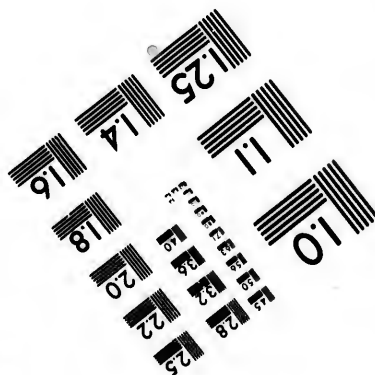
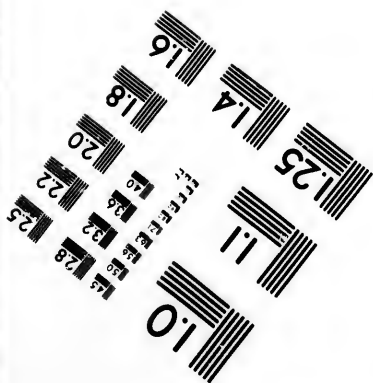
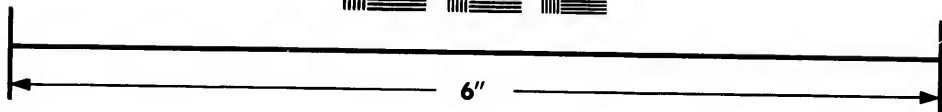
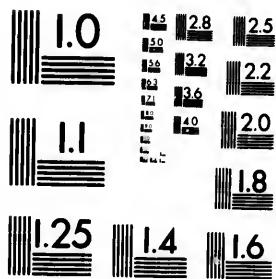


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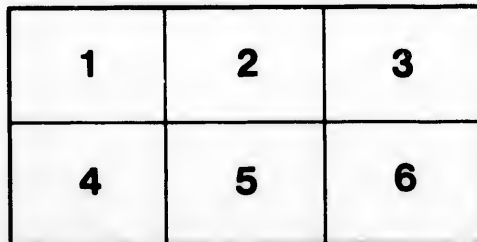
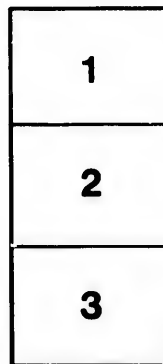
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CHIGNECTO

**Marine Transport Railway
Company, Ltd.**



STATEMENT

FOR THE

Dominion Government and Parliament.



OTTAWA :

Printed at the office of Thoburn & Co., 36 Elgin St.

1895.

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Chignecto Marine Transport Railway Company, Limited.

*To the Honorable the Members of the
Canadian Senate and House of Commons.*

GENTLEMEN,—

As the Acts authorising the contract for the construction of this Railway have expired by limitation of time, I have come to Canada on behalf of the investors in the Company, to ask for their re-enactment, in order to enable the Company to proceed with and complete this notable Public Work on which, under the authority of the Acts now expired, they have already expended \$3,500,000, and executed nearly three-fourths of the undertaking.

For the information of members of both Houses, I have prepared the following statement in order to place before you, in a brief form, the chief facts and circumstances relating to the present position of the Works.

I am,

Honorable members of the Canadian Parliament,

Your most obedient servant.

A. D. PROVAND,

A Director of the
Chignecto Marine Transport Railway Co., Limited.

CHIGNECTO MARINE TRANSPORT RAILWAY CO., Limited.

PRE-PARLIAMENTARY HISTORY OF THE SCHEME. °

In order to present a connected statement a brief notice of this is necessary.

For many years before the original Concession Act of the Railway was passed in 1882 successive Canadian Governments had considered it was necessary to make a Ship Canal across the Isthmus of Chignecto, between the Gulf of St. Lawrence and the Bay of Fundy, in order to avoid the long journey by sea, around Nova Scotia, for vessels trading between ports on the St. Lawrence and ports in the Bay of Fundy and the United States. This idea, however, did not take any practical shape until November, 1870, when a Royal Commission was appointed,

“ To institute and make a thorough enquiry as to the best means of affording such access to the seaboard as may best be calculated to attract a large and yearly increasing share of the trade of the North Western portion of North America through Canadian waters, as well as a thorough and comprehensive improvement of the Canal System of our said Dominion, on such a scale and of such a character as would best tend to afford ample facilities for the expansion and due development of its growing trade and commerce ; and in such enquiry to consider the whole subject in all its bearings, as well in a commercial as in an engineering point of view, with the object of obtaining such reliable information thereupon as may furnish the necessary data on which to base a plan for the improvement of the Canal System of our said Dominion of a comprehensive character, and such as will enable Canada to compete successfully for the transit trade of the great Western Country ; and especially to enquire into the public works and improvements hereinafter enumerated, that is to say, &c.”

