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GRAND TRUNK PACIFIC

A Trans-continental Line Wholly Within the
Bounds of the Dominion of Canada

HISTORY OF THE PROJECT

A Clear Enunciation of a Grand Canadian
Undertaking

CONSERVATIVE LEADERS AT VARIANCE WITH ONE ANOTHER

Liberals United as One Man in this Splendid
Enterprise for the development of a
New and Greater Canada

46 p.

This pamphlet is intended to answer the question, "Why was the Grand Trunk Pacific Railway projected and aided?" and to prove that the opposition to it is confined to a comparatively small section.

THE AGREEMENT.

The title of the Act authorizing the construction of this road is "The National Transcontinental Railway Act." It passed Parliament on October 24th, 1903, and was based on the agreement entered into between the Government and certain gentlemen representing the company to be incorporated, and represented, also, the old Grand Trunk Railway Company. Those who signed were: Sir Charles R. Wilson, (President of the old Grand Trunk Railway); the Right Hon. Lord Welby, C.C.B.; John A. Clutton-Brock; Joseph Price; Alfred W. Smithers; Charles M. Hays; Frank W. Morse; William Wainwright and John Bell.

These gentlemen were men of the highest character, and of large financial responsibilities. They represented the executive force, without which no great undertaking could be carried through. The date of the agreement with these gentlemen was July 29th, 1903.

The terms of that agreement provided that the company should construct a line of railway on Canadian territory, from the Atlantic to the Pacific Ocean, the longest and probably the greatest of any of the great railway undertakings in the world. In consequence of the growth in population, and rapid development of the production and trade of Canada, especially western Canada, and with a view to opening up new territory available for settlement in both the eastern provinces and in the expansive west, it was thought by the Government that the time had arrived for the construction of a second transcontinental railway in Canada. The Government felt it to be their duty to respond to the demand for greater accommodation and transportation facilities. As a fundamental basis of their policy, the Government determined that the road would be a common highway across the Dominion of Canada, from ocean to ocean, and wholly within Canadian territory, feeding and building up Canadian ports.

The Act first ratifies the agreement referred to above, so that it will be useful here to describe the terms of the agreement. It begins by reciting the enormous and rapid development of the Dominion, especially Western Canada, and alludes to the rapidly expanding trade of the Dominion of Canada. It is declared to be in the interest of Canada that a line of railway, designed to secure the most direct and economical interchange of traffic between Eastern Canada and the provinces and territories west of the great lakes, to open up and develop the northern zone of the Dominion, to promote the internal and foreign trade of Canada, and to develop commerce through Canadian ports, should be constructed.

The agreement then sets forth what shall be constructed, viz: "A through line of railway of a standard gauge, between the city of Moncton, in the province of New Brunswick, and the navigable waters of the Pacific Ocean, at or near

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Port Simpson or some other port in British Columbia." The road is divided into two great divisions. The Eastern Division is to begin at Moncton, and to run through the central part of the province of New Brunswick, and through the province of Quebec, by the shortest available line, to the city of Quebec; then westerly through the northern part of the provinces of Quebec and Ontario, and through the province of Manitoba to the city of Winnipeg. The Western Division is to begin at Winnipeg, and to run through the western part of the province of Manitoba, Northwest Territories, and the province of British Columbia.

WESTERN DIVISION.

PRAIRIE AND MOUNTAIN SECTIONS.

For convenient reference, the Western Division is divided into two sections, the "Prairie Section," and the "Mountain Section." The Prairie Section, extending from Winnipeg to the Rocky Mountains, and the Mountain Section from there to the Pacific Ocean.

The company agreed to construct, maintain and operate the Western Division, and to take a lease of the Eastern Division, and to maintain and operate it upon the terms set forth in the agreement. The company were to approve of the character of the construction of the Eastern Division, and were to have the privilege of appointing a chief engineer, to act along with the Government engineer. The construction of the Eastern Division was to be commenced as soon as the Government made the surveys and plans determining the location of the line.

The Western Division was to be constructed by the company, and at the cost of the company, and it was to be commenced forthwith after the ratification of the agreement by Parliament.

The Eastern Division was to be constructed by the Government of Canada, and then leased for a period of 50 years to the company, which undertook to operate it along with the Western Division, and thus form a transcontinental line. This lease was to contain all the provisions required by the Government for securing the efficient maintenance and operation of the Eastern Division by the company. A deposit of \$5,000,000 in cash was required from the company. The first equipment of the completed road was required to be of the value at least of \$20,000,000, of which not less than \$5,000,000 worth should be supplied for the operation of the Eastern Division. The Government reserved running rights for the Intercolonial and every other line over the Eastern Division, upon equal terms with the company, and also running powers and haulage rights over the Western Division.

The Government also reserved to any railway company desiring to make use of the Western Division, running powers and haulage rights, and the company was given the same running powers over the Intercolonial.

FINANCIAL ARRANGEMENTS.

The capital stock of the company was fixed at \$45,000,000, of which not more than \$20,000,000 should be preferred, and not less than \$25,000,000 common stock. The company undertook that the old Grand Trunk Railway Company should take the whole of the common stock, except the thousand shares to be held by directors, and should hold this common stock so long as the bonds guaranteed by the Government remain unpaid.

For the purpose of aiding the company in the construction of the Western Division, the Government guaranteed payment of the principal and interest, on the issue of bonds to be made by the company, for an amount equal to 75% of the cost

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

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

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

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

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

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

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

THE AMENDED AGREEMENT.

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

Mr. Charles M. Hays, general manager, placed the agreement before them, but so tightly had the agreement been drawn, that the shareholders considered that the Government had obtained by far too good a bargain, and it appears that investors would not invest their money under the terms and conditions of that agreement. In other words, the scheme could not be financed; so the company came back to the Government and asked for two or three changes that would better enable them to successfully finance the project. The amended agreement was cabled from London, and published in the Canadian press on the morning of February 9th, 1904. The amended agreement itself is dated February 18th, 1904. The changes approved may be described as follows:—

The original contract made the return of the deposit by the company of \$5,000,000 in cash with the Government, dependent on the equipment of the whole line of railway. By the new agreement, the application of this deposit to the construction and equipment of the Eastern Division is made conditional on government completion of Eastern Division as soon as company completes Western Division. The change permits the transfer of the equipment of the Eastern Division to the Western Division, in case the construction of the Eastern Division by the Government is delayed beyond the time when the Western Division is ready for operation.

The original agreement provided for an issue of bonds, with Government guarantee, conditional upon the Eastern Division being at the time furnished with rolling stock to the value of \$5,000,000, and the \$5,000,000 cash deposit still unforfeited in the hands of the Government. The amended agreement dispensed with the tying up of this issue of bonds with the Eastern Division and the cash deposit. The company is also permitted, in case the Eastern Division is not completed at the time the Western Division is ready for operation, to go on and operate the Western Division, and such portions of the Eastern Division as may, from time to time, be completed, without waiting for the completion by the Government of the whole Eastern Division. The Government proposes that the whole Eastern Division shall be completed at the earliest possible moment, but it seems reasonable to allow the company to operate such portions as were completed, in the event of the whole line not being ready for operation.

Another change was made with respect to the common stock to be held by the old Grand Trunk Railway Company, by providing that the Grand Trunk Railway Company should not be prevented from disposing of such common stock; providing, however, that the Grand Trunk Railway Company must continue to hold the majority of the said stock in such a way as to enable the Grand Trunk Railway Company to control the policy of the new Grand Trunk Pacific Railway Company.

The time originally fixed for the construction of the Western Division was December 1st, 1908. This was extended till December 1st, 1911, an extension of time to which no one makes any serious objection.

It is expressly provided that the \$5,000,000 of rolling stock which may be used on the Western Division, in case the Eastern Division is not completed at the time the Western Division is ready for operation, shall be marked, ready to be assigned to the Eastern Division upon its completion.

A slight amendment is made as regards the issue of bonds for the Prairie Section, but the liability is not increased, and remains at 75% of the cost of construction, in no case to exceed \$13,000 per mile.

In the original agreement the cost of the Mountain Section of the road to be guaranteed by the Government was limited to \$30,000 per mile. The amended agreement removes this limitation. Whether this increases the liability of the

Government or not depends upon the fact, not yet ascertained, as to whether three-fourths of the actual cost of that section will exceed \$30,000 a mile or not. If it does, then the liability of the Government is somewhat increased.

Paragraph 21 of the contract was amended by adding a clause, providing that in the event of the Government determining to undertake the operation as a Government road of the Eastern Division, the company shall be entitled, for a further period of 50 years, to such running powers and haulage rights as may be necessary to continuity of operation between the Western Division and the other portions of the Company's system and the Grand Trunk Railway system, upon such terms as might be agreed upon.

An additional arrangement provided that in case, during the currency of the lease of the Eastern Division, the company shall have constructed a branch line or lines connecting the Trunk line with other lines in Canada, the Government shall, if at the expiration of the lease it shall determine to operate the Eastern Division, take over such branch line or lines as the company may elect not to retain, at such value as may be agreed upon, or be arrived at by arbitration, or reference to the Supreme Court. If, however, any such branch lines shall have received any aid from Parliament, the amount of such aid, without interest, shall be deducted from the valuation, and the difference only shall be payable by the Government. That is to say, that any aid given by the Government to any branch line which they take back, must be allowed for in the transaction.

ORIGINAL FEATURES RATIFIED BY AMENDED AGREEMENT.

It will be seen that the amendments in no way modify the important provisions of the original contract drawn up in the public interest. The general scheme is not in the slightest affected by any change. The original features of the contract are not only retained, but expressly confirmed and ratified by the amended agreement.

Let us glance at them again. The company came to the Government and asked permission to pledge a portion of the common stock, so as to assist them in raising money. The Government only agreed on condition that the Grand Trunk should retain a controlling interest in that stock. The question is not of immediate importance. It is only of importance in relation to the capitalization of the railway, and in respect of the amount upon which dividends shall be earned and freight rates be based. If the capitalization is excessive, and there is in the contract a provision which leaves to the company the fixing of freight rates, then the matter would be of immediate importance. There was inserted in the C. P. R. contract a clause providing that until the Company earns ten per cent upon its capital, the Government would have no control of rates. But under this contract the Government have the most unlimited power to fix the rates of the Grand Trunk Pacific. This transcontinental railway is to come as completely under the control of the Railway Commission as the smallest railway in the country. On page 3582, revised Hansard, 1904, will be found a complete explanation by the Minister of Finance, showing that there is no possibility for watered stock of the company to be considered in the fixing of the freight rates. The main point, therefore, in the change allowing the Grand Trunk to dispose of a portion of the common stock, was to assist the company to finance the construction of the road, and in doing this they had the approval of Mr. Blair, who said:—

"If the country is so adverse to taking up the construction of this particular road by the general Government, if the country will prefer that the work shall be done by a company, then you will have to put the instruments into the company's hands to enable them to raise the money. Before the company is put upon its

feet, you must offer special inducements to financial men to put their money in it." (Hon. A. G. Blair, on Grand Trunk Pacific Bill, Hansard, 1903, p. 5147.)

The President of the Grand Trunk Railway Company, and the chief officials, were not able to secure for the original agreement, that consent of the shareholders of the old Grand Trunk Railway Company which was necessary before the contract could be carried into execution. Some of the directors and shareholders thought the clause too stringent with respect to the common stock, that it would operate against the financing of the road, and perhaps cause them financial loss. They therefore said to the Government, our people believe that we must have, to use Mr. Blair's words, "the instruments to enable us to raise the money," and the Government preferred allowing the change rather than imperil the great enterprise. Men can recall that after the enormous aid and privileges given to the Canadian Pacific Railway Company in 1881, they came back and said, "unless you can let us have \$30,000,000 more, we will have to throw the whole thing up." Sooner than do that, Sir John Macdonald granted their request, and gave them the money as a loan. That money was repaid, owing to the success of the enterprise.

Most of the changes described above are of comparatively little importance. Only two are of financial importance. The others were changes to which the Grand Trunk people attached some importance, because they would enable them to remove objections from the minds of the shareholders, and also from the minds of timid capitalists.

