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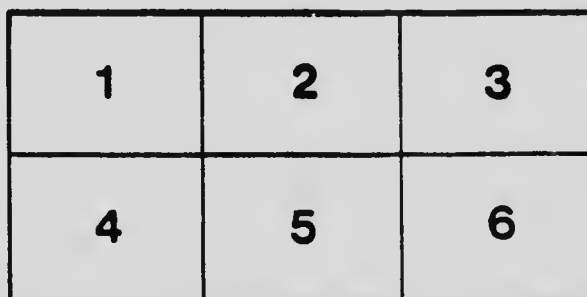
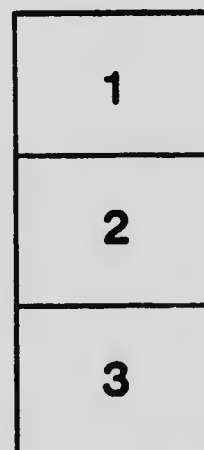
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CANADA

The Debates of the Senate

OFFICIAL REPORT.

SPEECH

OF

HON. J. P. B. CASGRAIN

(of De Lanaudière Division)

ON

RAILWAY ACT AMENDMENT BILL

In the Senate, July 12, 1917.

Hon. J. P. B. CASGRAIN: Honourable gentlemen, I do not intend to dwell very long upon the Bill introduced by the honourable member from Hamilton (Hon. Mr. Lynch-Staunton). This Bill is for the purpose of preventing any person not resident in Canada from being a director of a railway company in Canada. I must say at once that, unless other reasons and stronger reasons are given than those which have been advanced up to the present, I intend to vote against the second reading of the Bill. I think the situation was well explained by the honourable member for de Salaberry (Hon. Mr. Béique) when he said that in the near future the capital that would be needed for public enterprises in Canada would have to come very largely from the United States, as it was not likely that we could get very much financial help from the United Kingdom. It stands to reason, therefore, that if the capital is to be raised in the United States, the shareholders, or the people providing the money, would naturally desire to have some representation on the boards of the various railways. But they could not have this representation if the Bill presented by the honourable member for Hamilton became law. That is one of the reasons against this Bill. The hon. member for de Salaberry (Hon. Mr. Béique) gave other reasons which I think are very good.

But the honourable member for Hamilton was quite candid. When he introduced this measure he himself admitted that

what he had in view was a sort of special legislation; his aim was simply to reach the Grand Trunk Railway company, whose board of directors has been for 65 years in the city of London, in England. He believes that all the mistakes and misfortunes of the Grand Trunk are due to the fact that these directors have not been well informed as to conditions in Canada. It really seems to me that the honourable gentleman from Hamilton has presented his Bill as an excuse for an onslaught on the Grand Trunk Railway Company. I regret very much the tone of his speech, and I am sure that many members of this honourable House will join with me in that regret. This is the first occasion, in the many years that I have had the honour of a seat in this House, on which I have heard the directors of a great corporation like the Grand Trunk Railway Company called wreckers, betrayers, hirelings, and the rest.

Now, I think the honourable member for Hastings (Sir Mackenzie Bowell) will bear me out. For more than fifty years he knew very well Mr. William Wainwright. If any one man was meant by the term hireling, it was certainly the man who, as a salaried official of the Grand Trunk Railway company, from year to year came before this Parliament to look after the interests of that grand old company. I am sure that the honourable member for Hastings will join with me in regretting that, after he is in his

grave, Mr. William Wainwright, a man who was respected and well beloved by all on both sides of politics, who had not an enemy in the Canadian Parliament, should be called by an honourable member of this House a hireling, or a betrayer of his trust, or a wrecker. That was more than I could possibly stand, and one of the principal reasons why I moved the adjournment of this debate was that I might have an opportunity to say something in his vindication.

The whole burden of the honourable gentleman's speech was that the Grand Trunk Railway company had been mismanaged, and that one of the worst things that its directors had done to impair the credit of that company was to sign the National Transcontinental Railway contract, by which the company agreed: first, to pay a rent amounting to 3 per cent of the cost of the road for 43 years, no matter what its cost would be; and, secondly, to undertake the building of the Grand Trunk Pacific from Winnipeg to Prince Rupert. The honourable gentleman contended that these mistakes were made because the board of directors in London and were not acquainted with the conditions existing in this country.

Now, who were the gentlemen who induced the directors of the Grand Trunk Railway company in London, England, to go into that scheme? First, it was Charles M. Hays, one of the best-known railway men in the United States, who had come to Canada and had managed the Grand Trunk railway for some years, but, finding that there was no expansion of the Grand Trunk, had accepted an offer from the Union Pacific Railway Company and had gone back to the United States. He occupied a position there for two or three years, when, the Grand Trunk company being anxious to obtain his valuable services, and promising him that the Grand Trunk would expand, Mr. Hays consented to come back and undertake its management. His intention, as we all know, was to extend the Grand Trunk from North Bay to Winnipeg and from Winnipeg on to the Pacific coast. It was Mr. Wainwright who acted on behalf of the Grand Trunk company in promoting the necessary legislation and the contract with the Government. No blame could possibly attach to the directors of the Grand Trunk, and the fact that the board was in England had nothing to do with the matter. On the

contrary, as I shall prove in a moment, it was very difficult for Mr. Hays and Mr. Wainwright to induce those directors to go into that enterprise. Mr. Hays had been in this country and knew perfectly well the conditions here; no one can doubt that; and Mr. Wainwright had been living in Canada since before the days of Confederation. Therefore the directors had the best information that could be obtained as to conditions in Canada, and it is wrong to blame them. If there was any blame to be visited upon any one, if there was any wrecker, any betrayer of his trust, any hireling, the late Mr. Wainwright was the man; and I am sure that every member of this honourable House will regret that such epithets have been attached to his name. The argument of the honourable member for Hamilton falls hopelessly to the ground, because, if a mistake has been made, which I deny, it was not the directors who made it. It was made by Mr. Hays, who knew the conditions in Canada as well as any other railway man. He was perhaps one of the best railway men in Canada.

