and construction of its new lines. Another high authority pronounces them the "best in existence." If the older portion of the system in the prairie provinces is not quite up to the standard of the balance of the main line on either end, the reason is obvious. This is the colonization or development portion and there is no greater evidence to the writer's mind of