The proposal to increase the time for the completion of the road from five to eight years, was made because the company said the Government were to have \$5,000,000 forfeit money, and the shareholders would not consent to the risk of forfeiting that large sum unless there was liberal time for the completion of the road. They do not expect to require eight years. They still think they will be able to complete the road in five years.

The change allowing the company to operate portions of the Eastern Division as they may be completed, without waiting for the completion of the whole, is one to which the Government could not possibly, nor can any one, object.

There was no time limit fixed in the agreement for the completion of the Eastern Division, and so the Grand Trunk Pacific found themselves in the position of being required to provide \$5,000,000 worth of rolling stock, possibly before the division was completed and ready for operation. If the Government are able to complete the more difficult portion of the construction as early as the Prairie Section, then the amendment has no effect at all. If otherwise, then it would be unreasonable to tie up \$5,000,000 of the Company's money.

It was also thought a reasonable change to agree that the power of foreclosure, under the mortgage, should not be exercised by the Government until the company shall be five year's interest in default. In the ordinary relations of life, reasonable time would be allowed the mortgagor to overcome his difficulties and make good his default. That does not seem to be a very grave or serious change in the contract.

A COMMON HIGHWAY.

The granting to the company of running powers over the Eastern Division, if, at the end of 50 years, the Government determine to operate the road, is in accordance with the policy and design of the whole scheme, that the Eastern Division, or Trunk line, shall be a common national highway between the east and the west.

As regards the branch lines, after 50 years, it might be that some of these branch lines would not be profitable to the Grand Trunk Pacific, but would be pro-

fitable to the Government as owners of the main line. In the case of a short branch, it would not pay the company to run it as an independent road, and what might then be an unprofitable transaction for the company, might be a very profitable one for the Government, as owners of the main line.

It will be seen that these amendments are not important, and in no way detrimental to the public interest. But there are two remaining amendments of some financial importance.

OF SOME FINANCIAL IMPORTANCE.

The main agreement guaranteed three-fourths of the cost of the Mountain Section, not exceeding \$30,000 per mile. On reflection the company thought that the original estimate of cost, \$40,000 a mile, might prove to be too small, and this element of uncertainty, it was agreed, should be divided between the Government and the company, and so the Government agreed to guarantee three-fourths of the cost, whatever it might be. This change involved some measure of increased obligation for the country, but it will not be very great, as \$56,000 a mile, mentioned by Sir Charles Rivers Wilson, is considered a high estimate.

The length of the Mountain Section is estimated at 480 miles.

The other clause of financial importance deals with the question of implementing the guarantee on the Western Division. When the negotiations began the money market was in a fair condition and it was thought that a government guarantee bearing 3% interest would probably sell at par. When the negotiations came to closer quarters the money market had taken a very unfavourable turn, and the company thought they would not be able to raise the necessary money on a Government guarantee of three per cent. They pointed out that if they had to sell the bonds below par, they would be, to that extent, short of the means to build the road. If it should be found that the bonds, when they come to be issued sell at a price materially less than par, to that extent the amendment requires the Government to implement the arrangement by issuing an additional amount of bonds so as to make the proceeds equivalent to par. By the time we come to issue those bonds the money market may be in a normal condition, and it is hoped that they will sell so close to par that there will be no need of implementing the issue.

EVIDENCES OF PUBLIC OPINION.

In speaking of the Grand Trunk Pacific Railway project, the first question asked was, what was the necessity of this road? When that position was found to be untenable, the opponents of the project then took the ground that it should wait, and that there should be all sorts of investigations held to determine whether the road should be built, and where, and, finally, they took the stand that a large and important project like this should be submitted to the judgment of the people. The different policies of the Opposition in Parliament are discussed elsewhere, but their first impulse seems to have been simply to oppose the question, and advise delay.

Now, as to the necessity of the road. It seems almost absurd to answer this, because, outside of politics, every man you meet will admit that there is room for another transcontinental railway, that the time is ripe for it, and the necessity is pressing. The transportation problem closely affects two large classes of the community. In fact, in this country there are almost no other classes than farmers and business men. Both of these classes have repeatedly urged the construction of a second transcontinental railway. The Boards of Trade in the various cities of the country must be taken to represent the business men of the community. The business men form the Boards of Trade. They meet and express opinions by adopting resolutions which are forwarded to the members of Parliament and members of the Government.

BOARDS OF TRADE.

The St. John, N.B., Board of Trade passed a resolution pointing out the inability of the present railway system to move the enormous and rapidly increasing crops of the Northwest, and that the rapid influx of settlers into that country would amply justify the Government in building a road, and the Board favoured the northerly route from Quebec to Port Simpson.

The Halifax Board of Trade passed the following resolution:

Whereas, as the transportation facilities of any country are a most important factor in the development of its industries and commerce; and whereas, the Halifax Board of Trade is of the opinion that the time has arrived when another Canadian transcontinental railway should be constructed, and whereas, a line from Quebec north of Lake Winnipeg to Port Simpson, would open up an immense area of fertile lands in the Northwest province, the shortest route from the Atlantic to the Pacific entirely on Canadian territory, and serve the best interests of the Empire from a military standpoint, and whereas, the route proposed between Quebec and Port Simpson should serve the interests of the Maritime Provinces better than any other established or projected route; therefore, resolved, that the Federal Government be asked to aid in the construction of such a line, enforcing stringent conditions that will ensure the entire traffic through Canadian ports, both summer and winter.

The Halifax Board of Trade, on July 23rd, 1903, adopted another resolution, expressly naming the Grand Trunk Pacific Railway scheme, the concluding paragraph of which read as follows:

This Board is also of the opinion that the building of the shortest possible line through Canadian territory, from Quebec to Moncton, would be of immense advantage

to the Maritime Provinces, as well as to the rest of Canada, and would secure for the road a large share of through freight and passenger business, which at present is done through United States ports.

The Truro, N.S., Board of Trade, comprised, as all these Boards are, of citizens of both political parties, passed the following resolution:

Resolved, that the Truro Board of Trade learns with interest of the proposed extension of the Grand Trunk Railway system to the Maritime Provinces, connecting with the Intercolonial Railway at or near Moncton, thus giving a competing line for the west, as well as a short line, and one on all-British territory, and hereby requests the Dominion Government to afford all possible aid to promote the success of the undertaking.

The Quebec Board of Trade adopted the following resolution:

That the Quebec Board of Trade re-affirms the opinion expressed in its resolution adopted on the 4th of December last as to the vital importance to Canada of a choice of a proper route for the construction of the next Canadian transcontinental railway; that it heartily endorses the position taken by the Dominion Government in insisting that the terminal points shall be at tide water in Canadian ports at both ends of the line, so as to give its traffic to Canadian ports only, that is to say, by the St. Lawrence in summer, and by St. John and Halifax in winter.

The Toronto Board of Trade adopted the following resolution:

Whereas, the Board realize the necessity for another outlet, by the shortest and cheapest route for the fast increasing products of the Northwest country, and the advisability of competition without the extravagance of the duplication of lines.

Be it therefore resolved, that this Board urges strongly upon the Government of Canada the construction by the Dominion of a line from Quebec to Winnipeg, traversing the clay belt of Northern Ontario, and passing north of Lake Nipigon to Winnipeg, the use of such railway being permitted to all railroads under proper regulations.

The Winnipeg Board of Trade, representing that great distributing centre, adopted the following very strong resolution:

Therefore, this Board respectfully urges the Dominion Government to take such immediate action as shall remove the grievous disabilities under which the people of Manitoba and the Northwest Territories labour, and to take such further measures as shall effectually prevent a recurrence of the conditions herein described.

The Winnipeg Board of Trade is a body representing a distributing centre intensely interested in railroad transportation, cut off as the city is, from anything in the nature of a great water communication. The 25th annual report of the Winnipeg Board of Trade, held in February, 1904, contains the annual address of the President of the Board, which made the following allusion to the Grand Trunk Pacific project:—

Early in the year the people of the Northwest were much gratified when the announcement was made by the Grand Trunk Railway that it was the intention of that company to push its lines into the Northwest, and on to the Pacific Coast. This announcement was followed by a contract made with the Government of Canada and the Grand Trunk Pacific Railway Company, and ratified by Parliament at its last session, and this contract provides for the construction of the railway from the Atlantic to the Pacific. For a long time the newspapers were filled almost to overflowing with argument for and against the scheme as set forth in this contract. Without in any way attempting a discussion of the terms of the contract, I do wish to say that in my judgment this country requires another transcontinental road, and no railroad can successfully compete for the business of, or give to its patrons in this country, the service requisite for their needs,

without free and uninterrupted communication between the East and the West, over its own lines and through Canadian territory, and it seems to me that the Grand Trunk Railway Company is the company that should construct this new road, because it will give us direct connection with many parts of the East that are now served by their lines. I have no hesitation in saying that it gave me unbounded satisfaction to read the announcement first made by the Grand Trunk Railway of its intentions to enter this country, and I shall hope that it will not be long before the trains of that company are running into our city and across our prairies.

At a special meeting of the Winnipeg Board of Trade, in May, 1903, called to discuss the matter of the projected Grand Trunk Pacific Railway, a resolution was proposed, reciting that the railway freight traffic was in a very unsatisfactory condition, and that the expansion of trade consequent on the settlement of the country, was in advance of the equipment provided by existing lines; also, that there was an urgent necessity for an additional outlet for the heavy traffic now entering and leaving Manitoba, and:

Resolved, that this Board is of opinion that the construction of the proposed transcontinental line under the auspices of the Grand Trunk Pacific within the shortest possible limit of time, would be of immediate and immense advantage to this city and the Canadian Northwest, and of vast advantage to the whole Dominion.

Therefore, this Board favors the Dominion Government giving such reasonable assistance as it may consider necessary to ensure speedy construction of the said line, and consequent relief from the present difficulties, and this Board would further favor the introduction of a condition into any agreement between the Government and the company, that the line from Winnipeg to eastern points should be made available for any railway desiring to use the same under suitable Governmental regulations. The Board would urge that in any aid or power granted to the said Grand Trunk Pacific, nothing will be inserted that may deprive municipalities on the proposed route of any of their rights.

FARMERS IN THE WEST.

The elected representatives of the farmers of the Northwest Territories, representing all portions of that vast region, adopted a memorial, which concluded as follows:

The prospective increase in the volume of traffic which largely increased cultivation and settlement of lands in these territories will certainly create will further tend to congest traffic between these territories and the provinces of the east, and unless it is held desirable to divert part of this traffic through foreign channels, adequate facilities for transportation must be immediately provided; that this assembly does therefore pray that Your Excellency may be pleased to take such action as may be necessary or expedient to ensure that the people of these territories are provided with an efficient transportation system, as contemplated by the contract made between the people of Canada and the Grand Trunk Pacific Railway.

The Boards of Trade of the whole of the Northwest Territories, and of the eastern portion of the province of British Columbia, met together as one confederated body, in the city of Calgary, in July, 1904, and, on the motion of Mr. R. B. Bennett, the Conservative candidate for Calgary, seconded by the Hon. T. H. McGuire, another gentleman of Conservative antecedents, adopted the following resolution:

That in the opinion of this convention the development of the resources of the Territories amply justify and urgently require the immediate and rapid construction of the projected transcontinental line through the northern part of the country.

That is the voice of the united Boards of Trade of western Alberta, eastern British Columbia, and the Northwest Territories, so that all along the line they are asking for this road.

One would think that these expressions of opinion as to the need of another railway would be taken by most people to be amply sufficient, and justifying the introduction of such a policy. Sturdy Conservatives in Halifax, St. John, Quebec, Montreal, Toronto, Winnipeg, and scores of other points throughout the Dominion, joined in this demand for greater railway facilities, and in their request to the Government to take some step to furnish them.

GRAIN GROWERS.

The Grain Growers' Association of the Northwest Territories, greatly interested in the transportation problem, passed a strong resolution, in which they said that the country was not only being retarded, but that the residents were suffering much deprivation on account of the inability of the existing railway lines to furnish fuel and building material. Merchants complained that they could not get their stocks brought in, and many suffered financial loss on this account.