Now let us go back to 1903, the time of the inception of the scheme of the Grand Trunk Pacific and the National Transcontinental. If the directors of the Grand Trunk Pacific and Grand Trunk railway had been in Canada, the very atmosphere of optimism that existed in this country at that period would have influenced them to favour that enterprise. Why, it was at the very time when Sir Clifford Sifton, then Minister of the Interior, was filling the Northwest with immigrants and its population was increasing by leaps and bounds. Never before the year 1903 had the Northwest been filling up so quickly as it was under that progressive administration. I am sorry that the honourable gentleman from Portage la Prairie (Hon. Mr. Watson) is not in his seat. He has stated that the famous James J. Hill, every time he went to Manitoba, used to say that people without land were a mob and land without people was a wilderness, and therefore people should be put on the land. Sir Clifford Sifton understood that policy and put it into effect so successfully that it was expected that the three provinces, Manitoba, Saskatchewan and Alberta, would soon be filled up. I was present at a banquet given in honour of Mr. C. M. Hays, at the Windsor hotel in Montreal, when the Hon. A. G. Blair (who afterwards opposed the building of the Transcontinental and the Grand

Trunk Pacific, saying that there was no need to hurry) said within my hearing that not only would one or two transcontinental lines be necessary, but it would not be long, if the Northwest continued to fill up at the present rate, before ten transcontinental railways would be required to carry the products of that territory.

Now, I do not want to be in any way personal; if I am, I hope the honourable member for Hamilton will forgive me; but it seems to me that there must be rancour in the heart of the honourable gentleman, either because he was somewhat disappointed or because he wanted to impair the credit of the Grand Trunk railway and the Transcontinental. We all know that the honourable gentleman has been connected with the National Transcontinental railway at a cost to this country of several thousands of dollars. We all remember that there was a commission, composed of Mr. Lynch-Staunton and Mr. Gutelius, appointed to investigate the construction of the National Transcontinental railway. Since the days of the Spanish Inquisition there has not been a more searching inquiry than was made by these gentlemen. They knew that a sum exceeding one hundred millions of dollars had been expended on that railway, and they could not relieve their minds of the suspicion that some improper use had been made of that money, therefore they entered the offices and took possession of all the papers, all the letter-books, all the documents, all the plans, profiles, contracts, specifications—everything. They were appointed in January of 1912 and their report did not come out until 1914; so that for two years they searched and searched among the papers—and I am even informed that some of those papers were not of a public nature. One of the investigators was a resourceful lawyer and the other was a clever engineer who acted as accessory to the lawyer. The National Transcontinental railway commissioners were brought before them in secret sessions. The commissioners had no solicitors; they were at the mercy of the investigators. They were examined separately, one on one day and another the next day, to see whether they would not contradict each other. After they got through with the commissioners they put the engineers through an examination. All the employees, from the highest officials down to the humblest servant of the commissioners, were examined; it being thought that some one might be dissatisfied and might peep on the other; yet, if honourable gentlemen will

look at the evidence, consisting of thousands of pages, they will find that not one dollar was proven to have been stolen or misappropriated—that nobody was proven guilty. What a sad disappointment!—the investigation resulting in nothing except the greatest vindication that the late Government ever had. The investigators perhaps thought that, if they could find something wrong, criminal prosecutions would be instituted, and would land in jail those robbers who had stolen from the public treasury. But there was no such thing. There were no criminal proceedings such as we have had in the last two years in British Columbia and in Manitoba. No; it was a Liberal Government that had done the work, and everything was done honestly. If there had been anything wrong, if there had been any swindling, and the Government had known of it, they would have had the man guilty. If the present Government had known of the misappropriation of one dollar in connection with that work by any man, it has been their business in the last six years to land that man in jail. However, I claim that the money spent on this investigation has been absolutely wasted, and the investigation impaired very much the credit of the National Transcontinental, the Grand Trunk Pacific, and the Grand Trunk. It dealt the Grand Trunk a blow under which it reels yet. The commissioners both received their reward. Mr. Gutelius was appointed manager of the Intercolonial railway at the highest salary ever paid to anyone by the Government of this country since Confederation; and the other gentleman has been given the sweetest of all rewards—he is amongst us to-day, and we welcome him in the Senate of Canada.

How could the Transcontinental railway have been mismanaged badly when the chairman of the commission in charge of it was the Honourable S. N. Parent? We all know that that honourable gentleman was for years a minister of the Crown in the province of Quebec, and was at one time the Prime Minister of that province; and during his administration neither friend nor foe accused him of doing anything wrong, or of permitting any of his departments to go wrong or to squander a single dollar of public money. He was also mayor of the city of Quebec for twelve years, during which time he not only promoted the general interests of the city, but secured the building of the city hall at a cost of only \$20,000. It was the first instance, so far as I know, in which the public got full value for their

money, and there were not sixpence worth of extras when the building was finished and handed over by the contractors. The work was done exactly at the contract price. This was the man placed at the head of the National Transcontinental Railway Commission, and he saw that everything was done properly.