The Chairman of the Commission was Sir Hugh Allan and all the Commissioners were selected on account of their knowledge of the Mercantile conditions and requirements of Canada ; their thorough acquaintance with shipping or of their exceptional experience as engineers. Mr. Samuel Keefer, the well-known Civil Engineer, was appointed Secretary.

A list of twelve canals was included in the reference to the Commission, and the Commissioners adopted a categorical method of enquiry. They divided the canals to be reported upon into classes, and amongst the works of the first class to be proceeded with,

“ As soon as the means could be granted for this purpose,”

was the Baie Verte Canal, and a survey and estimate of the cost was carried out at the instance and expense of the Dominion Government.

The Royal Commissioners, in their report, said :—

“The evidence submitted points out with remarkable force and unanimity the necessity of opening a highway for commerce between the Gulf of St. Lawrence and the head waters of the Bay of Fundy, through the Isthmus of Chignecto dividing them,”

and so impressed were they with the truth of this that they submitted a special report, prepared by the Secretary of the Commission and endorsed by one of their own body, both of whom were civil engineers.

There was doubt as to the cost of the undertaking, but in reference to this the Commissioners said :—

“If the plan that is cheapest of accomplishment cannot be carried out because nature has not given the necessary facilities, the interest of commerce in this project is too great to be balked by an expenditure we did not at first anticipate. It demands the speedy opening of the channel, and will justify its construction almost at any cost.

Many other quotations could be given to show the great national value placed on this work, and the importance attached to it by leading public men.

A report, with specifications and estimates, was thereafter prepared for the Government by Messrs. Keefer and Gzowski, eminent Canadian engineers; and they placed the approximate cost at \$5,317,000.

The Government then intended to carry out the work, and Lord Dufferin, in his speech at the opening of the Session of 1873, at the time the above report was issued, used the following language :—

“I am glad to inform you that plans and specifications for the enlargement of the Welland, and the construction of the Baie Verte Canal, have been completed, and that the works can now be put under contract. The surveys for the St. Lawrence Canals will, I am assured, be finished in time to commence the works at the beginning of next year. This will ensure the completion of all these great works at the same period.”

The Government were thus pledged to carry out the Baie Verte Canal, and accordingly \$1,000,000 was included in the estimates of 1873-74 to commence the work. However, before expending any part of this money, the estimate was referred for revision to Mr. John Page, Chief Engineer of Public Works, and after a careful and exhaustive examination he reported that, in his opinion, Messrs. Keefer and Gzowski had under-estimated the cost, which he found would probably amount to \$7,100,000. As this was considerably in excess of the estimates upon which the Government intended to set aside the first \$1,000,000 for the purpose of beginning operations, the work was for the time being postponed. According to further estimates afterwards prepared, the cost might have been as high as \$9,000,000, or even \$10,000,000.

This suspension continued until 1880, when Mr. Ketchum, a Canadian civil engineer, placed before the Government proposals for a Ship Railway instead of a Canal, as being a cheaper and better method of supplying the necessary transportation requirements across the Isthmus.

Mr. Ketchum's proposals for a Ship Railway were referred by the Government to the Chief Engineer of the Department, Mr. Collingwood Schrieber, C.M.G., who, after an examination of the proposal, made a report on 4th February, 1882, in which he said :—

" After a most exhaustive enquiry they reported (vide page 50, letter of Canal Commission) that inseparably connected with the growth of the Intercolonial trade is the construction of the Baie Verte Canal across the Isthmus connecting the Provinces of Nova Scotia and New Brunswick. The advantages that must accrue, not merely to the Dominion as a whole, but to the commerce of the Maritime Provinces, are so clearly pointed out by the Boards of Trade of all the leading cities of Canada and by men interested in our Commercial interests, not simply the merchants of St. John and other places in the locality of the proposed canal, but merchants of Hamilton, Toronto, Ottawa, Montreal and Quebec that it is superfluous for the Commissioners to do more than point briefly to a few salient features of the scheme:—

" On page 51 the Commissioners state the distance from Shediac to St. John by the present route via the Gut of Canso to be 600 miles. This distance would be reduced by the construction of the Baie Verte Canal to about 100 miles and freights would be in their course diminished by 25 per cent., greatly benefitting the coal trade and fisheries and increasing the volume of general business.

• • • • •
" It is Canadian in design and must prove national in its results. • • • • •

" The Commission, after a most exhaustive enquiry, appear to have concluded that the passage of ships through the Isthmus of Chignecto, without breaking bulk in their cargoes, is a matter of very great importance. This object Mr. Ketchum proposes to accomplish by means of a ship railway which he offers to construct, operate and maintain in consideration of a subsidy of \$150,000 a year for 25 years, which, capitalized, is equal to the sum of \$2,343,312."