But there are other evidences, and so as to leave no vestige of doubt of any kind that the demand from the various parts of the country came from Conservatives as well as Liberals, some extracts are here given, from very well-known representative Conservatives, endorsing the policy of the Government on this question.

WELL KNOWN CONSERVATIVES.

Mr. J. H. Haslam was the Conservative candidate in Selkirk at the last general election, and this is what he says:

In looking at the map of Canada one cannot help but be impressed with the very small part of it which has been developed. The railway system of Canada at the present time simply touches the fringe of the territory, and it seems to me that those people are very short-sighted who decry the expediency of attempting anything in the way of railway building through any districts except those which are known at the present time to have either agricultural or mineral wealth. I do not believe that there is any part of the world's surface where climatic conditions are such where civilized man can live that is not adapted to some economic purpose or other. For this reason I believe that the building of the Grand Trunk Railway from Quebec to the Pacific Ocean is a work as far reaching in importance to Canada, and one that will be fraught with quite as good results, as the building of the Canadian Pacific Railway, which was at the time so much criticised. In all the lines which I think essential to permanent progress, we are moving rapidly and, I think, securely, under present conditions. To make a change and place ourselves under the weaker leadership and reactionary policy which seems, unfortunately, to be characteristic of the Conservative party at the present time, would, it seems to me, to be most unwise and imprudent.

The above words were written by a man who was a regular Conservative candidate at the last election.

Mr. H. A. Mullen was the Conservative member for Russell, in the Manitoba Assembly, a few years ago. He is one of the extensive dealers in cattle, and is deeply interested in the development of transportation facilities. Mr. Mullen wrote a letter, which was published, in which he gave his reasons for supporting the Government's railway policy, as follows:

I consider it to be entirely consistent with sound and progressive conservative principles to approve of and strongly endorse the policy of legislation of the Laurier Government, on the Grand Trunk Pacific question, as being wise and far-sighted, and in the best interests of the entire Northwest, and calculated to result in the opening and building up of a vast extent of country, and in bringing about a full realization of its magnificent possibilities.

A VETERAN JOURNALIST.

Mr. John Hawkes is a veteran Conservative Journalist of the Northwest Territories, and in the past has advocated the Conservative policy, very eloquently, from scores of platforms. Knowing, however, the need of the Grand Trunk Pacific Railway, and that his opinion was shared by his neighbours, he took the responsibility of writing a letter to the press, furnishing reasons why the people of the Territories, irrespective of politics, should support this national enterprise. In order that every one shall judge for himself the cogency of the reasons he gives, they are reproduced here, as follows:

The inhabitants of the Territories would be justified in welcoming the Grand Trunk if for one reason only. That reason, which stands out, to my mind, in bold and convincing relief, is that not one of the burdens or abuses which the Territories have complained of in the C. P. R. charter are to be found in the Grand Trunk proposal.

If the Territories were asked to contribute of the remaining wild lands to the Grand Trunk, then might we well pause, and ask ourselves whether we were not paying too great a price for the road. But the Territories do not give an acre. There is no cash bonus; and the Territories do not give a dollar. We shall have the Grand Trunk with spur lines and branch lines opening up the country north and south of it; we shall have the evil spell of monopoly and one-road ascendancy broken absolutely without any first cost to ourselves. With another outlet to the two oceans, and the control of the rates in the hands of the Government, should we not be even as the ass that brayeth, if we troubled ourselves very much about the Intercolonial, or hybridization, or any such secondary matters? Truly we should.

If there were any exemption from taxes we might have cause to kick vigorously. But there is no tax exemption. The Grand Trunk will come in as a great taxpayer. It will contribute its share to the expense of schools and roads and bridges. Instead of being a legalized pirate, preying on the labor of the people, it will be a help to school districts, local improvement districts, and to towns and villages. This seems to me an important consideration; and who in the Territories would like to assume the responsibility of keeping out this company, which will help develop the country as a ratepayer as well as a common carrier.

If the Grand Trunk were receiving a cash bonus, then we in the Territories might complain, and say we had given enough of our lands to the C. P. R. and other railroads, without paying a toll of cash to the Grand Trunk. But, as before said, the Territories pay not one dollar.

If the Grand Trunk were coming into the Territories with power to impose whatever rates it chose on the people of the Territories, then I would indeed be the first to call a halt, till the people had protection. But the Grand Trunk will not be like the C. P. R. It will not have a free hand and a cloudy charter under which it can demand whatever tale of brick it chooses to levy. There will be Government control of rates.

If the Grand Trunk were coming in with a monopoly of any kind, we might well consider whether we had not just cause to look with suspicion on its advent. But it has no monopoly. No disallowance agitation will ever be necessary.

The Grand Trunk Pacific will, in my humble opinion, be a boon to Canada at large, and to no part of Canada more than to the Territories. As an old resident of the Territories, I welcome it as the best and most encouraging event that has ever crossed the horizon of the prairie country; and if I might venture one word of advice to my fellow-residents in the Territories, it is that they study the matter on its merits, and refuse to allow any mere question of party to influence them when the development, and to a large extent the whole future, of the Territories are in the balance.

For if we do not get this road, what else is there in sight that will do one tithe as much for us as we may reasonably expect from this new trunk road.

FURTHER CONSERVATIVE TESTIMONY.

As further proof that public opinion is overwhelmingly in favour of the Grand Trunk Pacific project, the attitude of the *Vancouver News-Advertiser* may be quoted. The *News-Advertiser* is the leading Conservative daily paper in the main land of British Columbia, and it is controlled by Mr. Cotton, a member of the Conservative Government of British Columbia. That paper said:

It appears that as a preliminary condition, the Government requires the railway company to deposit \$5,000,000 as a guarantee that it will carry out the contracts into which it has entered with the Government. The time in which the company is to build the road from Winnipeg to the Pacific Coast is fixed at seven years, and to carry out this arrangement work will be commenced and prosecuted simultaneously at several points. It will be seen, as we expressed the opinion would be the case, that there was no foundation for the report that the Government only proposed to give aid to the enterprise as far as the Rocky Mountains. Unless the line reached the Pacific Coast, its character as a transcontinental road would be lacking, and such a suggestion as that referred to would be such a gross injustice to British Columbia as no Government would be likely to attempt. By the arrangement made for the construction of the western section of the line, there will be no loss of time on that part of it in which the people of this province are the most interested. Any argument that it would be in provincial interests to supplement the Dominion aid with a subsidy, either in cash or land, by British Columbia, is made untenable by the arrangement between the Federal Government and the company. The position we took two years ago in opposition to the immense subsidies in cash or land that was proposed to give to Messrs. Mackenzie & Mann is now fully justified by events, and the provincial taxpayers will escape the enormous burdens which it was attempted to put upon them on the pretense that it was part of an enterprising policy to open up British Columbia. The ramifications and connections of the Grand Trunk Company make it the most desirable railway organization that could undertake such an enterprise, as far as the interests of this section of the Dominion are concerned, and it is fortunate for British Columbia that this particular corporation should have put forth its proposition at the time it did. Otherwise there is no knowing to what a reckless Government and an incapable legislature might not have committed the province.

We must await the arrival of the Bill itself before we can be certain of all the conditions of the proposed agreement. It seems, however, that the Government has taken reasonable precautions to secure the fulfilment of its contract by the company. While it may be quite true that a large part of the region to be traversed by the line between Moncton and Winnipeg may be of such a character that it will not be likely to yield much local traffic, the through traffic must pass over that section of the railway, and if the views held as to the probable future development of Central and Western Canada are sound, that implies a large traffic. Besides, the history of the last twenty years should make anyone cautious of declaring that any part of the Dominion possesses no natural resources capable of sustaining a population and becoming the scene of industrial activity. Furthermore, if that part of the line is built under proper supervision, and at the moderate cost at which such work can be done now as compared with the prices at which a great part of the work on the Canadian Pacific road was done, its capitalization should be low. As the railway company will have to pay interest on the cost of the Moncton-Winnipeg section, it will be likely to scrutinize closely every item of cost. Assuming that the road will be built under thoroughly business-like arrangements, securing full value for the money expended, and the fact that the company will only have to pay 3 per cent. interest on the capital, we are inclined to think that the fixed charges on this section will not be more than half what they are on a corresponding mileage of the Canadian Pacific railway."

STILL MORE CONSERVATIVE SUPPORT.

The statement was publicly made at the time, that prominent Conservatives in Victoria, B.C., telegraphed Senator Macdonald, urging him not to move in the Senate, the resolution of which he had given notice, condemning the Government's arrangement with the Grand Trunk Pacific Railway Company.

A reflection of this Conservative opinion in British Columbia, as in the other provinces, in support of the Government's railway policy, appeared in the *Colonist*, the leading Conservative daily paper of Victoria, on the morning of March 10th, 1904. It said:

Now that the shareholders of the Grand Trunk Railway Company have approved of the amended agreement with the Dominion Government, for the constructing and operation of the Grand Trunk Pacific Railway, the last obstacle to the carrying out of the enterprise may be considered as removed. From the reports of the meeting of the shareholders, in London, it appears that there was a strong and well organized opposition to the Grand Trunk Company undertaking any responsibility in connection with the project. It is not difficult to understand the reason for this opposition. While it is quite possible that the Vice-President of the Company, (Mr. Hays) was correct in his assertion that interested rivals had attempted to block the scheme, it is probable that another reason was what influenced many of the shareholders in their attempt to postpone the proposal to approve the agreement with the Dominion Government. The history of the Grand Trunk Company, for nearly thirty years, was a record of financial difficulty and disappointing results. * * * * * The General Manager of the Company, Mr. Hayes, did not hesitate to put the situation clearly before them. He pointed out that if the Company did not accept the Government's offer, there were other parties who would do so, and set up a competition with the Company, the results of which must be disastrous. With the settlement of Western Canada, any great Canadian railway system, must have its main line and feeders throughout the country, to secure the traffic which that settlement is developing. For the Grand Trunk Railway to be confined to the eastern provinces, would mean its practical exclusion from the great field of railway enterprise in the future. It would see its rivals gathering up the traffic in the West and carrying it to the eastern seaboard by lines paralleling the Grand Trunk system. When, too late, it was compelled to undertake the construction of western extensions, it would be impossible to secure Government aid, while it would have to compete with rivals that had already established themselves. Fortunately for the Grand Trunk Company's future, as we believe, and for the interests of Canada, especially the Western part of it, Mr. Hays' arguments prevailed and the shareholders approved the agreement. The management has lost no time in giving practical expression to that approval, and yesterday deposited in Montreal, cash, to the amount of \$5,000,000, as the security for the carrying out of the agreement, according to the stipulation to that effect. The Dominion Parliament meets to-day, and one of the most important matters that will occupy its attention at this session, will be the ratification of the amended agreement, between the Government and the Grand Trunk Pacific Railway Company. There can be no reasonable doubt that this will be done. * * * * * The value to British Columbia, of a line opening up the northern part of this province, can scarcely be overestimated. That such a scheme was desirable was shown by the action of the Provincial Legislature three years ago, in voting millions of dollars as a subsidy in aid of such a project. Many people questioned the ability, of the Province to incur such an obligation, under its financial position, and held that such a work was really a national one, and not a provincial affair, and should, if aided at all, be assisted by the Dominion. By the agreement with the Grand Trunk Pacific Company, this is now being done without the addition of one dollar to the financial obligations of the Province, or the surrender of one acre of its lands. Nor can the people of Eastern Canada fairly object to this arrangement. While the aid will come from the Dominion as a whole, the people of British Columbia will contribute their share which is larger per capita of the population than the people of other Provinces contribute to the Dominion Treasury.

OPPOSITION M.P.'S SLOW TO PERCEIVE.

It should not be lost sight of, because it is very important, that the Opposition displayed great eagerness in the end to show their desire for the construction of another line from ocean to ocean. One after another of them got up and made motions and moved amendments, calling for the construction of another transcontinental railway. They made it clear in every possible way that they were not opposed to such a road, but they desire to express disapproval of particular features of the scheme. So conscious were they of the general public desire for the construction of such a road, that the leader of the Opposition brought down a scheme of his own, creating something which he called a transcontinental railway. He resented the statements made by the Minister of Finance, in the House of Commons, page 3575 of Hansard, 1904, where he is on record as saying:

The honorable gentleman speaks to me as having expressed an opinion against another transcontinental line. I am not aware of having expressed any such opinion.