The honourable gentleman from Hamilton says that he knows something about this question. Well, he should know something about it. It has cost the country a good many thousand dollars to teach him something about it. But I submit, although I have never received anything for it, that I also know something about the question, because I had the honour in 1903, when the Transcontinental Railway measure first came before the House, to be asked by my leader, Sir Richard Scott, to reply to no less a man than the leader of the Opposition, the honourable member for Hastings (Sir Mackenzie Bowell). Again, in 1904, when the honourable member for Hastings was still the leader of the Opposition, it devolved upon me, at the instance of my leader, to answer his criticism of that great enterprise. In 1909 the present leader of the House was leader of the Opposition, and on that third occasion I had the honour of dealing with the question. Perhaps that is the reason why I may be a little more familiar with the details of the question than some other members of this honourable House.

The honourable gentleman from Hamilton referred to the contract of the National Transcontinental railway. He was quite right when he said that the Grand Trunk Railway company was to pay three per cent of the cost of the road, whatever it might be, for the term of fifty years, excepting the first seven years. For forty-three years the Grand Trunk Railway Company was to pay rent for that part of the railway between Winnipeg and Moncton. But I claim that the present Government has absolutely relieved the Grand Trunk of any obligation in that regard, because the contract was made according to certain specifications, the very essence of which was that there should be a grade eastward of four-tenths of one per cent, or, in common parlance, 22 feet to the mile; that there should be no adverse grade coming to tidewater at Quebec, or to Moncton, and then via the Intercolonial railway to St. John or Halifax. To build a railroad of that kind requires a great deal of money, and, as we know, it cost much more than

was estimated; but that does not prove that there was any fraud. It simply demonstrates that the people were not aware how costly it is to build a railroad of that standard.

However, I will give you one instance of how the contract was lived up to. The present Government, or the National Transcontinental Railway Commission appointed by them, wrote to the Grand Trunk Railway company, saying: "If you will allow us to change the grade at La Tuque, on the St. Maurice river, from four-tenths of one per cent to six-tenths of one per cent, \$1,000,000 can be saved at La Tuque alone." Mr. Hays wrote to the Government protesting against the change, saying that the Grand Trunk Railway company would not accept the road if such a change were made, because the money had been raised and the contract agreed to in England by the shareholders of the Grand Trunk Railway company, who would be responsible for the whole cost of the railway. The low gradient was the essence of the contract. What did this new commission under Major Leonard do, and what did the Government do? They simply degraded the road. One of the brilliant ideas of the two commissioners, Messrs. Lynch-Staunton and Gutelius, was that the road should have momentum grades. Let us pause for a moment and think what a momentum grade is. A momentum grade means, I take it—and I stand to be corrected if I am wrong—that a train coasting down one hill is supposed to acquire sufficient momentum to enable it to coast up another; the steeper the grade the more momentum acquired and the better the coasting. That is one of the ways in which they would have saved some of this \$40,000,000. Fancy a railway train coasting down a hill and trusting to the momentum to enable it to coast up another. I have here the report which states that out of \$40,000,000 momentum grades would have saved \$6,200,000. The idea was not even original. Anybody who has been to our lunar parks has seen the scenic railways and the children on them coasting up and down the hills. We all know that there is snow in this country in the winter time; and if there were snow on the track when a train coasted down a hill it would have to stay there, I suppose, until the next train ahead could get out. This is what the report says about momentum grades:

Had momentum grades been adopted, as is the usual practice in high-class modern railway construction, they would have in no way

impair the usefulness of the railway, or increase the cost of operation, or reduce its hauling capacity, and \$6,200,000 might and should have been saved.

That is a part of the report of the honourable member for Hamilton and Mr. Gutelius.

Hon. Mr. DENNIS: Mr. Gutelius is a railway engineer.

Hon. Mr. CASGRAIN: Yes. There are lots of beautiful things like that in the report. For instance, it says that wooden trestles would have cost less than iron trestles. That, of course, is something that we did not know. And the information in that report cost the country \$100,000.

The Grand Trunk Railway company, if the honourable gentleman from Hamilton had his way, would be taken away from the shareholders and given to the Dominion Railway company, the formation of which is proposed in the report of Sir Henry Drayton and Mr. W. M. Acworth. This railway would be taken away from the shareholders to punish them because they cannot pay for the Grand Trunk Pacific as well as pay the rent of the National Transcontinental. I think that the management of the Grand Trunk railway were perfectly justified in not accepting the railway, and in repudiating the whole contract, because the road had been degraded under the direction of Major Leonard.