Mr. Schrieber also recommended that if the government assisted the undertaking, it should be by an annual payment commencing with the opening of the ship railway for traffic and continuing so long as the railway is efficiently maintained and operated, not exceeding the specified term, and these recommendations were afterwards embodied in the Company's Act.

The foregoing shows that the different governments of that period considered that a channel for the accommodation of the commerce of the Maritime Provinces across the Isthmus of Chignecto was a pressing necessity and in this view they were fortified and sustained by the conclusions come to by the Royal Commission expressly appointed to enquire into the subject.

PARLIAMENTARY HISTORY OF THE SHIP RAILWAY.

The public interest which had hitherto been so favorable to the Ship Canal was now transferred to the Ship Railway, and in 1882 the Government passed two Acts, one of them incorporating the Chignecto Marine Railway Company (Limited), and the other one granting a subsidy of \$150,000 per annum for twenty-five years. In the preamble of the former Act the necessity for the work was again confirmed in the following passages :—

" Whereas the construction of the said railway would be to the general advantage of Canada, and specially conducive to the development of the commercial interests and the coasting trade of the Maritime Provinces of the Dominion."

And in clause 16 of the Act :—

“ It is hereby declared that the construction of the said Railway is of general importance, and a work for the general advantage of Canada.”

In the Subsidy Act the case for the railway was more fully stated :—

“ In consideration of the great advantages which would accrue to the Maritime Provinces and the inter-colonial trade of Canada generally from the construction of a ship railway across the Isthmus of Chignecto from Tignish to La Baie Verte, in the Gulf of St. Lawrence, to a point at the mouth of the River La Planche, on the Bay of Fundy, and of the proposal made by Mr. H. G. C. Ketchum, on behalf of a company formed and to be incorporated as ‘ The Chignecto Marine Transport Railway Company ’ (Limited), and approved by the Governor in Council on the report of the Minister of Railways and Canals, after consultation with the Chief Engineers of the Department.”

The general desire of Canada to see the work carried out was manifested in many ways. The province of Nova Scotia purchased from the owners and granted to the Ship Railway Company without payment all the lands required for the purposes of the undertaking. Boards of Trade in important cities passed resolutions cordially supporting the enterprise on account of the commercial advantages that it would confer when completed.

An amending Act was passed in 1883 and a fourth Act in 1886, altering the subsidy from \$150,000 per annum for 25 years to \$170,602 for 20 years and the Schedule to this Act is the Contract between the Minister of Railways and the Canadian promoters who formed the Company and who were named in the incorporating Act of 1882.

As the time named by the Act of 1886, to carry out the work, was largely occupied in preliminary surveys and estimates that were indispensable in a novel engineering enterprise of this character, Parliament passed an Act in 1888, extending the time for the completion of the work from the 1st July 1889 to the 1st July 1892. The object of passing these Acts was to enable the Canadian promoters to obtain capital in London to build the Ship Railway, and this was stated in Parliament with the utmost plainness and had the approval of the Parliamentary Leaders and the Finance Minister of that day, as follows :—

Sir John Macdonald, then Premier of Canada, in speaking in the House of Commons on the 11th May, 1882, when the first Act was before the House, said :—

“ The amount we are called upon to expend is comparatively small, and we are not called upon to expend that until we have assurance of its success. I think the Government is to be congratulated on taking up the matter in the way it has.”

On the same occasion, the Hon. Alexander Mackenzie, the Leader of the Opposition, in speaking of the principal promoter of the Ship Railway, said :—

“ He will be able, no doubt, to obtain the money in the English market with the guarantee of the Canadian Government.”

And on the 19th April, 1888, when the final Act given to the promoters was passing through the House, Sir Charles Tupper, then Finance Minister, said :—

"The Government is not asked to pay any money but simply to enable English capitalists to furnish all the money required, and to give us the work at half the cost we could obtain these advantages in any other way."

The foregoing shows the position of the enterprise when it was brought to London to be financed :—Down to this time the scheme was entirely that of the original Canadian promoters, incorporated by the Canadian Parliament as a Company, who spent their own money in obtaining all the necessary legislation above mentioned. The Ship Canal originally proposed was to be constructed at Government expense, and a Ship Railway was afterwards deliberately adopted, on account of its superiority, as a means of carrying vessels from sea to sea, and of its cheapness, as the payment of a subsidy to the Railway Company would be more economical to Canada than constructing a Ship Canal. The final estimated cost of the Ship Canal was between \$9,000,000 and \$10,000,000, whereas the capitalized value of the subsidy to the Railway Company is only \$2,343,000. By the change from a Ship Canal to a Ship Railway, Canada was therefore obtaining a better service for about one-quarter of the cost, free also from the liability to pay anything whatever unless the Railway was completed to their satisfaction and operated successfully.