But the Conservative leader did, at first, oppose another. On page 12623 of Hansard, 1903, he said:

I did not propose the immediate construction of another transcontinental line.

This makes it quite clear that the Conservatives eventually realized the extent of the public demand for the immediate construction of a new transcontinental railway. Mr. Borden's alternative scheme will be described later on. The members of the Opposition in the end confined themselves to criticising the details of the measure. The principle of it they openly agreed with. One of the details, and an important one, about which there was possibly the most discussion in Parliament, was the question of route, and even as to that, the Hon. John Haggart, Conservative ex-Minister of Railways and Canals, is of record in the House of Commons, Hansard, 1903, as saying that he approved of the northerly route between Winnipeg and Quebec outlined in the Government scheme. (p. 12680.) Now, these are the facts: that the Conservative leader agreed that there should be a new transcontinental railway; that his lieutenant, Mr. Haggart, agreed that the road outlined in the Government scheme was the proper one. The way the scheme should be financed was really the only other important question left, and we know the Opposition got so juggling with figures as to confuse the public mind. These three things—the road itself, the route, and the finances—being out of the way, there remained only a number of details, any one of which might, perhaps, have been different to what it was in the contract, and any one of which might have been made worse by a change.

HON. A. G. BLAIR AND OTHERS.

In the parliamentary session of 1902, the Government's attention was sharply called, by western members, to the need of increased facilities for transportation. The motion for correspondence on the subject was made by Dr. Douglas, Liberal member for East Assiniboia. Although the matter was pressed upon the Government mostly by Liberal members from the west, there was agreement by the Conservative members as well. Mr. Boyd, Conservative member for Macdonald, called upon the Government to propound a policy that would go so far as to build another railway in the west, while Mr. Roche, Conservative member for Marquette, said: "Population is flowing into that country, and every year we are bound to require additional facilities, because our crops will be increased each year. To-day we find this condition of affairs: not only are the terminal elevators at the head of navigation full, but so is every elevator in Manitoba and the Northwest. Every elevator, floating warehouse, every place where grain can be stored, is full. And not only that, but we find at each little station, not only along the main line but along the branch lines, are piles of grain in bags standing out exposed to the weather for months past."

At the close of that session, Mr. A. G. Blair, then Minister of Railways, made a tour through Manitoba, the Territories, and British Columbia, so that he might advise the Cabinet on the matter thus brought to the attention of Parliament. After his return, he said:

There is ample room for at least four more railways right through to the Pacific. The thing that impressed me most of all on my trip through the Northwest was the need for more railways. Not only should the west have at least four more railways, but I am further convinced that it must have them, or the cause of immigration, which has been active, will receive a severe set back. The outlying sections are filling up very rapidly, and unless transportation facilities are afforded the settlers, they will quickly become discontented and advise others not to come into the country.

When the Hon. Mr. Blair was in the west, he was so conscious of the desire for further railway facilities, that he voiced in various ways the opinion of the people he met, and being a Minister of the Crown, he met the representative and important people of Manitoba, the Territories, and British Columbia. Mr. Blair's apparent subsequent hostility to the project was so much in conflict with his well-known, expressed, and individual opinion, that Mr. John Charlton, member for North Norfolk, was constrained to express himself on the floor of Parliament as follows:

The hon. gentleman (Mr. Blair) regrets that it is not the Grand Trunk Railway that is going into the west, but the Grand Trunk Pacific Railway. Well, it strikes me that there is a distinction without a difference. I think we shall be thankful if we get the Grand Trunk Pacific Railway into the Northwest, with the stipulations and conditions with which it is hedged round—with all these stipulations which place it absolutely in the hands of the Government, as to the operation of the road, as to its maintenance, as to providing facilities at each end of the road for the transaction of business, and as to not discriminating against Canadian ports in favour of American ports. The hon. gentleman asks what that condition about discrimination amounts to. He says the company will send their agents through the Northwest, and will quietly secure freight and have it shipped with their own connivance to American ports. Well, this company enters into a solemn agreement not to discriminate against Canadian ports. But he tells us that we have no penalties by which we can enforce the fulfilment of this agreement. Is the whole thing ended when this Bill passes? We have to go on and perfect the conditions by a lease; and what does this agreement say in regard to that. It says:

"The said lease shall also contain such other covenants and provisions, including proper indemnity to the Government in respect of the working of the railway, as may be deemed necessary by the Government to secure the proper carrying out of this agreement."

Does not that cover the ground? The hon. gentleman surely could not have read that. The Government have a most carefully prepared agreement here. After reading it over and over again, I cannot see any point that has been neglected. I pronounce it a perfect agreement. The time that has been devoted to the perfection of this scheme has not been mis-spent or wasted.

In order that there shall be no doubt in the matter, Mr. Blair's exact words are here quoted, from a speech delivered at Vancouver, October 9th, 1902, as follows:

There is no country where the soil is more fertile than in the millions of acres in Canada which the plough has not yet touched, and which man has not yet invaded. Railways were necessary to open up these great fertile tracts. If we are to invite the people from the outside to immigrate here, they have a right to expect that the Government can assure them the means of transportation. That means a great many railways in many parts of Canada, and we feel as a Government that we have ample justification

in going to all reasonable lengths to meet this need. The tide of immigration was just setting in full and strong towards Canada, particularly from the south, and he believed the time was near when there would be a greater immigration than ever before to Canada from the motherland. This influx of settlers, he said, must bring its problems

It meant an increase of soil production, and necessarily of means of transport. We cannot long remain content with only one transcontinental line. I am ambitious myself to see another right away. It cannot come fast enough to satisfy me, and I am doing all I can, in my small way, without public pretense about it, to insure its construction.

Mr. Blair's language was reported in the *News* and *Advertiser* of Vancouver, as follows:

This influx of settlers must bring its problems. It meant an increase of soil production and necessarily a means of transport. We cannot long remain content with only one transcontinental line, I am ambitious myself to see another right away. It cannot come fast enough to satisfy me, and I am doing all I can in my small way, without public pretense about it, to insure its construction.

There is, therefore, no doubt in the world that Mr. Blair's judgment in the Fall of 1902 was conclusively in favor of building immediately another transcontinental railway. If he expressed himself otherwise in the following year, it must have been because of some difference of opinion between himself and some other person, and not on the merits of the case. As a matter of public policy, and in the interests of the country, Mr. Blair certainly favored the construction of a national transcontinental railway.

METHOD OF BUILDING.

Having clearly shown the almost universal desire for the immediate construction of an additional line, and described the steps taken by the Government to respond to this demand from the public, the question arises, did the Government adopt the best method of constructing the road? The Opposition say: Better have a Government-owned railway than a railway-owned Government. This, of course, is a mere flippancy. There is not a Government-owned railway either in Great Britain or in the United States, and only one in Canada. Conservative leaders in Canada have refused to adopt the principle. Sir John Macdonald always strongly protested against it, and as late as the year 1897, Sir Charles Tupper vehemently opposed the idea of a Government-owned railway. Sir Mackenzie Bowell visited Australia some years ago, and there saw the operation of Government-owned railways, and he has quite recently expressed his strong and well-settled convictions against the project of Government ownership and operation. Hon. John Haggart, who was Minister of Railways and Canals, and is the Opposition's railway expert has all through his public career freely expressed his hostility to the Government going into the railway business.

A still better authority, perhaps, than any of these, Sir George A. Drummond, a member of the Senate of Canada, President of the Canadian Sugar Refining Company, Vice-President of the Bank of Montreal, ex-President of the Montreal Board of Trade, and one of the shrewdest business men in Canada, a Conservative, could not remain quiet under a proposal to extend the Government railway across the continent. He said:

I am dead opposed to it, especially after the object-lesson the Intercolonial Railway has been to the country. That is why I am absolutely opposed to the Government owning and controlling railways. They might possibly own the railways without running them, but that is another question. Government ownership might be tolerable if they could have the railways run by an absolutely independent commission, but that is almost an impossibility. It would be almost impossible to keep them in a non-partisan position, and very difficult even if they owned the roads and leased them.

I distinctly prefer the company system of owning and management on the ground that it is certain to secure better service and greater economy. No Government can or ever will run any business which is dependent upon votes, upon business principles. I am opposed to municipal ownership of commercial undertakings on the same ground.

The farther Dominion and municipal politics are kept away from business the better, because politics and business are an impossible combination. I repeat, it is impossible for institutions based upon and supported by the votes of the people to manage a business enterprise on commercial principles.

Mr. H. A. Powell, ex-M.P. of Sackville, New Brunswick, one of the Conservative leaders of that Province, and Conservative member of Parliament for Westmoreland up to 1900, is so opposed to the principle of Government ownership and operation of railways, that he prepared an address on the subject, and delivered it publicly.

If Mr. R. L. Borden has not on this question the sympathy of Conservatives like Sir Mackenzie Bowell, Sir Charles Tupper, Sir George A. Drummond, and Mr. Powell, it is obvious that if he was in power to-morrow he could not carry

out any such policy. So strongly was the Conservative party and its leaders opposed to Government ownership of railways that they refused to agree to Mr. Mackenzie's experiment of building the C. P. R. on this principle, and actually handed over to a company the sections of road which Mr. Mackenzie had constructed as a Government road.

PROF. MEYER ON STATE-OWNED RAILWAYS.

Some persons in this country are frequently told that because the State owns the railways it should own them, and to the public mind this includes the operation of them by the Government. If any one of the various railway policies contrived by Mr. R. L. Borden means the extension of the Intercolonial Railway across the continent, operated as a public work, then the Government of Canada takes issue with Mr. Borden, and says that it does not believe it would be in the public interest to operate the Grand Trunk Pacific as a Government work.

The operation of railways by Government has not been successful, either in other countries or in Canada. The example of Australia, a great colony of Great Britain like Canada, may be accepted. The results of State ownership of railways in Australia were very closely studied by Professor H. R. Meyer, who also studied the working of State railways in Russia, Germany and elsewhere. He contributed the result of his observations and enquiry in a series of copyrighted articles, published in the "Railway Age" of Chicago, between July and October, 1903. His conclusions are well worth reading. For example, he says:

One of the first things that strikes the student of Australian affairs is, that the State railways have been a great burden upon the taxpayers. In 1898, the annual sums by which the railways of Victoria had failed to earn the interest which the Government had been obliged to pay on the money borrowed for the purpose of building railways, had aggregated \$40,000,000, a sum equivalent to 25 per cent of the cost of building the railways. In New South Wales, the annual deficits had aggregated \$44,500,000, a sum equivalent to 23 per cent of the cost of building.

It would not do, however, to attribute solely to misdirected investment, the constant deficits of the Australian state railways. In very large part these deficits have been due to mismanagement of the railway. For example, in 1898-99, when the Victorian railways had a deficit of \$1,850,000 a year, on a debt of \$185,000,000, Sir George Turner, Premier and Treasurer, said that the state could sell the railways for \$244,000,000. At the same time he said that the state would have to look forward to \$1,250,000 as a "normal" deficit. Again, Sir George Dibbs, Treasurer of New South Wales, offered to undertake to sell, within 24 hours, the railways of the colony for \$205,000,000. At that time these railways were falling short by \$2,275,000 of earning the actual interest on their debt, \$132,000,000. Still again, in 1899, Mr. McMillan, the Treasurer of New South Wales, offered to find a purchaser for the railways at \$250,000,000, at a time when the deficit was \$1,030,000 a year, on an indebtedness of \$150,000,000. To sum up, the earning power of a business venture in the hands of the state is much smaller than the earning power of that venture would be were it conducted by private enterprise.

It will be seen, therefore, that while enormous liabilities have been imposed on the country for the construction of these roads, very heavy additional burdens have to be borne in the shape of annual deficits, and that has been the experience of our own Intercolonial Railway in Canada. But the record makes it clear that a well-equipped railway is a good asset. No doubt the Intercolonial would bring a large sum of money if it were sold to a private corporation. It seems impossible for a Government to manage any business enterprise with economy.