The Canadian Pacific railway has been held up to our admiration as a perfect railway. The administration and the officials of the Canadian Pacific railway may be perfect, but the topography and the location of the railway is about the worst that could have been found in Canada. I know something about that, because, in 1874-5, I was one of the chainmen and levellers on that road. The total adverse grade on the Grand Trunk Pacific and the National Transcontinental from tidewater on the Pacific to tidewater at Quebec amounts to 5,300 feet. What is the total adverse grade on the Canadian Pacific railway? It is 23,000 feet. We all know that the Canadian Pacific railway, at the Selkirk range, has an elevation of 4,400 feet. In crossing the Rocky mountains it drops 2,000 feet, then rises again, and then drops again to Calgary. With all these grades added together a ton of freight carried on the Canadian Pacific railway from tidewater to tidewater has to be lifted 23,000 feet, while on the Grand Trunk Pacific it has to be lifted only 5,300 feet, in the one case four miles, in the other only one mile. I could give you the

grades of several transcontinental railways; I have the figures here, and I can safely say that no other railway has such easy grades as the Grand Trunk Pacific and the Transcontinental. This railway has never been given a chance since 1911, because those who were against it then have been against it ever since.

Hon. Mr. TESSIER: Tried to destroy it.

Hon. Mr. CASGRAIN: Yes. I have frequently stated in this House how cheaply one bushel of wheat could be carried on the Transcontinental railway from Winnipeg to tidewater at Quebec. People have doubted what I have said, but what has the present Minister of Railways done within the last two years? He has given a rate of six cents a bushel from a point called Armstrong, on the National Transcontinental railway, to Quebec. The honourable member for Kingston (Hon. Mr. Richardson) knows that that is right. I think he took advantage of that rate to transport wheat to Quebec by that route. The distance from Quebec to Armstrong is about 900 miles, and the distance from Armstrong to Winnipeg is about 450 miles, so for the latter portion of the haul the rate would be three cents. Allowing one cent for terminal expenses at Winnipeg, you would have a rate of 10 cents per bushel. That is not supposition, and one should not be called a visionary, as was Hon. Mr. Charbon in another place, when he explained how cheaply wheat could be carried, because this is the rate fixed by the Government of the country. As I have said, the total distance from Quebec to Winnipeg by the Transcontinental railway is 1,350 miles; by the Canadian Pacific railway it is 1,575 miles, or 225 miles longer. Via the old Grand Trunk line the distance is still greater. If this Government had any intention of utilizing the National Transcontinental, it would have been very easy to have advertised the fact. I ask honourable gentlemen if they do not think that passengers coming off the steamers at Quebec would have preferred to take this beautiful road and travel 1,350 miles to Winnipeg, and thence across the continent, to travelling 1,575 miles by the Canadian Pacific railway—which has a passenger train waiting on the Government's own wharf in Quebec?

The same argument applies to people coming from Winnipeg and the West on their way to the Old Country. They want to get the quickest and shortest route and none of them are anxious to go 225 miles out of their way and to pay \$6.75 extra for

their tickets. If the Government had advertised the National Transcontinental railway, I think it would have got 99 per cent of the through passenger traffic.

There is another peculiar thing about it. The Transcontinental to-day does not run from Quebec. It runs from the city of Toronto to North Bay; from North Bay it goes to Cochrane, and then turns to the left towards Winnipeg. Cochrane is about 580 miles from the city of Quebec. A person in Quebec wanting to go to Winnipeg could take the Transcontinental railway; but he would first have to go from Quebec to Montreal, a distance of 180 miles; then, from Montreal to Toronto, a distance of 330 miles; then, from Toronto to North Bay, another 220 miles; and then, from North Bay to Cochrane, a distance of 250 miles; or 980 miles in all; whereas, by travelling directly across the gap on the railroad built and owned by the Government, he would have to travel only 580 miles.

Honourable gentlemen opposite from the beginning derided the enterprise. They were in opposition at the time, and, after all, people are human and I do not blame them. It was good party warfare; but when they investigated the National Transcontinental railway, they proved it to be of some use, and it will turn out to be all right yet.

Compare the time necessary to travel from Montreal to Winnipeg. Honourable gentlemen know that by the Canadian Pacific railway it takes 48 hours to go from Montreal to Winnipeg and five hours longer from Quebec—53 hours from Quebec to Winnipeg. If the Government used the road which they own, and if the trains on it travelled at the same speed as the Grand Trunk train travelling every day of the year between Montreal and Toronto, a distance of 330 miles in seven hours and a half, or at the rate of 44 miles an hour, including stops—which is not so bad for the poor old Grand Trunk railway, which has been doing nothing well, and which you are going to take away from—the people who put their money into it—passengers could travel in less than thirty hours from Quebec to Winnipeg by the Transcontinental. This road from Quebec to Winnipeg is built on the same standard as that between Montreal and Toronto, and 21 hours, or nearly a full day, could be saved in making the trip. The Government has it in its own hands to do this, but I suppose they will wait until after the general election. I am afraid the election will be postponed so long that we shall not hear very much about the bad

features of the National Transcontinental railway; there will be too many other questions to occupy the time.

It may be said that the Transcontinental railway line can be used only in the summer time. In winter the passengers coming west on the Intercolonial railway could very easily be transferred to the Transcontinental railway at Quebec, where the Government has a beautiful railway ferry, and in that way they could save 21 hours of time and \$6.75 on every ticket purchased.

The portion of the National Transcontinental railway from the Quebec bridge to Moncton has been very strongly criticised in this report. I must confess that I have never favoured that portion of the road. I know that the topography of the country is such that it is very difficult to overcome. There is more difference in levels between the Quebec bridge and one portion of the road in the county of Temiscouata than there is in the Rocky mountain section. After that part of the line is passed the railroad goes down, crossing the St. John river at an elevation of 440 feet, and then goes up over another range of hills, and then down again and up again.