It was solely Canadian money which was expended in preliminaries by the Canadian promoters. Successive Ministries repeatedly voted public money in the estimates in connection with providing a means of transportation across the Isthmus of Chignecto. The Municipal Council of the County of Cumberland, Nova Scotia, through which the line passes, provided all the land free of expense to the Company. The scheme, therefore, came to us with every Parliamentary, Ministerial and Municipal guarantee in its favour.

Government Commissioners and leading Canadian engineers, including Mr. Collingwood Schrieber, the Deputy Minister of Railways and Chief Engineer to the Canadian Government, reported in its favour. Leading Boards of Trade and public bodies passed resolutions of approval. No enterprise has ever come to London, in order to be placed before our investors, more completely fortified, than this one was, by evidence and guarantees that it was desired by the Canadian Government and people as a necessary public work, or with more complete assurances for its practicability and success.

The Canadian promoters had engaged Sir Benjamin Baker, K.C.M.G., the eminent engineer, who twice visited Canada, and examined the proposed works on the spot, and after his return the second time, on July 14th, 1888, he made a Report, in which he said :—

"My personal inspection satisfies me that no physical difficulties would be encountered in carrying out the works."

Sir John Fowler, K.C.M.G., Sir E. J. Reed, K.C.B., Sir Nathaniel Barnaby, K.C.B., and other eminent and able authorities also reported favorably respecting the enterprise,

On his second visit to Canada, Sir Benjamin Baker took out with him a set of plans of the proposed works, which were approved, and in a Report of a Committee of the Honourable the Privy Council, approved by His Excellency on the 23rd May, 1888, there is the following passage :—

“The Minister recommends that approval be given thereto as representing the standard and specification ; completion of the said works in accordance with which will be regarded by the Government as entitling the Company to the subsidy contemplated by the Act aforesaid.”

The early history of this enterprise proves that it had stood the test of a full and complete examination in Canada, and had obtained general sanction and approval, even to the plans by which it was to be carried out. It had been demonstrated that the Railway would provide the necessary means of transportation across the Isthmus for a much smaller sum than the Government itself would have had to expend on a Canal far less adequate to meet the requirements of trade.

WHAT WAS THEN DONE IN LONDON.

The report of Sir Benjamin Baker was received at the end of July, 1888, and a contract was entered into for the completion of the Railway with Messrs Meiggs & Son, contractors, of Dashwood House, London, who before this had successfully carried out many railway contracts larger than this one in the Argentine Republic and other parts of South America. Their reputation and financial position entitled them to the complete confidence of the Directors. The construction contract was signed on the 16th October, 1888. A sub-contract for the supply of the hydraulic machinery was signed on 31st December, 1888, and the other contracts in connection with the work were signed late in the same year or early in 1889, and it was not possible in a work of this novel character, to settle these important contracts sooner.

The Capital issues of the company were to be £700,000 in Debenture Bonds and £300,000 in Preference Shares. Early in March, 1889, the Company was ready to place these issues on the market when it was discovered that *after* the Company's Act had been passed in the previous year a General Railway Act had also been passed, and in section 93, subsection 4 of this Act, it says, after defining the extent of borrowing powers :—

“ But no Bonds or Debentures shall be issued until twenty per centum of the cost has been actually expended on the work.”

On this account the Directors could only issue the £300,000 in Preferred Shares which were subscribed for on the 20th March, 1889. They had then to wait until the bulk of this money was expended on the work and could not issue any Debentures until the 22nd November following, say eight months after, and on account of the change which had meantime come over the money market they could only succeed in obtaining subscriptions for £250,000 out of a total of £700,000 authorized. Had it not been for sub-section 4 of

section 93 in this General Railway Act they would have placed the whole of the capital in the beginning of 1889. To this legislative restriction is ascribable the suspension of the work by the contractors and all the misfortunes that have subsequently befallen the Company. This fact is the more regrettable as the inutility and practical defect in the Railway Act was afterwards recognized and admitted, and the Canadian Parliament repealed that particular sub-section by the Act, Chapter 27, of 1892, see section 4.

THE CONSTRUCTION OF THE RAILWAY.

The preliminary preparations had been carried out in 1888, and the work of construction was commenced as early in 1889 as the climate would permit, and was afterwards carried on as vigorously as possible. But many difficulties arose. There was an unprecedented rainfall which kept the ground in a flooded condition for the greater part of a season. Delays were also caused by extra excavations found necessary in making the docks, these having to be carried 24 feet deeper than was originally calculated. The supply of labour was also limited on account of large railway works being carried on in the neighbourhood, preventing the sub-contractors from being able to procure a sufficient number of men. A part of the land over which the track passed was found to be so boggy that immense excavations and fillings, far beyond what had been estimated, were found to be necessary. The financial position also became threatening, and in the following year the sale of the Company's securities became impossible on account of the crisis which was then upon us, and which culminated in the stoppage of Baring Bros.