But that is not the worst of it. Professor Meyer makes the striking statement that the burden imposed upon the people as taxpayers is small compared with

the burden imposed upon them as producers, and he gives an example, that at the close of 1899 it cost as much to ship wheat a distance of 400 miles over the best railroads of Australia, as it cost to ship wheat from Chicago to Liverpool. And he also says, that down to 1897, the railway charges in New South Wales were so high that it was practically impossible for settlers to go into the interior of the colony to raise wheat there for shipment to Sydney and the seaboard, in competition with wheat brought by sea from the coast districts of Victoria and South Australia. Not more than 20 per cent of the wheat raised in the interior of New South Wales found its way to the seaboard, where dwells the bulk of the population.

In the year 1899, the railway department of Victoria maintained that it could not haul wheat for less than two cents per long ton mile. The farmers protested that this was an exorbitant charge, and also, that they had done everything in their power to reduce expenses, and they felt keenly the fact that their principal competitor in the Liverpool market, the American farmer, had his wheat carried from Chicago to Liverpool for the sum they had to pay the Government railway for carrying their wheat from the Murray River to Melbourne. The reply which farmers received to their request for a reduction of rates, was that railway rates were like customs duties. Finally, the Government reduced the rates on agricultural products by the trifling sum of \$275,000 of revenue, but it induced Parliament to vote the Department of Railways a special subsidy to make the sum paid by the shipper, plus the subsidy, equal to the old rates. This followed the precedent established when the charge on coal was reduced, the Treasury giving the Railway Department a subsidy of dollar for dollar on the coal rates. The subsidies, of course, are only book entries. They make the revenue of the Railway Department appear larger than it is, and thus make the deficits appear smaller than they are.

This is important testimony, for Canadians have been told, in some quarters, that the State operated railways of Australia pay. Indeed, the reports of the Railway Department, for example, in 1897-98, place the cost of the railways and tramways at \$196,000,000, and charge the Railway Department with interest on that sum at a little over three and a half per cent. The Railway Department ignored the fact that to raise \$196,000,000, the Government had sold at a discount bonds of the face value of \$221,405,000. Thus, it happened that while the Railway Department was reporting a surplus of \$160,000 for 1897-98, there was a real deficit of \$940,000. The Auditor General took the liberty to report to Parliament, that it was unfair to charge the Railway Department with interest on the larger sum, since a large but unascertainable part of the proceeds of the bonds had been used to defray the operating expenses, and not to build railways. The Auditor General suggested that the deficit be called \$285,000.

RAILWAY MANAGEMENT IN OTHER COUNTRIES.

Could any better examples be found of the way Governments will cook accounts to make out a surplus for a policy they feel themselves bound to maintain? No attempt will be made here to reproduce one-twentieth of the illustrations given by Professor Meyer, showing the disastrous results of the attempt of the Australian Governments to operate their railways. Sufficient to say that many evils are caused by the attempt. He gives a long chapter showing that members of Parliament were constantly bringing pressure on the Minister and the Government, to make them intervene in matters of detail, such as the system of lighting passenger cars, the adoption of a particular kind of brake, the payment of wages, and the quality of the rails. There was political intervention on behalf of contractors, dismissed employees, and, in fact, in regard to everything. At one time the condition

of the rolling stock on the Victorian railways became so bad that many people were killed in a series of accidents, which enabled Premier Service to carry a measure transferring the management of the railways to a Commission, and some improvement was made. But the public could not break with the practice of forcing the Minister of Railways to override the Commissioners. The Commission system broke down completely in Victoria, and the "non-political" management was also abolished in New Zealand. In New Zealand, four years ago, the passenger rate, on the Government railway, was five cents a mile for first class, and their first-class cars, at that time, were such that Canadians would refuse to patronize them. There, also, the man with the political pull will telegraph the Minister of Railways to give precedence to his car of freight, at the expense of the average business man, whose goods would be left lying on the siding, while the Minister would exemplify the saying that "the last shall be first."

In Germany and other European countries, State ownership of railways has the same basis as in India, where the arguments for State ownership were stated by Mr. Thomas Robertson, a special commissioner, to be as follows: "That it is very important, for military reasons, that the Government should have control of the railways, that State lines are needed for the training of military officers in railway duties, that State railways are needed as a training ground for the supervising staff and for the officers of the Government and of the consulting engineers, and so on. A modern railway, such as is known in Canada, is unknown in most of the countries where the railways are owned by the State. Professor Meyer says: "The railways of the Europe of to-day are essentially the same as the railways of the Europe of 1875," and, that State ownership "has precipitated a conflict of sectional interests which has retarded enormously the decline of railway rates. It has led to local discrimination and to a demand that the railway shall be used to protect one section from another. For instance, the Prussian Minister of Finance, from 1890 to 1901, said: "This opposition of the agriculture interest of the west to low rates on grain and flour brought from the east, is but one of many illustrations of the desire of the various sections of the German Empire to re-establish a system of State protection by means of the regulation of railways in Europe, are illustrated in the rejection, in 1896, of the proposal to establish, on the Russian railways, a uniform rate on grain. A body of landowners, millers and railway officials, convened by the Government to report on the proposal, rejected it on the grounds that it would cause a loss of revenue that it would benefit the southern regions and the more remote eastern ones at the expense of Central Russia, that the landowners able to market their produce by river would lose the advantage which they had over other landowners who were obliged to use the railways, and, finally, that a considerable and sudden reduction in freight rates would so stimulate the production of grain as to cause a decline in price in the international markets."

Professor Meyer concludes his chapter on Russia by giving the reasons why the Government cannot prosecute with proper despatch the work of covering the country with a net of railways, that shall make it possible to cultivate the whole of the arable area.

Mr. Thomas Robertson, who travelled seventy thousand miles, including Canada, and made a report to the British authorities at Calcutta, came to the conclusion that the disadvantages of direct State management, outweigh any advantages that such a system may possess. Then he goes on to say:—

But it will probably also be seen that the majority of these disadvantages are not due to state management itself, but through the system of working some railways through companies, and some directly by the state, and if the duality of system were eliminated, most of the objections to direct state management would disappear. The

Government should either work all the railways as state railways or lease them all to companies to work.

And the latter is the alternative recommended by Commissioner Robertson, which is the principle adopted by the Laurier Administration in leasing the Eastern Division of the national trans-continental railway to a company, to operate it as part of a great system covering the whole of the Dominion of Canada.

DRAWBACKS OF GOVERNMENT OWNERSHIP.

No serious public man could afford to overlook the dangers of Government ownership of railways in a country whose growth is comparatively recent. The Government would be a mark for land speculators, promoters, and "boomsters," who would endeavour to drag from the Government a line of railway in some, perhaps remote section of the country, where the only benefit would accrue to the contractor. In Australia, the Government constructed a line in a certain section to please a syndicate of supporters, who had land interests near by. The location was an impossible one, as land-slides that covered the track were common, and the Government had to finally abandon it, and spend another million in constructing the line elsewhere. Under the present system in Canada of granting aid, the company must earn the interest on the cost of construction, and must operate the line so to make it pay, or bear the burden of loss on their own shoulders. The public get the benefit of the road, but do not have to pay the loss in operation, should there be a loss.

It may be said that a Government road could be operated by a non-political commission, on a business basis. The Canadian Government recently appointed a commission to have charge of the construction of the Grand Trunk Pacific, Eastern Division, yet nearly the whole of the Conservative press in Canada declared that it was a political commission. In Australia, the non-political commission was tried, and while in some of the colonies it effected an improvement in the rotten condition of the Government roads, it was a failure in other Australian colonies. In New Zealand it was abolished. Some of the commissions brought experts from England, but it turned out that the expert would be overruled, and in one case we have the testimony of an ex-Prime Minister, that the English railway expert was treated shamefully. Mr. Reid, now Premier of the Australian Commonwealth, and who was Premier of New South Wales from 1864 to 1869, used the following language about Mr. Eddy, the English railway expert, who was chairman of the first railway commission in New South Wales:

One of the finest, one of the gentlest, one of the best men who ever lived in the world, accepted the trust of coming to this country to administer our railways. He had not landed one week before epithets of the vilest abuse were applied to him (by members of Parliament under cover of privilege.) Coincident with the landing of that man in this country, there was a settled vindictive conspiracy to destroy his usefulness, even before he should have entered upon his great trust, and that same persistent malice dogged that man year after year until it inflicted upon him, a man of the most sensitive disposition, mental injuries which led to his premature death.

Thus, it will be seen that the natural tendency of politicians to interfere with the management of a State railway cannot be suppressed by the device of a non-political commission. A Government railway operated by Government is a political thing, and will never be anything else. Professor Meyer, of Harvard University, whose researches in Australia have been quoted before, speaks of the experience with commissions, as follows:

The saving remnant of success attained was due almost wholly to the fact that the internal jealousies which had torn the railway department, and had made the various

branches of the service, and sometimes even the officers in the same branch, work at cross purposes, were eliminated. Comparatively little progress was made in checking the illegitimate demands of the public on the railway department, demands enforced by members of Parliament acting either behind the scenes or in the open.—(Railway Age, September 11th, 1903.)

Sir Robert Hamilton, who has seen the work of the Commissions at Melbourne and Sydney, writes:

I believe that any guard upon our parliamentary representatives in the shape of permanent commissions appointed by them, must, as experience appears to be already showing, break down.

From all the evidence it seems clear enough that a Government railway is bound to be a political railway with all the attendant evils and deficits.

EXPERIENCE OF INTERCOLONIAL.

When the Intercolonial Railway was built in Canada, there were constructed 720 miles of road, at a cost of \$36,000,000. The road was then, in 1877, supposed to be completed. In 1903, various Governments had been induced to extend the road, and in 1903, there were 1,290 miles of road, and the cost had gone up to \$70,500,000. In addition to this, Parliament, during the session of 1904, authorized the purchase of the Canada Eastern, a New Brunswick road. On that occasion, Mr. Haggart, whose friends say he is in favour of Government ownership, declared that it would be better for the country to pitch the purchase money into some bog hole along the line of the Intercolonial, because the road will entail a loss to the people. The Government did not agree with this view, but it is the view of Mr. Haggart, one of the Opposition leaders. When he was Minister, Mr. Haggart himself made additions to the Intercolonial.

From 1868 to 1902, a period of 25 years, the working expenses of the Intercolonial amounted to \$92,600,000, and the receipts to \$84,000,000. If the interest is added and calculating it at about \$2,000,000 a year, then the loss to the people of Canada by Government operation of the Intercolonial, during these 25 years, was almost \$60,000,000.

But unwise or reckless political management may cause a far greater loss. This was illustrated by the evidence given before the Civil Service Commission in 1892 by Mr. Collingwood Schreiber, Deputy Minister of Railways. When questioned on the subject of land claims against the Intercolonial, Mr. Schreiber said:

There is an instance of a piece of land that was taken for the Intercolonial as a gravel pit, in the wild woods near Gloucester Junction, for which the Government offered \$5, I think. Afterwards they increased the offer somewhat, hoping to settle the matter. The owner is now claiming \$70,000.

No wonder Mr. Schreiber on that occasion deplored the tendency to hold up the Government of the day at every turn. It is a notorious fact that when Sir Charles Tupper was Minister of Railways, Mr. Schreiber estimated the cost of the construction of 14 miles, known as the St. Charles branch, at \$350,000, and finally, in order to include compensation for all the land and buildings expropriated, increased the estimate to \$600,000. The actual cost of these 14 miles exceeded \$2,200,000. To multiply these transactions by extending the Intercolonial across the continent would be an act against the wishes, and certainly against the interests, of the people of Canada.

On one occasion Mr. L. H. Holton, one of the Liberal leaders in Parliament, described the Intercolonial as a "sink-hole of corruption, fraud and embezzlement." The answer was given in one of the first reports in 1874:—

What can a railway chief do when politicians are imposing incompetent subordinates upon him, and championing them when they become defaulters? How can he make the road earn working expenses when, besides keeping a swarm of drones, he has to purchase his supplies, not in the cheapest market, but in the dearest, from partisans looking for their reward? What chance of enforcing equal rates and fair-play for all when he has to advance the interests of political adherents and ruin the merchant who votes the other way? In reply, Mr. Brydges allowed that it was only too true that "many of the appointments, especially of the principal officers, had been made absolutely for political reasons, and they had been kept in their places, notwithstanding their notorious inefficiency, because of the political influence they were able to bring to bear."