Hon. Mr. LANDRY: Will the honourable gentleman allow an interruption?

Hon. Mr. CASGRAIN: Certainly

Hon. Mr. LANDRY: I want to know what all this has to do with the status of the directors?

Hon. Mr. CLORAN: We are the directors and have a good deal to say.

Hon. Mr. LANDRY: I thought it was a motion on the Order Paper that was under discussion. My honourable friend is discussing the levels of the different railroads.

Hon. Mr. CASGRAIN: The honourable gentleman from Stadacona (Hon. Mr. Landry) is quite right. He thinks I am digressing. I am sorry that I am occupying so much of the time of the House. But I think this discussion is absolutely necessary. The purpose of the honourable gentleman's Bill is that the directors shall not sit in London, for the reason that they do not know what takes place in this country. I desire to prove to this honourable House, first, that the appointment of that enterprise was not the work of those directors, but the work of Mr. C. M. Hays and Mr. William Wainwright; and, secondly, that it was not a bad enterprise at all; and, if the honourable gentleman will bear with me for a few moments, I think I shall convince him, if he can be convinced.

Hon. Mr. LANDRY: I am convinced; so the honourable gentleman may dispense with that effort.

Hon. Mr. CASGRAIN: Then I will try to convince the honourable gentleman from Hamilton.

Hon. Sir JAMES LOUGHEED: Let us know something about the level and grade of the directors.

Hon. Mr. DENNIS: And the momentum.

Hon. Mr. CASGRAIN: Well, the part of the railway east of Quebec has proven most useful, and honourable gentlemen who are interested in the war will be surprised to learn that, if it had not been for that additional piece of road, the troops, the munitions, and other freight could not have been handled by the Intercolonial railway. I have been assured of that on the very best authority. No less than ten freight trains a day have gone over the Transcontinental railway east of Lévis to Moncton, relieving the congestion on the Intercolonial railway. The road has proved to be most useful in that emergency. The Intercolonial railway would have been congested, as were the Canadian Pacific, the Grand Trunk, and the railroads in the United States, but for the aid of that road. I do not think that the directors of the Grand Trunk in England should be blamed if they assented, because they had no knowledge of the conditions in Canada; it was done on the recommendation of men like Mr. Wainwright and Mr. Hays, who had full knowledge.

The part of the railway from Quebec to Cochrane is the part that for the last year or so has helped the Intercolonial railway to make money. That may be doubted, but I have good authority for the statement. If honourable gentlemen will take the trouble to inquire, they will find that it is true, notwithstanding maladministration of the road, and notwithstanding the fact that the Lynch-Staunton-Gutelius report impaired its credit and discouraged people from using it. But why should it not be the most profitable? It is the shortest line and has the easiest curves and grades. One locomotive on the National Transcontinental railway can do as much work as two locomotives on the Canadian Pacific railway.

The honourable gentleman from Hamilton has quoted the report of Sir Henry Drayton and Mr. W. M. Acworth. I take exception to that report. It is a majority report. There is a minority report. There

were three gentlemen appointed by the present Government, the third member of the commission being Mr. A. H. Smith, the president of the New York Central lines. In quoting Sir Henry Drayton's report the honourable gentleman from Hamilton accepts its conclusion that the Grand Trunk railway should be taken away from those directors, who are betrayers, wreckers, and hirelings. While Sir Henry Drayton may be an excellent lawyer, and I do not doubt it, it would be in my opinion very extraordinary if he knew as much about railway matters as do men who have spent their whole lives in managing railroads or in studying the railway question. The honourable gentleman from Hamilton also quoted the other member, Mr. Acworth. Mr. Acworth arrived in Canada on December 16 last. He was here three months before the report was issued.

Hon. Mr. LYNCH-STAUNTON: Will the honourable gentleman point out what opinion of Mr. Acworth or Sir Henry Drayton I quoted in my speech? I do not remember quoting any of their opinions; I remember quoting only the evidence of Mr. Chamberlin.

Hon. Mr. CASGRAIN: The honourable gentleman did more than quote them; he adopted their suggestions—swallowed them holus bolus.

Hon. Mr. LYNCH-STAUNTON: Will the honourable gentleman be kind enough to point out where I adopted any of their suggestions?

Hon. Mr. CASGRAIN: I have here the speech of the honourable gentleman, in which he said:

I say that now we should at least step into the breach and endeavor to save the Grand Trunk Railway Company shareholders from themselves.

I understood the purport of the honourable gentleman's speech to be that the Grand Trunk Pacific, the National Transcontinental, and the Canadian Northern should all be amalgamated.

Hon. Mr. LYNCH-STAUNTON: When did I say so?

