Whilst in payment for these remarkable "concessions":—

The Government undertakes to assume a liability for rental of an average amount per annum of $298,000.

Which capitalized at 4 per cent. means $7,452,450, but for the purpose of capital liability may be taken under the option at ....$ 7,000,000

And by way of guarantee on bonds a liability of 5,800,000

Or a total liability under this contract of $12,800,000

And in addition to this the Government has previously assumed liabilities in the form of a guarantee of bonds on the Company's line already constructed, say 475 miles at $8,000 per mile 3,800,000

Making a total for this one railway of $16,600,000

There would be therefore an average annual rental and interest charge of ... 682,0 0

Assuming that there are 1115 miles of road upon which to earn this net revenue, the lines being as follows:—

Line north of Gladstone	325	miles
" east of Winnipeg	150	"
" west of Port Arthur	290	"
Northern Pacific lines leased	350	"
	1115	"

It would mean a fixed charge for interest and rental of $610.00 per mile per annum.

Assuming that the road could be operated for 65 per cent. of its gross earnings, an exceedingly low proportion and possible only in the case of a line with a heavy traffic, (it is true the Canadian Northern Company shows a less proportion, but it would be interesting to learn what share of its earnings were derived from the freight charges on its own construction material, and what rates the Company allowed itself on this business), it would require gross earnings of nearly $1,750.00 per mile per annum to enable such a charge to be paid.

As this is a much larger sum per mile than the average earnings of the Canadian Pacific Company's lines in Manitoba, a child can calculate the result to the Province of the acceptance of the Canadian Northern Company's proposition.

But to pursue this subject a little further, the Canadian Northern Company undertakes to pay the rentals and interest on guaranteed bonds out of earnings *if it can*, but if it cannot the Government steps in and pays these charges itself.

What are the chances of the Canadian Northern Company being able to pay these charges?

It is not unreasonable to cite the experience of the Northern Pacific and Manitoba Company, the leased lines, the lines which are being leased to the Government of Manitoba BECAUSE THEY ARE UNPROFITABLE TO THE COMPANY, and unprofitable notwithstanding the fact that this Company had the same or better facilities (with equal, if not better rates) for getting the traffic from its Manitoba lines to the Lake, as the Canadian Northern Company will have when its line is completed.

The Northern Pacific and Manitoba Railway, although established in Manitoba for many years, and running through a well settled country, HAS NEVER YET PAID EVEN ITS OPERATING EXPENSES.

ITS LOSS in the actual operation of the line apart from the interest charges, for the year ended 30th June, 1900, according to the sworn statement filed by the Company with the Dominion Government was $185,578.21.

This being the case what prospect is there for the Canadian Northern line between Winnipeg and Port Arthur paying its operating expenses, let alone interest on its cost, for at least many years to come? Is it reasonable to suppose that a line built for over 400 miles through an unsettled and practically unproductive country can do as well or nearly as well as a line built through such a well settled district as southern Manitoba. But allowing that it does as well as the Northern Pacific Company has done, and that the Canadian Northern lines west of Winnipeg will take care of themselves it means what?