OPINIONS OF LEADERS, FORMER PREMIERS.

After their experience with the Intercolonial, and with some lines down in the Maritime Provinces, the prominent men of the day formed a pretty firm conviction against Government-owned and operated roads. Sir Alexander Galt, a man of keen intellect, who was at one time a Conservative Finance Minister, brought forward the following resolution:-

That the present system under which the Intercolonial is being constructed as a public work of the Dominion is expensive and unsatisfactory; that it is not in the public interest that the Government should be charged with the maintenance and working of railways; and that in the opinion of this house both the construction and future operation of the line should be committed to private hands.—(House of Commons, April 12th, 1870.)

Speaking at Kingston in the campaign of 1872, Sir John Macdonald said:

We propose to build this transcontinental railway by means of a company. Why? Because, as you know, we have learnt by what we have gone through on the Intercolonial that railways can be constructed and operated more cheaply, more efficiently, more advantageously in every way, by a company than by a Government. If our friends the Grits had had the Intercolonial in hand they would have experienced the same trouble that we have. They would have discovered that while it is easy when you are out of office to talk of running things as you would run a counting-house, it is very difficult when you are actually the Minister. You have then to resist the importunities of powerful friends, or yield to them, as the case may be. You have a hundred men looking for one contract or one office, each of them coming down on you like an army with banners. You have your merchants wanting to sell supplies at their own figure, the workingman threatening you if you do not increase his pay, and claims which a company road would never entertain rising up against you night and day, and calling for settlement on pain of having the claimants go over in a body to the Grit party, to get the fair and honest treatment that you deny them. Mr. Mackenzie says he is a practical man, but I wish him joy if ever he has to conduct the Intercolonial from Ottawa.

Circumstances compelled Sir John Macdonald, and Mr. Mackenzie also, to carry on the Canadian Pacific for a time as a Government work, but at the first opportunity Sir John turned it over to a company again, saying on that occasion:

The Government had every right to use all their exertions in order to relieve themselves and the country of the obligation of building this road, and of the still greater obligation of running it. We see this in the Intercolonial and in every public work. Why, Sir, it is actually impossible for the Government to run that railroad satisfactorily. The men that we put on the road, from the porter upwards, become civil servants. If one is put on from any cause whatever, he is said to be a political hack. If he is removed, it is said his removal was on account of his political opinions. If a cow is killed on the road a motion is made in respect to it by the member of the House who has the owner's vote as support. The responsibility, the expense, the worry and annoyance of

a Government having charge of such a work are such that, for these causes alone, it was considered advisable to get rid of the responsibility.—(Hansard, January 17th, 1881.)

Sir Charles Tupper expressed his views in Parliament, in a speech delivered in June, 1897, when he said:

I learned with infinite pleasure that the Government had abandoned the idea or intention of building this railway (the Crow's Nest Pass Railway) as a Government work. I am quite aware that a portion of the press giving a considerable support to the Opposition has put forward this policy of the construction of the road through the Crow's Nest Pass as a Government work. I confess that I was astounded to find that, with the evidence that we had before us on the result of the construction and operation of Government railways in Canada, a single intelligent man could be found in the House, or out of it, who was prepared to advocate such a policy in this case. Why, Sir, all we have to do is to look at the facts that we have before us. We have already solved, we have set at rest forever, in my judgment, in the mind of any reasonable or intelligent man, the question whether it is better for Canada to construct a railway and operate it as a Government work or by the aid of a private company. Sir, this country, from the necessity of the case—for it was made part of the compact of Confederation, and necessarily so—was obliged to undertake the construction of the Intercolonial Railway as a Government work. It was a matter of necessity. And what was the result? Any person who will take the trouble to look at page 650 and 651 of the Statistical Year Book of Canada will find the whole story told. We constructed a railway from the city of Halifax, a large, enterprising city with a great trade, offering the finest harbor on the continent of America as a means of communication for the ocean trade. We carried that railway to St. John, another fine harbor, another large town, and, I may be permitted to say, of still greater energy and enterprise than Halifax, and there were reasons for that. But, Sir, we have then run this line of railway through an open, cultivated country, through all the towns bordering upon the St. Lawrence up to Quebec, and with what result? With the result that to-day we stand face to face with a debt of no less than fifty millions of capital expenditure, and year after year a large deficit to be taken out of the treasury of Canada for the purpose of paying the expenditure over and above all that we can make out of the road.

Whether Liberals or Conservatives were in power, I would deplore in the strongest manner any attempt in this country by any Government, I care not who they are, or who they are composed of, to construct another Government railway. That is the position I take.

I confess that when I learned that the Minister of Railways (Mr. Blair) had come back from British Columbia with his mind made up to take this great work up and construct it as a Government work, I confess that I was startled, and I felt it would be the greatest calamity that could happen to Canada for her to undertake to construct that road from Lethbridge to Nelson, or to the Columbia River, as a Government work. Because, as I said before, Governments cannot construct railways in an economical manner, they are under pressure, they are under influence, they are under embarrassments that do not apply to companies. Suppose a Government undertakes the construction of a railway, what is the position? They ask for tenders, tenders come in. Hon. gentlemen know the howl that is raised by the Opposition, whoever they may be, if the lowest tender is not taken; and yet it is a tender that a company, who have got to find the money out of their own pockets, would not look at in their own interest, and would set it aside, and they would be consulting their own financial position by taking a much higher tender.

So I say that the Government have not the latitude, they have not the means of saving public money, as a private company can save theirs. Then, when it comes to the operation of the railway, where are you? Why, Sir, every gentleman sitting behind the

Minister of Railways wants to get a friend, or a relative of a friend, or some active supporter, put upon the road. He says: "You have got a thousand employees, and one more cannot make much difference." He puts the screws upon him, and succeeds in crowding some one upon the railway.

But there is a worse thing than that with reference to a Government railway, and nobody has experienced it more than I have myself. When you have built a road, and when you have over-manned the road, as you are almost compelled to do by the pressure that is put upon you, unless you are more than a man, there is a worse thing still, and that is that every man that has got a ton of freight to carry over the road, brings all the political influence he can upon the Government and the department, to carry that for nothing. Therefore, the Government is not in a position to preserve the interests of the public, nor to manage a railway in the same manner that a private company can manage it. I am glad to say that I need not pursue the question, because my hon. friend who has just sat down, has relieved our minds, and my mind especially, from the fear that the Government would jeopardize the best interests of Canada by an attempt to construct this as a Government railway.

Sir Mackenzie Bowell, who visited Australia a few years ago, and had an opportunity of witnessing State ownership and operation in action, said in his speech in the Senate in 1903, on the Grand Trunk Pacific scheme (Senate Debates, 1903, p. 1384):

This I will say, speaking for myself, I am opposed to Governments running railways, and if we are to take the Intercolonial Railway as a sample to guide us in the future, all I can say, God protect us from the financial results that must follow if the Government are to own and run many other roads in the future. * * I watched the operation of the railways in Australia when I was there. They are Government railways. They produce no argument to my mind that Governments can own and operate railways as well as it can be done by individuals. I believe to-day that if the Grand Trunk Railway Company, or the Canadian Pacific Railway Company, had possession of the Intercolonial Railway, they would run it with as much advantage, if not more advantage, to the people living in the Maritime Provinces, and at less expense than it is run to-day, and they would run it without losing any money. That may be a heterodox view to some of my friends from the Maritime Provinces, but I have come to that conclusion from having watched the management and the operations of that road under both Governments, and having watched the operation of the Government-owned roads in the Australian colonies. I know there is an objection to handing it over to any private corporation for fear that it would result to the disadvantage of the people living in the Maritime Provinces. I do not believe that it would, and personally, I should like to see the Grand Trunk Railway or the Canadian Pacific Railway take possession of that road, of only for a few years, to test the truth of the statement that I have made, and if it was found to work to the disadvantage of the provinces, they could easily terminate the contract and take it back into their own possession.

THE ONTARIO CONSERVATIVE LEADER.

At the time of Sir Alexander Galt's resolution, Dr. Sproule, then, as he still is, a Conservative member of the House of Commons, expressed his mind as follows:

In every instance where I have been able to take the sense of the people, I have invariably found that it was their desire to have the railway built by a company and not by the Government. The history of the construction of all public works shows that they cost more when constructed by the Government than when constructed by private companies. We have had some little experience of running railroads in Canada, and we may ask, if it cost us in one year \$716,083 to run the Intercolonial Railway, a road 800 miles long, passing through three settled provinces where there is a large trade, what

must be the cost of running a road 2,700 miles long, running for nearly its whole length through a country that is unsettled.—(Hansard, January 20th, 1881.)

SUBSIDIES IN THE UNITED STATES.

It has been said frequently, in a portion of the press of Canada, that the railroads of the United States have been constructed without Government subsidy. So far from this being the case, the Federal Government of the United States, since 1850, have granted subsidies to more than fifty different railroads extending west from the Mississippi River, aggregating in cash \$65,000,000, and by land grants amounts to over 200,000,000 acres. In addition to this, the United States Government sustained the credit of the roads so subsidized by paying interest upon the bonds of these roads until they became self-sustaining. This interest represents an additional sum of \$35,000,000.

The total cash subsidy to the Union Pacific was over \$33,000,000; to the Southern Pacific over \$27,000,000; and to other roads, millions of acres of land grant. It must be borne in mind that the United States Government paid \$100,000,000 in cash, and 200,000,000 acres of land, to induce the building of 25,000 miles of railroad west of the Mississippi. To-day, the Ottawa Government is sternly opposed to the granting of a single acre of public land to a private company for the construction of a railway. Still, we have the historical fact, that out of the 200,000,000 acres of land granted to railroads in the western States, the companies sold 98,000,000 acres to settlers, or almost one-half of the entire land grant. That means that the railroads, in endeavouring to recoup themselves, and to build up the territory tributary to their lines, and so create a paying traffic, have induced the location, in what was 50 years ago a wilderness, of more than 10,000,000 of people. In consequence of this, the building of 25,000 miles of railroad west of the Mississippi resulted in such a development, that that portion of the United States to-day contains 98,000 miles of railway, or one-half of the railway mileage of the United States, and the population has increased from less than 1,500,000 in 1850, to more than 21,000,000 in 1902. These are some of the results obtained from the railway subsidies granted, supplemented by subsidies granted by states, counties, cities and towns. The State of Missouri alone granted almost \$25,000,000 in subsidies for the building of railroads within its borders.

LAND GRANTS.

The principal land grants given by the United States to aid the construction of railroads in the west were: To the Southern Pacific, 31,207,000 acres; to the Union Pacific, 19,400,000 acres; to the Achison, Topeka and Santa Fe, 45,800,000 acres; to the Northern Pacific, 47,000,000 acres; to the Texas Pacific, 23,000,000 acres; to the Missouri Pacific, over 7,000,000 acres; to the Chicago and North-western, 8,000,000 acres.

Magnificent results have been produced in the United States by the granting of subsidies for the building of railways. In very many cases good results have been accomplished in Canada by the granting of subsidies to railways. The whole thing must be judged by results.

THE OPPOSITION LEADER'S POLICIES.

To understand the question thoroughly, and to cast an intelligent vote on it, one must know what is the Opposition policy. To do this will take a little time, but it is time well spent.

R. L. BORDEN'S MANY SHIFTS.

Mr. Borden, the leader of the Opposition, propounded three distinctive, discordant, and mutually destructive schemes during the two sessions that the Grand Trunk Pacific project was being considered. The whole course of the Opposition with regard to this subject has been a variegated and shifting one.