Hon. Mr. CASGRAIN: Well, I understood him to say so. I am very glad if he did not. I am glad the honourable gentleman is not in favour of taking away from the 65,000 shareholders of the Grand Trunk their railway—if he is against the report of Sir Henry Drayton, which he had in his hand when making his speech. There

is plenty of information in that report, too. For instance, you find in it that the total railway mileage of Canada at the present time is 40,000 miles, which is a greater mileage than there is in England or in France, and nearly as much as in the whole German Empire, with its 67,000,000 people, as in Russia, with its 170,000,000, and as in India, with its 300,000,000. We find in that report that we have one-sixth of the total railway mileage of the United States and only one-fourteenth of their population. That shows that the increase in our railway mileage has been much greater than our increase in population. The population of Canada increased in the years from 1901 to 1911 34 per cent, while the railway mileage increased 40 per cent, a difference of only six per cent. In 1901 the total population of Canada was 5,300,000, and we had 18,000 miles of railway. In 1911, the population was 7,200,000, according to the census, and we had 25,400 miles of railway. We had at that time one mile of railway for every 284 inhabitants. Ten years earlier we had one mile of railway for every 300 inhabitants; so the difference after the 10 years was only 16 inhabitants per mile of railway. What do we find to-day? The population has apparently not increased much since the change of administration. It is estimated that the population of Canada in 1917 is 7,500,000. We now have 40,584 miles of railway, or one mile for every 185 inhabitants, a decrease in six years of 99 inhabitants per mile. The railroads have kept on increasing, though the population of the country has not increased.

Now we come to the question of Government aid. What aid did the Grand Trunk Railway company receive from the Government? May I be allowed to compare it with the aid received by other railways, in order that we may see whether the Grand Trunk Company deserve to have their railway taken from them?

Hon. Mr. LANDRY: Compare the steel also.

Hon. Mr. CASGRAIN: Take, for instance, the Canadian Northern Railway company. They received in about fifteen years \$298,000,000 in guarantees, subsidies, etc., according to the report of Sir Henry Drayton, made at great expense to this Government. I would commend to honourable gentlemen in this House the reading of that report, which they will find most interesting.

Hon. Mr. LANDRY: Not to-day.

Hon. Mr. CASGRAIN: The Canadian Pacific Railway company received in 35 years

\$347,000,000. What did the Grand Trunk company receive? The Grand Trunk proper received \$28,000,000 altogether, which is less than one-twelfth of what has been granted the Canadian Pacific and less than one-tenth of what the Canadian Northern has received; and that \$28,000,000 included \$12,000,000 which was never used by the Grand Trunk, but had been voted as subsidies to small branch lines that were bankrupt and were taken over by the Grand Trunk, very often at the instance of various Governments, after the subsidies had been exhausted. For instance, the Toronto, Grey and Bruce railway, which had received certain subsidies and afterwards became bankrupt, was taken over by the Grand Trunk. So, of the \$28,000,000 debited to the Grand Trunk, there was \$12,000,000 which they never got, but which had been given to branch lines by municipalities and by provincial and federal governments.

What aid was given to the Grand Trunk Pacific railway? From Winnipeg to Wolf Creek, a distance of 915 miles, the Grand Trunk Pacific, according to the first contract for that mileage—and this is a thing unheard of with reference to any other railway—received not a single dollar of subsidy nor a single acre of land. It received a guarantee of \$13,000 per mile; and later on, in 1909, a loan—mark you, a loan—on which it had to pay interest. And the honourable gentleman from Hamilton compares that railway, which has received practically no aid from the Government, with the Canadian Pacific.

What did the Canadian Pacific Railway company get? That company, as we all know, received \$25,000,000 in cash at its very inception. Nobody denies that. It received also 25,000,000 acres of land; also 614 miles of railway already built; and the advantage of surveys that had been going on for nearly ten years, with the entire land surveyed. Then it was granted a great privilege, that of exemption from duty on anything that entered into the construction of the road. They could import, from the United States, England, or anywhere else, anything they wanted, without having to pay any duty. Moreover, they were exempt from land taxes. They were given a monopoly of the whole Northwest territory, and they were guaranteed freedom from competition for twenty years. Competition was allowed afterwards. And, above all these privileges, they were allowed by the charter to charge their own rates, and merchants or farmers in the Northwest had to pay what the Canadian Pacific railway

company chose to charge them. There was in those days no Railway Commission or other authority to regulate the rates; so the people had either to pay them or walk.

What would the Grand Trunk Railway company not be to-day if it had received some such concessions? The Grand Trunk Pacific from the beginning had to meet competition from the Canadian Pacific, which was already built, and from the Canadian Northern, which was partly built. The fact that the Canadian Northern was then being constructed added considerably to the cost of railway construction, because of the scarcity of labour. On the other hand, the Canadian Pacific benefited tremendously by the construction of the Grand Trunk Pacific, because every labourer who went to work on the Grand Trunk Pacific had to travel by the Canadian Pacific to get to his work and had to pay toll to the Canadian Pacific in buying his ticket. Every bit of rail, every piece of machinery, every pound of explosives, every pound of provisions, went by the Canadian Pacific railway. When one of the directors of the Canadian Pacific railway was protesting against the former Government allowing the Grand Trunk Pacific Bill, some one said to him: "It will be an advantage to your company. A large proportion of the money will revert to the Canadian Pacific railway, because the Grand Trunk Pacific will have to pay the Canadian Pacific railway for the transportation of railway labourers and construction material." The stock of the Canadian Pacific Railway company, which was then selling at \$135, rose within six or seven months or a year after the commencement of the Grand Trunk Pacific to \$175, as high as it is to-day.

