

In the contract made with the Canadian Northern we have secured control over a system of about 1,022 miles, a very important system. It covers the following: Gladstone & Saskatchewan, 389 miles, guarantee \$8,000, which makes \$3,112,000; the Gilbert Plains branch, 27 miles, \$216,000; the Southeastern Ry., 152 miles, \$1,216,000, making a total of \$4,544,000. The total liability of 858 miles of the Canadian Northern Ry. is \$10,344,000. The general liability per mile is \$12,056. That is the lowest bonded charge of any railway on this continent, & we have control. The people own it, & can do as they choose, so far as rates are concerned. Added to this is the Northern Pacific Ry., some 350 miles, which makes a total of 1,200 miles in the Province. The bonds we will guarantee will be secured by a first mortgage, the only mortgage the Co. will put upon the road. It will cover all the rolling stock, appurtenances & properties connected with the system, & being the lowest on the continent, must necessarily be absolute security.

Just on that point it will be well to give you an idea of what our \$12,000 per mile is & to compare it with the funded charges of some of the other roads. We will take the N.P.R.,

& that we all know is in a flourishing condition to-day. The statement of the N.P. for 1889 showed gross earnings \$26,048,674, & expenses \$12,349,452; net earnings, \$13,699,222. Percentage of expenses to earnings, 47.4; No. of miles operated, 4,579. Its bonded debt is \$202,144,000, or \$44,145 a mile, & to this has to be added the capital liability as well of \$410,736.00, or an actual liability on each mile of \$89,700, & the government has a system with a liability of only \$12,500 per mile.

Now let me take the C.P.R. for 1899:—Total earnings, \$29,239,038; expenses, \$16,999,872; net earnings, \$12,239,166; percentage of expenses to earnings, 58.16; net earnings, 41.84; miles operated separate from leased lines, 6,456; funded debt, \$188,368,266, or \$29,117 a mile. We have then its capital or stock liability, which makes \$291,146,279, or 45,097 for each mile of C.P.R.

These figures are unanswerable, & make an argument in favor of the contract which cannot be met. As Mr. Davidson said, we have secured additional connections from the Canadian Northern. By virtue of the contract & agreements ratified by Parliament, these have been exempted from taxation for

30 years. We have induced them to permit of taxation, beginning with 1905, at the rate of 2% on their gross earnings, what we are charging the C.P.R. to-day. This will give us very considerable revenue when the time comes. You ask, What has been done with the Northern Pacific Ry.? We have agreed to transfer our leases & right to purchase to the Canadian Northern for the consideration I have read, & the further consideration that they will relieve us from all liability, so far as that rental is concerned, when the road is completed & in operation. On Oct. 1 we will have the right to make the rates charged over that system.

We have made every provision for the enforcement of the conditions, & for the protection of your interests & the interests of the Province as a whole. In my opinion, the railway question in Manitoba is solved. There can be no further agitation as regards freight rates, because it is in your hands to make the rates through your representatives in Parliament. No doubt, when the power is vested in the hands of the people, there will be no rash nor radical reductions made, nor will there be any attempt by this Government, or any other, to use its power to injure any other

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