Mr. Borden first proposed an alternative line in 1903. Then, in 1904, he could only go so far as to express an opinion, early in the session, in favour of the extension of the Intercolonial as far as Georgian Bay. He moved a resolution declaring for the best and cheapest carriage for our products and importations, and laid stress on making the Canadian routes the most economical. In order to accomplish the desired results, a resolution was moved, declaring that the following objects and considerations should be kept constantly in view:

(a) To develop and extend the Government system of railways, and to free the management thereof from party political control or interference.

(b) To secure absolute and thorough control of rates and traffic facilities in return for reasonable public aid to railway construction or improvement.

There are some other considerations mentioned in the extremely long resolution, but the only one that bears upon the point is as follows:

It (the G.T.P. contract) not only fails to provide for the extension of the Intercolonial Railway, but it commits the country to a project which is calculated to postpone for 50 years, and probably for a century, any attempt to establish and develop in Canada a national system of railways owned and controlled by the people.

The resolution concluded by asking the House to declare that the country required the immediate construction, and control by the Dominion, of such lines of railway in the west as are required, and the extension of the Intercolonial Railway to Georgian Bay, and thence to Winnipeg. This was Mr. Borden's policy as declared on April 5th, 1904.

On May 26th of the same year, the leader of the Opposition placed before the country another policy, which was not the one of the session of 1903, and was not the one of April 5th, 1904, but one which was expressed in the following resolution:

The House is of the opinion that instead of ratifying the proposed agreement, it would be more in the public interest that the Dominion should assume the whole obligation necessary for extending across the continent the present Government system of railways, thereby completing a transcontinental railway from the Atlantic to the Pacific, entirely owned by and under the control of the people of Canada.

In the enthusiasm of this new and third resolution, Mr. Borden declared that if he were returned to power he would cancel and repeal the G. T. P. contract. A little later will be described the alternative project which Mr. Borden put for-

ward in 1903. But to pass on for a moment to say, that the resolution of April 5th, which ignored entirely the first policy, declared in favour of developing and extending the Government system of railways, and it reproached the Government for the contract which a subsequent clause of the resolution declared would postpone any attempt to establish and develop in Canada a national system of railways "owned and controlled by the people." That was a mere general observation, and means nothing.

But these were not all of Mr. Borden's policies. He had another, and went elaborately into the particulars as to the best course to be pursued, and arrived at the conclusion that the all-rail route was no good, and declared in favour of using the water route. His water route consisted of a scheme for handling the grain precisely as it is handled now. He described a steamer going from Fort William to Parry Harbour, on the Gergian Bay, and there discharging grain to be transferred to the railway, and by it carried to Montreal. Every one knows that this is precisely what is being done, and has been done for years, during the season of navigation. Then, he proceeded to say:

The fourth feature of the policy which I propose is this. I would assist the Grand Trunk Pacific Railway, on reasonable terms, to build a line north of the Canadian Northern Railway, and as far west as Edmonton, or some adjacent point. This assistance should be coupled with complete control of rates.

THEIR NORTH BAY POLICY.

Another policy of the Opposition was to assist, with both land and money grants, the Grand Trunk Pacific, from North Bay to the Pacific Ocean. This policy was enunciated by Mr. W. B. Northrup, Conservative member for East Hastings. He referred to the statement of Sir Charles Rivers Wilson, to the opposition offered to the Grand Trunk Bill in the House of Commons, and asked the question, from whom that opposition emanated. "Not," said Mr. Northrup, "from His Majesty's loyal Opposition, for we always, to a man, have been in favour of the original proposition of the Grand Trunk Railway Company. . . . We never had a chance to express our views on this point, any further than to announce that we were in favor then, as we are now, of a Grand Trunk line from North Bay to the Pacific, as the Grand Trunk itself wished."

It seemed such an extraordinary thing that an organized political party should favor giving to a railway company 12,460,000 acres of public land, that Mr. Northrup had a question put to him by the late Mr. McCreary, the member for Selkirk, who wished to know if he had correctly understood the statement made on behalf of the Opposition, and Mr. Northrup replied:

I have no hesitation in saying that I believe every member of the Opposition was in favour then, and is in favor now, of assisting the Grand Trunk Railway Company to build west from North Bay.

This statement, which meant that the Conservative party in Parliament was a unit for a scheme under which Canada's trade would have been dropped down to Portland, was cheered by the other members of the Opposition.

Let us ascertain from Mr. E. B. Osler, Conservative member from West Toronto, just what that policy was which the Opposition "to a man" had always favored. He said:

The original scheme of the Grand Trunk was to build their road from North Bay, westward to Winnipeg, in order to get the business of the north, a good sound business proposition. That was the scheme which they outlined. The president says it was their original scheme, and it was in a measure put aside by the Government.

The following letter or petition from the president of the Grand Trunk Railway Company shows clearly what the proposals were, in favour of which the Opposition had always been, and were still, "to a man":

Montreal, Que., November 3rd, 1902.

To the Right Honourable

Sir Wilfrid Laurier, G.C.M.G., P.C.,

Premier of the Dominion of Canada, Ottawa, Ont.

Sir,—Your petitioners desire to memorialize your Government in regard to the construction of a first-class line of railway from the northern terminus of the Grand Trunk Railway, at or near North Bay, Ont., through to the Pacific Coast, for the reasons and upon the conditions herein set forth:—

1st. That it is considered very desirable and in the public interest that there should be, without any unnecessary delay, a second transcontinental railway, reaching from the Atlantic Ocean to the Pacific Ocean, in order that additional facilities may be provided for the large growing business of the Northwest, which might otherwise find its outlet through American channels.

2nd. That your petitioners propose, as soon as authorized by your Government, to undertake the construction of such a line from North Bay, Ont., (or some other point north thereof, to be defined), to the Pacific Coast, the terminus to be at or near Port Simpson, with all necessary branches along the route to be designated.

3rd. That your petitioners, therefore, ask that their application for authority to construct such a line of railway, to be called the "Grand Trunk Pacific Railway," shall be granted.

4th. That your petitioners will be prepared, immediately an agreement is entered into by the Government, and the concessions hereinafter mentioned are sanctioned by an Order in Council, to place a corps of engineers in the field, both at the eastern and western ends, and at other points on the projected line.

5th. That the routes to be selected shall be submitted to and approved by the Government, after proper surveys have been made.

6th. That as soon as the plans and routes are approved, work shall be commenced and the road completed and in operation within a period of five years from the time the Act is in force.

7th. That all the work shall be subject to the inspection and approval of the chief engineer of the Government.

8th. That in order to provide for connection with the Atlantic sea-board all the year round, and through an all-British territory route, your petitioners will be prepared to enter into an arrangement with the Government for an interchange of traffic, or other satisfactory agreement, with the Intercolonial Railway at Montreal, or to consider such other proposal as the Government may submit.

9th. That your petitioners would have the advantage of all the eastern connections, in Ontario and Quebec, of the Grand Trunk Railway, and by this means, on the completion of the transcontinental line, there would be established and opened up a complete system from ocean to ocean.

10th. That the conditions referred to in clause 4, upon which your petitioners would undertake the carrying out of the proposed work, may be set forth as follows:

(a.) That the Dominion Government will grant a cash subsidy to your petitioners of \$6,400 per mile of railway, and in addition 5,000 acres of land per mile.

(b.) That the payment for the carriage of the mails shall be calculated on the same basis as provided for under the contract made with the Canadian Pacific Railway Company.

(c.) That rails and materials of every kind used in the construction of the railway—if dutiable—shall be admitted free, if such material cannot be obtained in Canada upon equally favorable terms.

(d.) That the Grand Trunk Pacific Railway, and all stations and station grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the company, shall be forever free from taxation by the Dominion or by any province hereafter to be established, or by any municipal corporation therein; and the lands of the company in the Northwest Territories (until they are either sold or occupied) shall also be free from such taxation for twenty years after the grant thereof from the Crown.

Your petitioners ask that your Government will give the prayer of this petition their early and most earnest consideration.

And your petitioners will ever pray.

On behalf of the petitioners,

GEO. A. COX,
CHAS. M. HAYS,
WM. WAINWRIGHT.

POLICY FOR EVERY DAY IN THE WEEK.

The leader of the Opposition had, therefore, the following policies:

- 1st.—In 1903 were the water routes, lake, canal and river.
- 2nd.—The extension of the Intercolonial Railway to Georgian Bay, and thence to Winnipeg.
- 3rd.—To give assistance to the Grand Trunk Pacific.
- 4th.—Control of rates in return for reasonable public aid, also the extension of the Intercolonial as a Government road, and free it from Government control.
- 5th.—The extension of the Intercolonial across the continent "owned and controlled by the people."
- 6th.—To aid the Grand Trunk to build from North Bay to the Pacific, as they wished.

RECORDED IN HANSARD.

All of these various proposals will be found registered on the pages of Hansard, page 9001, vol. IV, Hansard 1903, on April 5th, 1904, and finally the issue of Hansard dated May 26th, 1904.

It will be noticed that in all his various resolutions and amendments, the Opposition leader is careful to avoid the use of any expression indicating Government operation of a railway, which is the essential part of what is commonly called a State-owned road. The Eastern Division of the Grand Trunk Pacific would be called a Government road in the sense that Mr. Borden uses the term, as it will be owned by the Government, but it will not be operated by it. It will be operated by the Grand Trunk Pacific as part of a system having many ramifications. Mr. Borden seems to be willing that the people should take his socialistic expression "controlled by the people," as meaning that he is in favor of not only building

the transcontinental line, but operating it as well, by the Government. No one can put his finger on a single line to the effect that he is in favor of such a road. He is simply running all around the lot, hatching new schemes every now and then, and failing to reconcile his latest scheme with the one before that again. Each proposal he makes kills the last proposal he made. Having discarded his wild alternative scheme of the session of 1903, it would seem futile to waste time and space on it. But in order that it may be shown just how wild and madcap a scheme he laid before the House of Commons, it will be worth while describing what will be known in history as the Borden Alternative Policy.

BORDEN'S ALTERNATIVE POLICY.

The scheme of the leader of the Opposition was to get a through line from Montreal to the Pacific Coast by buying up old lines and building some new ones in the following manner:

(1) To construct a railway from Coteau to Jacques Cartier Junction as a connecting link between the Intercolonial and the Canada Atlantic Railway; (2) to purchase the Canada Atlantic Railway; (3) to build a connecting link between the western terminus of the Canada Atlantic, from Scotia Junction to Sudbury; (4) to buy that part of the C. P. R. from North Bay, around the shore of Lake Superior, to Fort William; (5) to assist in improving the grades on the C. P. R., or the Canadian Northern, or both, from Fort William to Winnipeg; (6) to assist the Grand Trunk Pacific from Winnipeg to a point near Edmonton (7) to build from Edmonton to the Pacific Coast; (8) at some distant day, to build a colonization road from Quebec to Winnipeg; (9) to develop all the waterways and ports of Canada.

This extraordinary proposal, which will be shown later on to involve an expenditure of hundreds of millions of dollars, is such an absurd scheme, that it might easily be said to be a mere invention of the "Grits" who, for political purposes, were trying to fasten it onto Mr. Borden. It is necessary, therefore, to quote from Hansard Mr. Borden's precise words. The extracts are from the revised Hansard of 1903, showing that Mr. Borden not only used the words, but that he carefully revised them. The figures in the summary are attached to the extracts bearing upon them, as follows:

1 and 2. If, however, the Canada Atlantic Railway commends itself to the judgment of experts and from what information I can obtain with regard to it, I should think it ought to commend itself, and I would think that the extension of the Intercolonial Railway between Coteau and Jacques Cartier Junction, and the acquisition of the Canada Atlantic Railway to Depot Harbour, would place the Intercolonial Railway in a much better position than it is at present. (p. 9289.)

3. I have suggested the extension of the Intercolonial Railway to the Georgian Bay. If we acquired the Canada Atlantic we could build a line from that point to join the Canadian Pacific Railway at or near Sudbury. By that means the Intercolonial, besides being extended to the Georgian Bay, could be joined by a line about 120 miles in length, to the Canadian Pacific Railway, running north of Lake Superior. (p. 9293.)

4. I say it would be a proper and wise thing for this Government to acquire that railway from North Bay to Fort William, and make it a national highway of Canada, giving to the Grand Trunk Pacific, the Canadian Northern and the Intercolonial, as well as the Canadian Pacific Railway, running powers over it. (p. 9292.)