The old Grand Trunk railway has also been criticised by the honourable gentleman from Hamilton. The original cost of building the Grand Trunk railway was \$127,000 a mile, but dividends have been paid on only \$48,000 a mile. Still the honourable gentleman says the dividends have been too high. The capital of the Grand Trunk railway, which is in pounds sterling, is equivalent to \$240,000,000. According to the latest information, which is absolutely correct, the company has paid in the last ten years an average of \$3,600,000 a year in dividends, or 1½ per cent. That is all that the shareholders of the Grand Trunk have received. Sir Henry Drayton was good enough to say, at

page 45 of his report, that Canada is under some obligation to the Grand Trunk railway shareholders. Well, I should think he is right. The railroad was built entirely with British capital, with the exception of the \$28,000,000 which I mentioned a few moments ago, and twelve millions of which had been used by roads which became bankrupt and were taken over by the Grand Trunk. For 65 years the Grand Trunk has been giving good service, and honourable gentlemen know that \$30,000,000 in actual money, of the common stock of the Grand Trunk, has for 65 years never paid one cent. That sum of money, at an interest rate of between four and five per cent, compounded, would make to-day over \$500,000,000. The investment of all that money has inured to the advantage of Canada. The Grand Trunk Railway company was not given twenty-five or loaned thirty million dollars, as was the Canadian Pacific Railway company. The money came from the British people, and that money has been earning interest in the service of Canada. If there is one railway in this country to which Canada is indebted, it certainly is the Grand Trunk.

You will find most of what I have just stated in a letter which has appeared recently in the newspapers, signed by Mr. Alfred A. Smithers, the chairman of the Grand Trunk board.

The honourable member for Hamilton says also that in the purchasing of their feeders the company were ready to buy anything that was offered. Well, it was Sir Joseph Hickson who was responsible for buying most of those feeders, and, according to good railroad authorities, he made a very judicious choice, for those feeders are now considered, I understand, on very good authority, to be the best assets of the Grand Trunk. Those are the feeders which the honourable gentleman from Hamilton decried.

The honourable gentleman said also that it was a shame that the Grand Trunk did not give better service to the city of Hamilton, and that representatives of that city actually went to Mr. Van Horne and offered him a bonus of \$500,000 if in his kindness he would bring the Canadian Pacific railway to the city of Hamilton. If that is so, how is it that after all these years the Canadian Pacific Railway company is using the Grand Trunk track to get into Hamilton? It is very strange that an enterprising company like the Canadian

Pacific would not have grabbed that \$500,000 and had a railway of its own going into that city. I must say that it is a progressive place; it has apparently made more progress than any other city in Ontario. If the Canadian Pacific Railway company had received the same treatment as the Grand Trunk, is there an honourable gentleman in this House who will deny that it would long ago have become hopelessly bankrupt? On the other hand, if the Grand Trunk Railway company had received \$347,000,000, it would have been—

Hon. Sir MACKENZIE BOWELL: Will the honourable gentleman kindly explain in what way the Canadian Pacific Railway company received \$340,000,000 from the Government?

Hon. Mr. CLORAN: They have not finished getting it yet.

Hon. Mr. CASGRAIN: Here is what the report says:

Completed roads and surveys cost Government \$37,785,320; cash subsidies, \$66,905,481; lands sold, \$123,310,124; total public assistance, direct and indirect, \$228,500,925.

It must be noted that this sum is not net to the company, as it represents the gross receipts, while the company has expended large sums of money in irrigating a portion of the lands sold. As pointed out, however, the company values its unsold lands at \$119,250,000. These two sums together make a total of \$347,000,000.

Hon. Sir MACKENZIE BOWELL: I think the honourable gentleman could make that amount much larger if he put the present value on the lands.

Hon. Mr. CASGRAIN: I take the values given in the report as published by the Government. I hope they are not wrong, as sometimes happens.

The principal grievance of the honourable gentleman from Hamilton was that the Grand Trunk board was in England, and that it was impossible to manage a railway from across the water. Surely the honourable gentleman knows as well as I do that there are railways in many parts of the world which are managed in Canada. For instance, there is the railway built in Cuba by Sir William Van Horne, with its head office in Montreal; and there are railways in Mexico and South America with head offices in Canada; so the argument of the honourable gentleman does not hold good.

My honourable friend has said that the Canadian Pacific railway is the best railway in the world. I must admit that it would have been almost impossible to find a better man for the position he occupied than Sir William Van Horne. I am willing to take off my hat to him as the best railway man we ever got from the United States, and I do not know of any better in Canada; but if the Grand Trunk Railway had got \$347,000,000, it would have been as prosperous as the Canadian Pacific.

The honourable gentleman has said that the Grand Trunk is a mendicant at the doors of Parliament. Well, during the last 65 years it has brought \$430,000,000 into the country. If there are any mendicants of that kind in Hamilton I would be glad if my honourable friend would send them to my door in Montreal. If ever men gave money cheerfully, the shareholders of the Grand Trunk Railway company have done so. Show me any other railroad promoters who have put their own money into railway enterprise. There are 65,000 shareholders of the Grand Trunk in England to-day, and when the company wants money it can raise it among its own shareholders. In June, 1915, the day on which Scarborough was bombarded, when telegraph lines were down and communication was cut off, within the short space of five hours the Grand Trunk Railway company raised \$12,500,000 in London among its own people. If my honourable friend thinks that looks like the action of a mendicant, I certainly must differ from him. I do not want to say anything in disparagement of those who organised the Canadian Pacific Railway company; but there is a great difference between the Grand Trunk Railway company's shareholders and the members of the syndicate that organized the Canadian Pacific Railway company. The whole syndicate could not scrape up from all its members \$2,000,000. That has not been denied. A few years afterwards the same people could raise \$100,000,000. They received very different treatment to that meted out to the shareholders of the Grand Trunk. The stock of the Canadian Pacific was allotted at 25 cents on the dollar, but paid a dividend of 6 per cent on the par value of the stock, and after five years they had all the money which they had invested, with interest, and they still had the shares. No wonder that company has been prosperous. On the other hand, the \$30,000,000 put up by the shareholders of the Grand Trunk railway never

paid a cent in dividends. There is one feature which is worthy of notice: the Grand Trunk Railway company never defaulted in any of its obligations. How many railroads across the border, and even in Canada, have been in the receiver's hands, some of them several times, while the Grand Trunk has met its obligations without aid from anybody.

