

of construction; but the principal amount should not in any case exceed \$13,000 per mile on the Prairie Section, nor \$30,000 per mile on the Mountain Section. The bonds were to bear interest at 3% per annum, and the company were to pay the interest upon the amount of bonds equal to the principal of the bonds guaranteed by the Government on account of the construction of the Prairie Section; and should default be made by the company, the Government were to take up the coupons representing such interest, and these moneys were to continue to be a charge under the mortgage to be given by the company to secure the guaranteed bonds. Provision is made for repayment by the company, with interest at the rate of 3%. In order to give the old Grand Trunk Railway Company an additional interest in the success of the enterprise, it was agreed that the Grand Trunk Railway Company should guarantee bonds of the company for the balance required for the construction of the Western Division. These were to be second mortgage bonds, and were to be a second charge upon the property, but the Government charge and mortgage always remained first. The mortgage, which shall be a first charge upon the railway, its equipment and property, tolls, rights and franchises, is to be given to the Government of Canada, to secure the repayment of the issue of bonds guaranteed by the Government.

The freight rates and tolls to be levied and collected by the company when the road is in operation is placed expressly under the control of the Government, by section 39 of the Statute, chap. 71, 3 Edw. VII.

It was expressly provided, and a deposit of \$5,000,000 required, that the company shall continuously and efficiently operate both the Eastern and Western Divisions of the road.

By section 42 of the same Statute, it was declared and agreed, between the Government and the company, that the aid granted was for the express purpose of encouraging the development of Canadian trade, and transportation of goods through Canadian channels; and the company accepted the aid on these conditions, and agreed that all freight originating on the line of railway, or on any of its branches, not specifically routed otherwise by the shipper, shall, when destined for points in Canada, be carried entirely upon Canadian territory, or between Canadian inland ports.

The company also enter into an agreement not to charge any higher rate of freight on goods destined for Canadian ports than they would charge by way of United States ports. In order to keep Canadian trade within Canadian channels, further stringent provisions were inserted in the contract. For example, the Government went so far as to bind the company not to encourage or advise, directly or indirectly, the transportation of freight by routes other than Canadian, and to direct its efforts solely to the conditions upon which aid was granted, namely, the development of trade through Canadian channels to Canadian ocean ports.

The Government required the company to bind itself to provide shipping connections upon both the Atlantic and Pacific oceans, sufficient to take care of the trade, both outward and inward, at Canadian ocean ports.

Any dispute is to be determined by arbitration, with reference, if desired, to the Chief Justice of the Supreme Court of Canada. The Government also assumed the right to appoint one director of the company.

#### THE AMENDED AGREEMENT.

The agreement between the Government and the Grand Trunk Pacific Railway Company had to be ratified by the shareholders of the old Grand Trunk Railway Company, in London, England. Sir Charles Rivers Wilson, president, and