The work of constructing the Railway proceeded until the autumn of 1891, when nearly three-quarters of it was done. Besides this work the contractor had undertaken extensive public works in the Argentine Republic, and those from whom he had to receive payment defaulted, and shortly afterwards he found he had exhausted his means, debentures had meantime been paid to him as the work went on, but he could not place them with the public, and was compelled to suspend his operations. The Company had then to seek for another contractor to finish the railway. The Directors desired to get a Canadian contractor to do so, but the difficulties in this respect were insurmountable.

WHAT FOLLOWED THE SUSPENSION OF CONSTRUCTION.

In the Spring of 1892, Mr. Provand, one of the Directors, came to Canada, laid the position of the Company before the Government, and asked for legislative authority to issue Preference Bonds for a sufficient amount to complete the works. Parliament therefore passed an Act authorizing the issue of First Preference Mortgage Bonds to the amount of £350,000, and on the 9th of July, 1892, the Government granted an Order-in-Council promising to move the Legislature to extend the time for completing the work on the following terms:—

“ That, provided that the works necessary to complete the railway and appurtenances are actually in progress, and the Company establishes to the satisfaction of the Governor-in-Council that it has secured all the capital necessary fully to finish and equip the railway, docks and other works of the Company, in all respects according to the requirements of the contract above mentioned, on or before the 1st July, 1894, and that an extension of time to the said date for the completion thereof is necessary, the Government, at the next session of Parliament, will recommend to Parliament the legislation necessary to extend until the 1st July, 1894, the time within which to complete said railway and appurtenances according to the said contract.”

The Act authorising the issue of £350,000 prior lien bonds was adopted, and the Directors issued a letter to the Debenture and Shareholders asking them to subscribe a sum sufficient to complete the work; but on account of the continued financial embarrassment, the promises of subscriptions came to only £100,000, whereas about £280,000 were required to complete and equip the Railway.

Early in 1894 the Company succeeded in making a provisional arrangement with Messrs. Pearson & Sons, contractors, of Victoria St., London, to complete the Railway, who sent engineers to report on the condition of the works. They arrived in Canada before the snow was off the ground, inspected them, returned to London and reported early in June that they were willing to undertake its completion. The Debenture holders thereupon subscribed the necessary capital.

These arrangements were completed in June, a statement was forwarded to Sir Charles Tupper, the High Commissioner, and the following telegram by Mr. Provand :—

To the Right Hon. Sir JOHN THOMPSON, Ottawa.

We have now secured the capital to complete the Chignecto Railway and have settled with first-class firm of contractors to commence the works immediately if we receive an extension of time sufficient to complete them say two years for which I now apply on behalf of the Company.

PROVAND.

To which a reply was received from Sir JOHN THOMPSON that it was then too late in the session to consider the question.

On the 1st July last year the time provisionally promised by the Government to complete the works expired, and Mr. Provand came to Canada, but Parliament had already prorogued and nothing could be done.

The Hon. Mr. Foster, when in London last October, received a deputation of the Share and Debenture holders at the office of the High Commissioner and in reply to their request that the question of the Railway Company's concession should be considered by the Government as early as possible he said :—

“ Conditions always accompany the grant of a subsidy, and if the conditions are not fulfilled the Government is not legally responsible at all for the payment of the money. The Government, however, in this matter is bound to take in other considerations than those of strict and absolute legality, and I can assure you—and that is as far as I can go in an assurance as a responsible member of the Government—that the Government will take this

“matter up as was promised Mr. Provand, and we will give it our best consideration on the grounds of what might be called moral obligations—of how it may affect credit, and also, as we are primarily bound to do, in respect of the best interests of our own people for whom we are trustees and for whom we are bound to act with great care and prudence. I think you are perfectly right in asking that you should have a decision upon this question as soon as possible. It has been impossible, and I may say it is impossible, to have a question of this gravity considered without what we call a full meeting of council, and circumstances during the holidays have rendered it impossible for the Government to be assembled in force.

Mr. Provand also saw Sir John Thompson when in London, who was too unwell to receive a deputation, but stated that he had read and agreed with what Mr. Foster had said to the deputation, and that he would write the company a letter stating so. This promise was made only two days before his untimely death; he was then preparing to go to Windsor, and had no opportunity to carry out his promise.

