

occurs. Probably Mackensen is thinking more of his communications through Bulgaria and up the Dobrudja than of anything else upon earth.

Since Monday last we have a report originating in Rome to the effect that the above forecast has actually been accomplished. We are told that Russian and Roumanian forces have crossed the Danube to the south of Mackensen, that he is completely cut off and surrounded, and that his force is demoralized by defeat and disease. The crossing of the Danube is said to have been effected at two different points to the south of Cernavoda and Constanza, that is to say, right in the path of Mackensen as he comes southward. The report may be exaggerated and Mackensen may be able to cut his way through. But if the report is even approximately true it would

be impossible to exaggerate the plight in which the German commander now finds himself.

We see now clearly enough that Russia does not intend to surrender the Dobrudja to the Teutons. Probably it was through a disregard of Russian advice that the Teutons ever reached the Dobrudja at all. Roumania could have barred that corridor if she had concentrated herself there instead of undertaking the wild-goose chase into Transylvania. She played directly into Teuton hands by doing so. If Roumania had kept that corridor open we should probably have seen a Russian army in Bulgaria before now. And we need not doubt that Russia intends that we shall yet see it. All her efforts upon this particular field are directed toward that end. She has now two armies on the Danube, one of them

to the east of the river and engaged in pushing Mackensen backward and southward, and the other to the west of the river and trying to corner the German force opposing them as a preliminary to crossing. If Russia shall find it possible to clear her enemies out of the Dobrudja we shall then see an attack upon Bulgaria that she will not be able to resist. Indeed we may doubt if she will try to resist. Bulgaria is fighting Roumania. We may doubt if the masses of her people are even aware that they are fighting also Russia. There is a significant absence of references to Russia in the Bulgarian bulletins. We may therefore say that the centre of the European cyclone is still moving over the Dobrudja, and that the fate of a continent may be in the hands of the small numbers of men fighting there.

# IS THERE A RAILWAY MUDDLE?

FROM the days of Confederation it has been recognized that railways are so important to the State that the Dominion Government must encourage and assist in their construction. The Intercolonial was built as a public work. The Canadian Pacific, partly built by the Government, was completed by a private corporation, which received from the Government as a bonus among other things, \$25,000,000 in cash and 25,000,000 acres of land. With these two roads completed, the scattered colonies of British North America were politically, as well as physically, united.

Then came the scarcely less important and even more difficult task of peopling the new country, developing its resources, and making it a great nation. This urgently required the opening to settlement of the vast territory between the head of the lakes and Rocky Mountains. To people those plains and make them productive had long been the dream and ambition of every Canadian statesman. Colonization roads had to be built to bring in the settlers and carry their crops to market. Not unnaturally, the Government for years endeavoured to secure railway construction by land subsidies. Little was known about our western prairies thirty-five or even twenty-five years ago, except that they were of vast extent, but unpopulated and unproductive. It was believed that colonization roads would bring in population and so develop the west as to make their lands of great value. The Government said in effect to the railway promoter and builder: "We will give you so many acres for every mile you build if you open up these prairies for settlement." For years there was a standing offer of 6,400 acres per mile to anyone who would build colonization railroads in Manitoba; double that acreage was offered for railway construction in the North-West Territory.

Nor was the offer so improvident as it may now appear. The supply of land in the North-West seeming inexhaustible and depending for its future upon railway development, the Government felt quite justified in giving a small part of it away liberally to any railway promoter who would largely enhance the value of what remained by opening up the country. The men who would build the roads could be trusted to help in the work of colonization. They would be interested in seeing the country fill up, for population would not only produce traffic for their railway, but it would enormously enhance the value of their land grants. In this connection it may be interesting to note that the Canadian Northern Railway system has expended over \$3,000,000 in colonization work, or nearly 15 per cent. of all the cash subventions ever received by it from the public treasury.

BUT the prospect of acquiring vast holdings of prairie land in the North-West did not in the eighties or early nineties appeal to the capitalists of the old world or the new, and comparatively little construction resulted. A vast number of charters were granted and any number of companies were given the opportunity of securing millions of acres of land, but few roads were built. The land grants had to be earned within a limited time, and though extension after extension was granted, a great number of these finally lapsed. The Winnipeg and Hudson Bay Railway Company, for example, which had a charter to build northward through the Province of Manitoba to Hudson Bay with liberal land grants attached, spent sixteen years in unavailing efforts to realize upon their concession. Western railway charters with land grants were offered year after year to capitalists and investors in Eastern Canada, London, Paris, and New York. How some of these land grants were finally earned will appear later on.

## Third of a Series of Articles on the Railway Situation in Canada

### III.—LAND GRANTS AND BOND GUARANTEES

By C. PRICE GREEN

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Until the close of the nineteenth century they had little or no commercial value.