The honourable gentleman from Hamilton has said that the Grand Trunk railway lacks equipment. Will he be surprised to hear that the Grand Trunk railway has more cars per mile than any railroad in Canada? The only railroad that I know of which has more cars per mile than the Grand Trunk, is the Michigan Central, which is only a short line.

A great deal has been made of the fact that the Grand Trunk Railway company lost a golden opportunity when it did not undertake to build what is now the Canadian Pacific railway. We know that Sir John A. Macdonald and Sir Adolphe Caron went to London to try to induce the Grand Trunk Railway company to build the Canadian Pacific railway; but what we do not know is what inducement was offered. I see the honourable member for Hastings (Hon. Sir Mackenzie Bowell) smiling. Perhaps he knows: he was in the Government at that time. Those who were interested in the Grand Trunk railway could not have dreamed of the generosity of the Government.

Hon. Mr. LYNCH-STAUNTON: They lived too far away.

Hon. Mr. CASGRAIN: In 1882 the building of the Canadian Pacific railway was commenced, and the company got \$25,000,000; yet in 1884, when the loan of \$30,000,000 was made, the company was hopelessly bankrupt.

Hon. Sir MACKENZIE BOWELL: They paid it all back.

Hon. Mr. CASGRAIN: Certainly, every dollar. Sir William Van Horne came here, saw Collingwood Schreiber, and spent the whole morning trying to induce the Government to give them some assistance. When Mr. Schreiber held out no hope—so the story goes—Mr. Van Horne actually wept. When he was going back he met Sir Francis Smith and Mr. Stephen, now Lord Mountstephen, at the old Russell House, and they said to him: "Stay in Ottawa forty-eight hours and we will see what we can do."

Hon. Sir MACKENZIE BOWELL: You can make that statement shorter by saying that the money was advanced and that it was all paid back.

Hon. Mr. CASGRAIN: Certainly. Sir Francis Smith then saw Sir John Macdonald and told him—

Hon. Sir MACKENZIE BOWELL: You might add this, too, that when they were in difficulties the late Lord Strathcona gave his own money to help them.

Hon. Mr. CASGRAIN: Sir John A. Macdonald, in conversation with Sir Francis Smith—according to his biographer, Sir Joseph Hope—said: "I cannot do any more; I have done enough. If I do anything, I shall be put out." Sir Francis replied: "You will be put out if you do not, so you might as well do it anyway." How could the directors of the Grand Trunk railway dream that such assistance would be given?

I think that the Imperial Government would be absolutely justified in vetoing a Bill proposing to take away the Grand Trunk railroad from the 65,000 shareholders of the Grand Trunk Railway company, and I am sure that His Majesty would be well advised if he exercised his power of disallowance with respect to such a measure.

The Grand Trunk charter was granted in 1852 and building commenced in about 1853. To obtain a fair view, the mind must be carried back to the position at that time, and the promoters of the railway must not be judged as if in 1853 they were possessed of the knowledge and experience possessed by those living to-day who have seen the growth of railways in Canada during the last sixty-five years. The Grand Trunk was the first railway built by British capital outside of the British Isles. No Government assistance was rendered, and the money to start the work had to be procured in London. The only means of obtaining it there was to associate such names known in London as would command public confidence. This was done. The house of Baring Bros. was associated with the enterprise, as also were Messrs. Peto, Brassey, Betts, and Jackson, the eminent contractors. One of the oldest and best-known banks in Great Britain, with a world-wide reputation, Messrs. Glyn, Mills, Currie, and Company, became the bankers of the company and have remained so up to the present. The undertaking was indeed a venturesome one.

My honourable friend does not believe that the recommendations in the report should be carried out.

Hon. Mr. LYNCH-STAUNTON: I will tell the honourable gentlemen as to that when it comes before the House.

Hon. Mr. CASGRAIN: If the honourable gentleman's ideas prevail, the oldest railway in Canada, which on its own resources has done more for the country than any other, is to be held to its bargain with the strictness of a Shylock, while the Canadian Northern railway and the Canadian Pacific railway, both with Canadian boards, are to receive and continue in the enjoyment of the enormous benefits which

the Canadian people have so liberally granted. If ever there was a case of harsh treatment, it was when a great company which has had a long and honourable career, especially at such a period as this, should have its difficulties increased by every possible means being used to injure its credit.

I apologize, honourable gentlemen, for speaking at such length. I regret very much the uncharitable remarks that were made about the directors and about hirings of the company. If I have spoken with a little heat it is only because, having had the advantage of knowing Mr. Wainwright, I regretted deeply the remarks that were made.