Mr. Provand has now come to Canada to ask for a revival of the Acts embodying the Concession and Subsidy to the Company with sufficient time to complete the works.

The foregoing is a brief account of how the Company came into its present position. There are several points, however, which it is necessary to set out with some detail in order to prevent misapprehension as to where the responsibility lies for what has befallen the enterprise.

APPLICATIONS TO PARLIAMENT.

It has been stated by public men that the Company has made many applications to Parliament for extensions of time and financial assistance. This is true in a technical sense only. Down to 1889 the “Company” to the knowledge of the Canadian Government and Parliament was only the scheme of Canadian promoters whose names are set out in the Act of Incorporation passed in 1882; but the “Company” since 1889, is the Share and Debenture holders who found the capital and carried out the work. From 1882 to 1889 there were five Acts of Parliament passed in connection with the Company of Canadian promoters, but it cannot be said that the present investors either asked or received anything from the Canadian Parliament previous to 1889. They did not exist before that year and the declared object of all the Acts previously passed was to call them into existence. The present investors have been connected with the Company only since March, 1889, and since then the only applications made to Parliament on their behalf were in 1891 when a year’s extension of time was granted, and in 1892, when the Act was passed authorizing the issue of First Preference Debenture Bonds. With these two exceptions all the applications to Parliament were made by the Canadian promoters while they constituted the Company, and not by the present investors who are those now seeking relief and who are entitled to be considered.

RESPONSIBILITY FOR DELAYS.

There is no doubt that the time in which it was calculated the work could be carried out was much too short, the contractors were too sanguine; they were unacquainted with the climatic conditions of Canada, in which they had never carried out any work; besides which they relied on the customary rule observed by governments, namely to grant whatever extension of time is necessary to complete works when those executing them are showing their *bona fides* as in this case. It must be remembered the Ship Railway is a new and unique enterprise; much of the dock work had to be carried out under water; and in any case it could not have been completed before the close of 1893, and probably not earlier than the summer of last year. Work cannot be commenced in an average year at Chignecto before the beginning of May nor continued after November, say seven months in each year. The circumstances under which the work was delayed and finally suspended were entirely beyond the foreknowledge or control of any one—facts admitted by the Canadian Government, who have also recognized the energy and thoroughness with which the Company carried forward the work. The excessive wetness of seasons, the difficulties of obtaining labor, the extra depth to which the docks had to be excavated, the instability of the soil found under parts of the track could not have been foreseen. Therefore in asking for increased time to complete the work the Company is really doing no more than seeking to be permitted to carry out the object for which it was expressly created and obtained its capital.

The Directors never thought there would be any hesitation on the part of the Government in granting sufficient time. Their chief object was to secure a contractor unexceptionable as to financial strength and otherwise, in order that the work might be completed to the satisfaction of the Government. This is shown by a letter written by Mr. Provand to Sir John Thompson in August of last year in which he said:—

“ In speaking to you at Muskoka about the loss of time in obtaining the services of a Contractor to complete the work, I quite forgot to mention to you that a firm in London offered last year to do it. Although the firm was highly respectable, we did not think that they were strong enough to carry out the business, and consequently their proposals were not accepted. On this account their representative wrote to Sir Charles Tupper in London, reflecting on myself personally, to whom he ascribed the refusal to accept their offer, and Sir Charles allowed me to read the letters he had received, of which, of course, I took no notice. I mention this to show that if we had considered our position as at all precarious, or that there was the slightest doubt of our obtaining the time required to complete the works, when we were able to recommence them, we might have accepted this firm's offer, in order to ask you last year for a fresh Act. But we never took this view of our position, and would not therefore contract with a firm in whom we had not the most implicit confidence that they were in every respect competent to complete the work to the entire satisfaction of the Canadian Government.

The foregoing extract shows what the Directors considered to be their duty in the circumstances.

When the contractors suspended operations in the Autumn of 1891, it would have been most inequitable if they had been at once dismissed from the work, as it was hoped and thought that their difficulties would be only temporary. This opinion was held by the contractors themselves, the sub-contractors, the Company and by the Canadian Government itself, as in the letter from the Finance Minister to the Company of 21st January 1892, he speaks of the "unusual and untoward circumstances which have been mainly instrumental in producing what it was hoped would be only a temporary embarrassment." Nor in any case would it have been possible to put a fresh contractor on the works immediately. An accounting had to be made with the contractors, which occupied a long time, and everyone familiar with changing contractors in carrying out important public works knows that to do so requires much time, care and labour. Besides this, there were delays for which the Company cannot be considered responsible, for example—it has been prepared to continue the work since June last year, but from circumstances known to everyone it has been impossible for the Canadian Government to consider their application until the present time, and this accounts for the delay of about a year.

