

made by Dr. Schultz and the company he got up for the Manitoba and South-Western Railway—at that time everything was *couleur de rose*; the boom was in full blast, if I may use the expression; everybody thought they were making their fortunes by owning any land. I think it will be admitted that those men who were promoting that railway, who had invested their means in it, and who looked forward to great profits from the construction of the road, might, perhaps, be the best judges of what was necessary and sufficient to help them build that road. At that time lands about Winnipeg and in almost any part of Manitoba, were held at very high prices. An application was made by the South-Western Railway for a sale of land at a minimum price fixed by the statute, which was \$1 an acre. The Dominion Act did not fix that as the minimum sum, but it said that land shall be sold at \$1 per acre. That was the provision of the original Act. The Government, when they were assured by the company that 6,400 acres would enable them to carry out their scheme, came forward and said: If you think so, we will grant you the land. We could not well say to them, as the hon. gentleman says, that this was profligate extravagance, when the company had said that they would complete the road with 3,840 acres per mile, at \$1 per acre. That proposition being made and accepted by the Government, the other roads, following that example, and having confidence in the shrewdness of that company, the South-Western, applied to obtain the same terms, and were quite satisfied that those terms would enable them to build the railways. We all know how much they were disappointed, how completely, when the reaction took place, when the inflation took place, when the bubble burst, it was found that this arrangement was unavailing. The railway companies hoped, from time to time, that the position would improve, that the depression would be only temporary, and they still held to their contract with the Government to pay \$1 per acre—I am speaking from memory, not having the papers before me. The Government granted those different applications, at the request of the railway companies, they making the application, and the Government did everything they could reasonably be expected to do for the purpose of helping the different roads. But besides the temporary depression that took place in our North-West there has been, as we all know, an unparalleled shrinkage in the value of railway property in America. Never has there been anything like it, and bankruptcy has fallen on many railway enterprises in the United States. The consequence was, and is, to a considerable extent, to this day, that capitalists in Europe look askance upon any proposition to build railways in any portion of America; and a capitalist told me, only last November, that if a railway was proposed to heaven from any portion of North America it would not find investors in England.

M. BLAKE. Perhaps capitalists do not want to go by that line.

Sir JOHN A. MACDONALD. Perhaps not. Then there came another proposal. It was said by the company, with respect to the proposal to take 3,840 acres, at \$1 per acre, that the purchase price and selling price did not, under the altered circumstances, give a sufficient margin, and unless larger grants were made that margin of profit would not be sufficient to secure sufficient capital to enable the companies to build the railways. Thus, by degrees, at the request of the railway company, all the time, changes were made to enable them to carry out their schemes and build the road. Thus the policy changed; first the grant was for 3,840 acres per mile, at \$1 per acre; next, 6,400 acres, at \$1 per acre; then it was proposed that the terms of payment should be made more liberal. All those changes have proved ineffectual, and now the Government, believing, as every hon. member believes, as the Government always did believe, that

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every encouragement must be given to the building of railways, as it is absolutely essential for the development of that great country that railways shall be the common highways, they have come to the conclusion that the land grants must be free. I am not at all sure that all these lines will be built, even with these grants. I think, however, they will be. The railway line mentioned, the North-Western Coal and Navigation line, which is a narrow gauge road, undertaken by Sir Alexander Galt, and some capitalists who have joined with him to open up the coal mines in the Bolly River district—that is certain to be built. It is, as I have said, a narrow gauge railway, to run 110 miles, and will be completed in August or September, and will be of very great value in bringing down the magnificent coal which that country produces to the Canadian Pacific Railway, and thence to Winnipeg, and, by-and-bye, westward, to some extent. I believe the North-Western company's line, which is running from Portage la Prairie to Minnedosa and thence on, is finished for a distance of 78 miles, and has been so for some time. It is intended to complete, this year, 50 miles more. The company will proceed as they are able to raise money. The building of that road is assured. As the papers will show, the arrangement at first was that the company should build 100 miles a year. They found they could not obtain sufficient capital to do that, and so the Government agreed that if the company could build 50 miles a year they will obtain this grant, if Parliament sanctions it. Mr. Andrew Allan, of Montreal, is at the head of it, and he has induced a number of capitalists to take stock and interest themselves in it; the company have spent a large amount of their own money, and it is believed, with this assistance, the road will be built. It is certain to be built at the rate of at least 50 miles a year, and if times become more prosperous and the sale of land is satisfactory, they will push it on at an accelerated speed. The hon. gentleman speaks about the South-Western. That company has certainly been unfortunate in various ways. It got into trouble owing to litigation between different bodies of shareholders, two or three parties, two certainly, and they got up a legal quarrel as to their respective rights, went into court and, as a result, the credit of the company was materially damaged and its progress was retarded, and great discredit was thrown upon it by the litigation. It has now passed substantially under the control of the Canadian Pacific Railway, and that company will build it, so soon as they can obtain the necessary capital. The hon. gentleman says that at the time the Government assumed the responsibility of laying their scheme before Parliament, for the grant of subsidies of land and money to the Canadian Pacific Railway, it was promised that branch lines would be built, and that the company promised that branch lines would be built. That is quite true; but there is a considerable reservation of land to make up for the 25,000,000 acres of land grants, which are reserved at considerable distances from the railway, inasmuch as the land in the railway belt would be altogether insufficient to make up the 25,000,000 of acres. The company, of course, desire to build branch lines, and have published plans, showing the branch lines they were desirous of building; but, of course, they must first build the main line before they build the branch lines. The backbone must be created before the ribs can run from it. It is the interest of the railway company, of course, to have as many branches as possible; not only to build branches themselves, in order to open up their own lands, but to encourage branch lines by other companies. I do not understand that the Canadian Pacific Railway have in any way offered any obstruction to any railway whatever, or acted hostilely in any way whatever. They would be foolish to do so; for, the more lines running and joining them, the more traffic they will get. As regards carriage, that is beyond the control of the Canadian Pacific Railway. It will be remembered