And right here we may digress for a moment. Our primary purpose in these articles is to show that the "muddle" is not so much in the railway situation itself as in the minds of the people. The impression has become almost universal that hundreds of millions of acres of our national domain in the West have passed as land grants into the possession of railway corporations. Many people actually believe that the greater part of the three prairie provinces is tied up in this way and that charters still outstanding entitle hundreds of shadowy corporations to take possession of many million acres of land.

Now, as a matter of fact, no Dominion land grants have been made for twenty years. That method of state assistance to railway construction was abandoned long before the Grand Trunk Pacific or the Canadian Northern came into existence. There is no grant of Western land outstanding which can now be earned by railway construction. The account is practically closed. Outside of the twenty-five million acres which went to the Canadian Pacific Railway Company under its original contract with the Government between thirty and forty years ago, less than seven million acres all told have been alienated. The report of the Dominion Railway Statistician shows that the Dominion Government has given in land grants to railway corporations from Confederation to date, 31,876,000 acres, of which the Canadian Pacific received 26,710,000 acres.

With the Government's land grants to the Canadian Pacific Railway Company the public is quite familiar. We are not called upon to defend those transactions, yet we doubt if anyone regrets the building of the Canadian Pacific Railway. But how about those land grants which eventually came into the possession of the Canadian Northern Railway? Though no Dominion land subsidies were ever granted to Messrs. Mackenzie and Mann, they did acquire by purchase some old railway charters with land grants, and it may not be uninteresting to see what became of them, especially as we may in so doing be able to glimpse a hitherto unwritten page of Canadian history.

In 1882, as we have seen, a charter with land grants attached was granted by the Dominion Parliament to the Winnipeg and Hudson Bay Railway Company. The promoters of this company carried their charters to Eastern Canada, England, France and the United States in an endeavour to secure finance for the undertaking, and spent the best part of sixteen years in attempting to secure the co-operation of financiers. In 1896 they acknowledged that the assistance, coupled with resources at their command, were insufficient to build the railways, and disposed of the Company's charter, carrying with it the land grants to Messrs. Mackenzie and Mann, who had two years previously acquired the charter of the Lake Manitoba Railway and Canal Company, also possessed of land grants. In the same year they acquired by purchase the charter of the Manitoba and South-eastern Railway Company, also carrying land grants.

Under the ownership of these three charters, Mackenzie and Mann would have become, by the construction of the mileage contemplated, entitled to nine million acres of prairie land. The State had

alienated 26,710,000 acres of land for the construction of the Canadian Pacific Railway, and public opinion approved of the transaction; and the grants to the companies, the charters of which had been secured by Messrs. Mackenzie and Mann, had not brought about at the time any appreciable public protest, for the obvious reason that the lands at that date had no considerable market value. As further evidence of this fact, it is only necessary to recall that the grantees failed with the lands to attract financial backing for the construction of the railways.

BUT no sooner had the railways proven themselves a successful means of bringing colonization into the country, than public opinion began to revise its ideas as to the form of state assistance to railway construction. As the country filled up, lands naturally became more valuable, and there grew an increasingly insistent demand to conserve the public domain. The Government of the day encouraged Messrs. Mackenzie and Mann to divert their lines from the land grant sections towards Hudson Bay, into the grain sections of the Saskatchewan Valley; and, as a result, occupied with the construction of railways within the prairies, the owners and the holders allowed the time in which the lines carrying land subsidies were to be constructed, to elapse. The Government then refused to grant an extension of time for the construction of the mileage to be subsidized by land, and in this way, the Canadian Northern was deprived of 5,350,400 acres of land. The loss of the vast acreage was a serious blow to the Company, but viewing the matter from the standpoint of public interest, it was inevitable. The construction of the prairie lines was of more immediate importance than the lines which would have earned the land subsidies. The western country had already an outlet for its products through Fort William and Port Arthur, and the chain of fresh water lakes and rivers to the seaboard and the opening of an additional route to the sea was not then required. The Company was not unmindful of the fact that the five million acres of land lost to the railway were conserved to the State, and enabled it to continue and extend the system of free homesteads to settlers. The lost acreage, after all, became thus available, under homestead regulations to colonization and a rapid increase in production.

IT must be admitted that the Canadian Northern Railway shared in the work of development of Western Canada in the days when it was needed, when Western Canada had been for years practically stagnant. The railways in existence at the advent of the Canadian Northern were located in the southern portion of Manitoba and the then territories. The Canadian Northern Railway plunged into the comparatively unknown and unsettled country of the north, making for the Saskatchewan River, and subsequently traversed the Saskatchewan Valley, crossing the river eight times in a distance of one thousand miles. The company brought into the territory, tributary to its railways, settlers from the United Kingdom, the United States and Europe, and placed them on the land. By reason of the fertility of the soil, which was questioned at that date, it succeeded in building up a territory which was ultimately to be known in the expressive nomenclature of the company's immigration literature as "the breadbasket of the British Empire."

It is true that in addition to the federal land grants above noted that provincial grants were made from time to time, a number of them a great many years ago. These amounted to some 13,000,000 acres. British Columbia leads the list, having granted