In considering the delays it must not be forgotten that they all arose out of the inability of the Company to issue the whole of its capital in March, 1889, when the public would have taken it readily, and this was the direct consequence of compliance with the fourth sub-section of clause 93 of the General Railway Act of 1888, which was afterwards repealed in 1892. When the Company had carried out the terms of that Act, the financial conditions had so much altered that it became only possible to sell a portion of the Debentures, and this led to the contractors being compelled to suspend the work. This fact renders it superfluous to offer explanations for subsequent delays, when the cause of the whole of them was the position in which the Company had been placed by the Railway Act of 1888.

THE PRACTICE OF GOVERNMENTS AS TO GRANTING EXTRA TIME.

It is rarely the case that a public work of any magnitude is completed within the original time, and in cases like that of the Chignecto where the *bona fides* of the investors is beyond question, extensions of time have been asked and granted by Governments as a matter of course. Not only has this been the case, but many Governments have assisted large undertakings of this kind financially, although under no obligation to do so. Although penalties are sometimes in a contract they are rarely exacted, and then only to meet actual loss; but in this case it is the investors alone who have suffered by the delay. No person or interest in Canada has been prejudiced by the delay nor will be by the further time required to complete the work. In the present instance to refuse time to complete would

be to exact a penalty amounting to the whole of the \$3,500,000 already expended, as the unfinished work is without value. This would be enforcing a hitherto unheard of penalty for a technical default by which no one has suffered save the investors themselves.

The following letter from Mr. R. D. M. Littler, Q.C., leader of the Parliamentary Bar in England, shows how public enterprises of this kind are dealt with by the British Parliament :

" 2, PUMP COURT, TEMPLE,
" 30th Oct., 1894.

" My Dear Mr. PROVAND,
" CHIGNECTO.

" I very much fear, as I told you, that I shall be unable to be with you in your attendance on the Finance Minister to-morrow owing to the shortness of the notice and a very imperative previous engagement. I should have much liked to have been with you, representing as I do £40,000 of solid money invested in reliance on what we believed, and still believe, to be the deservedly good name for absolute good faith of the Government of Canada.

" Of course, on most of the questions I cannot pretend to speak with anything like the authority of those intimately connected with the City, but on one point I am clear, and that is, that now nearly thirty years' experience of the practice of both Houses of the English Parliament assures me that, under such circumstances, not a single Committee of either House could be found to refuse an extension of time to those who had expended their money under very great difficulties, and that even were it necessary to again and again renew the application. I believe I am absolutely right in saying that no single railway work in London in the last forty years has been made within the time originally limited. Many have had ten or twelve years' extension. It is true that there was not in most of these cases any question of guarantee, but that makes the position stronger; for here not a soul would have invested his money in Chignecto, save in the belief that Canada gave the guarantee because she wanted the railway and was determined to have it. Their country has suffered no loss save that of the delay of the advantage of the works as completed (while it has received the gain of the outlay of our money), but we, on the contrary, have lost heavily in interest on our outlay and in all the expense of endeavouring to complete. Not unnaturally, British investors deem that these arguments—irresistible at home—should prevail in case of need in Canada. I own I feel the less regret at my inability to attend when I think of the moral position we hold.

" I cannot conceive it possible that an answer can be found to your arguments which would satisfy not only us who *have* invested but any person asked in the future to invest on the faith of Canadian Guarantees. Yours truly,

" (Signed)

R. D. M. LITTLER."

WILL THE RAILWAY PAY?

Mr. Provand, on his two last visits to Ottawa, has been told that opinion has changed in reference to the commercial value of the Chignecto Railway, and that doubts now exist as to the possible traffic. So far, these statements have been nothing more than surmises; no figures have been given nor has any official or responsible person said a word on the subject; these opinions are therefore disentitled to any credence. But even if they were true they would not affect the position of the Company, nor abate in the slightest degree the responsibility of the Government. It is now too late to discuss the commercial probabilities of the Railway if the object is to discredit the enterprise. It is common knowledge that the supply of the means of transportation creates traffic and this result will to a large extent follow the opening of the Ship Railway. Those best qualified to speak on the question, namely, the Royal Commissioners

appointed to examine into the necessity for a commercial highway across the Isthmus of Chignecto, reported strongly in favor of it. Boards of Trade in many Canadian towns passed resolutions supporting it. The evidence both official and unofficial, but all coming from responsible and well-informed sources, indicated that the Railway was a real commercial necessity and that it would have ample traffic to be a commercial success; therefore, who ever now throws doubt on its future possibilities must first explain why those best qualified to speak on the subject said so much that was favourable to the Railway before the investors had put their money in it. Not a syllable tending to discredit its future was heard until after the investors had spent \$3,500,000 on the enterprise, every dollar of which was laid out in Canada except the sums paid for hydraulic machinery and material which could not be obtained here.

Those who now make idle statements with the view of prejudicing the Company are making a mistake, as they cannot harm it; but they may lead reckless and irresponsible persons to attempt to discredit their own people, by imputations which, if true, could only show that the Share and Debenture holders had been too confiding, when they invested their money on the faith of statements of leading public men in Canada, and on the Acts of the Canadian Parliament.

If the statements respecting the commercial future of the railway, made in order to induce the investors to take up the enterprise could be shown to be unfounded there would rest on the Government of that day and its advisers a very grave responsibility. The Directors are, however, aware that it is impossible to do so, and know that the statements made and Acts passed, on the faith of which the Company was financed were bona fide and intended for the permanent and not merely for the temporary benefit of Canada. It is painful for them to have to notice such statements, but they feel they must do so, as those who utter them intend them to be taken as arguments against granting the request of the Company for relief, the fact being that if they had even a symptom of foundation they would reflect adversely on their own people.

When in Canada last August Mr. Provand sent a memorial to the Governor-General-in-Council on behalf of the investors in which he said:—

“ The investors have faith in the commercial prospects of the undertaking, and their confidence is shown by the fact that they have themselves subscribed the entire amount required to finish it, and after completing all that is called for by the Government contract, intend further to provide extra lands, plant and machinery for various purposes, in order to promote traffic and make the railway a success. It is their intention to construct increased wharfage, coal tips, lumber and coal depots, plant for erecting railway ties, etc. They are also prepared to create traffic from the commencement by the promotion of steamboat companies or subsidizing existing lines by free transport or otherwise. To carry out these intentions will take a very large sum in excess of what will be required to complete the original works, and the whole of this outlay will be made in Canada.

REASONS IN SUPPORT OF THE COMPANY'S APPLICATION.

In asking for time to complete it is to be noted that the Government has recognized the excellent way in which the Company has carried out the work so far as it was able to do so. The Hon. Mr. Foster, on 21st January, 1892, in a communication to the Company, wrote as follows :—

“ In coming to this conclusion, the Government desires to recognize the energy and thoroughness with which the Company has carried forward its work, and to express sympathy with it in the unusual and untoward circumstances which have been mainly instrumental in producing what it is hoped will be only a temporary embarrassment.”

In an Order in Council dated 9th July, 1892, reviewing the reasons given in support of the Company's application for extra time, the following are the concluding sentences, in which it is acknowledged that the suspension of the work was owing to unforeseen circumstances :

“ The Minister, under these circumstances, and in view of the large amount of private capital which appears to have been already invested in the works, of the further fact that the works appear to be so nearly completed, that the suspension of the works was owing to unforeseen circumstances, and that it would appear necessary, in order to obtain the further capital and to complete the works, to have the additional time asked for, recommends :—

“ That, provided that the works necessary to complete the Railway and appurtenances are actually in progress, and the Company establishes to the satisfaction of the Governor in Council that it has secured all the capital necessary fully to finish and equip the Railway, docks, and other works of the Company, in all respects according to the requirements of the contract above-mentioned, on or before the 1st July, 1894, and that an extension of time to the said date for the completion thereof is necessary, the Government, at the next Session of Parliament, will recommend to Parliament the legislation necessary to extend until the 1st July, 1894, the time within which to complete said Railway and appurtenances, according to the said contract.”

The Railway is now nearly three-fourths constructed. The work has been done in the best possible manner, and the engineers who surveyed it last year spoke in the highest terms of its condition, although it had been exposed in an unfinished state to three Canadian winters.

The investors placed their money in this enterprise on the faith of the Government subsidy, as the novelty of the venture would otherwise have prevented it obtaining financial support. The Company have to repay to the Canadian Government the subsidy out of profits, after paying interest on their issues ; but even if the subsidy were paid in full during the whole twenty years—an improbable contingency—the total sum received by the Company would be far less than it will expend on the Railway in Canada on material and labour.

Until Mr. Ketchum made his proposal for the Ship Railway, a Ship Canal was to be constructed as a national enterprise, the Ship Railway was substituted

when it was found that private persons would construct it for about one fourth of the amount a canal would have cost. The scheme was brought to London promoted by Canadians and the Canadian Government, whose statements and terms were accepted by the investors, and they have carried out their work in good faith so far as it was possible to do so until "owing to unforeseen circumstances," as allowed by the Canadian Government itself, they were compelled to discontinue the work.

On their behalf I therefore now beg to ask the Canadian Government to re-instate the Company in its former position as to the Contract and the Subsidy with sufficient time to carry out the undertaking.

A. D. PROVAND.

OTTAWA, May, 1895.