5. The third point which I would submit to the consideration of the House as a sound policy, is to assist in improving the grades of one or both lines from Winnipeg to Fort William, upon conditions that complete control of rates is obtained, and that the Grand Trunk Railway shall have running powers from Fort William to Winnipeg. (p. 9293.)

6. The fourth point on which I propose this policy is this, it will assist the Grand Trunk Pacific Railway, on reasonable terms, if they guarantee to build a line north of the Canadian Northern Railway, and as far west as Edmonton, or some adjacent point. (p. 9284.)

7. At some point this side of the Rocky Mountains there should be a common point, a junction between the Canadian Northern and the Grand Trunk Pacific Railways; from that on to the coast there should be one line. This line should be built by these companies, by such an arrangement as would give them joint control. Should there be any difficulty in coming to such an arrangement, the Government should build the line itself, and maintain control, and give these railways, for a term of years, running powers over it. There is no reason why we should build competing lines through the Rocky Mountains, but there is reason why we should build the Grand Trunk Pacific Railway into the west, because the west is developing rapidly. But from some point near Edmonton to the Pacific Coast, there should be one railway. If these two great corporations, the Canadian Northern and the Grand Trunk Pacific, or the Grand Trunk Railway, as it is in fact, had equal running powers over the line to the coast, under independent control, by that means you would have, in fact, three transcontinental railway lines in Canada, and I think you would have the transportation problem in Canada settled as to its main features for the next twenty-five years.

8. I have some doubt as to whether or not that great northern country can compete, as early as we would desire, with the great western country. But I am not disposed to minimize its importance in any way, and to mind, the rational way of dealing with that road from Winnipeg to Quebec is this. To thoroughly explore and understand it, and then to build that line from Quebec to Winnipeg as a colonization road, according to the requirements of the people and colonization demand. (p. 9295).

9. The next point to which I refer, is one upon which I think there should not be two voices in this House or country. Thoroughly equip our Georgian Bay ports, our national waterways, our St. Lawrence route, and our ports on the Atlantic Coast. Give them the terminal facilities which shall enable them to compete with the American ports, free terminals. Give them terminals on the Georgian Bay, both on the east and west coasts, develop the waterways on the St. Lawrence route, develop the facilities at Port Colborne, exploit the harbor at Montreal, and make that a national port, a free port in the true sense of the term. Do the same with regard to the port of Quebec, with regard to the port of St. John, with regard to the port of Halifax. The people of this country are not afraid of spending money, if it is spent in a sane and reasonable way. (p. 9296.)

The above extracts prove out of Mr. Borden's own mouth, that he said he would do what is here stated he proposed to do. Then, the question arises, what would his schemes have cost?

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What Mr. Borden's Railway Policy would have Cost.

The distance from Montreal to Coteau is 37 miles. To construct a road through a thickly settled, rich territory like this would, at the least estimate, cost \$35,000 a mile, or \$1,295,000. Assuming that the cost would not exceed \$30,000 per mile, we have an expenditure of \$1,110,000. Mr. Clancy, the Conservative member for Bothwell, placed the cost of this piece at \$1,200,000.

The next step would be the acquisition of the Canada Atlantic Railway, a road 342 miles in length. It is well known that the Canada Atlantic Railway cannot be purchased by private parties for less than \$16,000,000, or more, and it would not cost the Government less than \$18,000,000.

Then, Mr. Borden was going to build a railway from Depot Harbour, or Scotia Junction, to Sudbury. This would pass through a country similar to that in North Ontario, where the Government estimate is \$35,000 per mile. Assuming that it could be built for \$30,000 per mile, the cost of that link would be \$3,600,000.

Then, Mr. Borden proposed to buy the Canadian Pacific Railway from North Bay to Fort William, and to spend money on the improvement of it. The cost of this would be, approximately: North Bay to Sudbury, 70 miles at \$30,000 per mile, \$2,370,000; Sudbury to White River, 304 miles at \$35,000 per mile, gives an expenditure of \$10,640,000, as the Canadian Pacific Railway would not certainly sell that portion of their road at less than cost, and the figures given here represent approximate cost. To make a long story short, however, we have the railway expert of the Opposition, Hon. John Haggart, ex-Minister of Railways, placing the cost of the 634 miles from North Bay to Fort William at \$60,000 per mile. This would make that portion of Mr. Borden's scheme cost \$38,040,000.

Mr. Borden proposed to acquire control over both the Canadian Pacific and the Canadian Northern from Fort William to Winnipeg, a distance of 850 miles. This must involve the purchase of both of these lines. He also proposed to reduce the grades of the Canadian Pacific Railway, which would be necessary to enable that track to accommodate the extra traffic between North Bay and Fort William. That is estimated to require \$3,000,000. He also proposed to reduce the grades of the Canadian Northern Railway, a piece of work estimated to cost \$1,500,000.

Mr. Borden outlined his scheme as one for a continuous line of railway from Montreal to Winnipeg, which was to accommodate with running rights other roads, and thus carry the entire traffic from west to east, and vice versa. He has now only got as far as Fort William, and to acquire control of the Canadian Pacific Railway and the Canadian Northern Railway, the two existing lines running from Fort William and Port Arthur to Winnipeg, he would have to purchase both the lines. The Government of Canada built the Canadian Pacific between Fort William and Winnipeg, and paid for its construction \$15,638,000. It was afterwards given as a gift by the Conservative party to the Canadian Pacific Railway Company. The purchase of the Canadian Northern from Fort William to Winnipeg would cost \$10,625,000.

Under this scheme the C. P. R. could discard using the line from Winnipeg to Fort William and divert their traffic to Minneapolis, St. Paul, Duluth, Superior City and other United States cities and ports.

Mr. Borden has now arrived at Winnipeg from Montreal, after an expenditure, under his scheme, of over \$93,000,000. Up to this point his road has not opened up for settlement an additional square mile of country. It would not cover a single mile that is not now either built or building. There are at the present moment two companies constructing railways between Sudbury and Depot Harbor, the termini of the Canada Atlantic Railway.

The 1,000 miles of Prairie Section required to connect Winnipeg with Edmonton would cost (according to the Opposition method of calculating cost), \$13,000,000.

Then, Mr. Borden has stated:

The fourth point on which I propose this policy is this. It will assist the Grand Trunk Pacific Railway, on reasonable terms, if they guarantee to build a line north of the Canadian Northern Railway, and as far west as Edmonton, or some adjacent point.

The same assistance as was given to the Canadian Northern Railway, \$13,000 per mile guaranteed, would doubtless be given by Mr. Borden to the Grand Trunk Pacific for the 1,000 miles which separated Winnipeg from Edmonton. This would mean another \$13,000,000, and at Edmonton he would still be 600 miles from the Pacific coast.

The Conservative estimate for the Mountain Section between Edmonton and the Pacific coast was stated in the House of Commons to be \$56,000 per mile. The exact distance between Edmonton and the Pacific coast cannot be exactly stated, and it has been a matter of dispute. Therefore, it may be called here 550 miles. The estimate of \$56,000 per mile as the cost of construction over the Mountain Section has been described as high. If it is placed at, say, \$48,000, then we will get the total cost of the Mountain Section at \$26,640,000.

The cost of Mr. Borden's alternative scheme has now reached the enormous sum of \$133,523,000. That is what it would cost to extend the Intercolonial Railway from Montreal to the Coast, and grant aid, as Mr. Borden said he would, to the Prairie Section of the Grand Trunk Pacific.

MR. BORDEN'S COLONIZATION ROAD.

Then, at a more distant date, Mr. Borden, as part of his policy, is going to build a colonization road from Quebec to Winnipeg, and as a further part of his scheme, as shown above, he was to develop all the waterways, and expend enormous sums on the equipment of the harbors of the Dominion, and still he has not provided for giving a more direct railway service to the Maritime Provinces from Quebec. As to the building of a railway from Quebec to Winnipeg, Mr. Borden spoke as follows:

So far as the line from Quebec to Winnipeg is concerned, I am not disposed to minimize the possibility of that northern country. Looking at the history of the great west, there may be a great flood of settlement into that country north of Lake Superior some day or other, at least up to a certain point west, but I do not think we know enough to justify us at present in saying that there will or will not be, because I do not know how far that country is capable of competing, in the early future, with the magnificent country we have in the Northwest. I have some doubts as to whether or not that great northern country may compete as nearly as we desire with the great western country. But I am not disposed to minimize its importance in any way, and to my mind the rational way of dealing with the proposed line from Quebec westward is this: First thoroughly exploit and explore that northern country, realize and understand its capabilities for settlement and colonization, and build such railways as these conditions and requirements demand. Build only after you have obtained the fullest possible information, and obtain that information with the least possible delay. You may find curious conditions surrounding you when you get into that country. You may find that the road which is the most direct line to the Pacific Coast will not be the road that will open that country for colonization. You may find it necessary to have a road running in one direction for colonization purposes, while any future line to the coast must take a very different direction. (Hansard, 1903, page 9002.)

Speaking later, on page 12622 of the same Hansard, Mr. Borden quoted the above remarks, and said: "I adhere to that."

It is obvious to every person, except, apparently, Mr. Borden, that to advise the building of colonization railways and at the same time to advise delay, is to ignore a notorious fact, that railways are the pioneers of settlement and that if a country is to be settled railways must go first. The Government policy is to build at once.

Assuming that a colonization road could be built between Quebec and Winnipeg for \$20,000 per mile, this part of Mr. Borden's plan would entail a further expenditure of \$28,000,000. He does not propose to go on immediately with this second line of his to the north, but it is part of his plan, as stated by himself; and adding this to the cost of his alternative scheme, we have a total expenditure proposed by the Opposition leader of \$161,523,000, just to prove, probably, the truth of his remark, "I am not afraid to spend money," and "the country is not afraid to spend money."

NOT ABLE TO UNDERSTAND EACH OTHER.

Speaking on this question, Hon. John Haggart, on page 12676 of Hansard of 1903, stated:

The proposition of my hon. friend (Mr. Borden) was to build colonization roads into that country according as its requirements demanded, with moderate gradients and equipment. In criticising that scheme, the right hon. gentleman (Sir Wilfrid Laurier) did not seem to realize the difference between building a road such as he contemplates, and one to be built gradually as settlement required, into that region which is described as so valuable by our friends opposite, in the northern part of Quebec and Ontario, and which would accomplish all the purposes for which it was needed, and would cost far less. The scheme of the right hon. gentleman simply means an expenditure four or five times that necessary to carry out the proposition of the leader of the Opposition.

It will be noticed that Mr. Haggart construed Mr. Borden's colonization policy as one different from a road "built gradually as settlement required." According to Mr. Haggart, the Opposition policy was not to build gradually as settlement required, and in so assuming, Sir Wilfrid Laurier, to whom he was replying, made a mistake. Now, let us see what Mr. Borden himself says about it. On page 12623 of Hansard of the same date, September 29th, 1903:

If you build colonization roads from the central portions of Quebec and Ontario into that northern country, you will keep settlement, as it advances, closely in touch with the people in the central part of the provinces, and in that way will be more likely to accomplish the colonization of that country. By this method you will attract settlers, and it is the only businesslike method that can be suggested.

Just before that, on page 12622, Mr. Borden had said:

I say further, that I believe that the best method of opening that country by colonization roads will be by building these roads gradually.

This is simply one of the glaring inconsistencies, and the inability of one leader of the Opposition to understand the policy of the other. Sir Wilfrid Laurier was using Mr. Borden's own words in describing a road to be built gradually, and yet Mr. Haggart got up and said the right hon. gentleman did not seem to realize the difference between a gradually constructed colonization road and the one which Mr. Borden contemplated, and Mr. Borden said he contemplated building these roads gradually." Mr. Haggart seemed to think that Mr. Borden did not understand what he was saying. Perhaps the public will agree with him.

WHAT THE NORTH BAY SCHEME MEANT.

The inconsistencies of the Opposition in this matter are so numerous, that it is almost monotonous to point out the whole of them. Still, it is a serious matter, and the public should know just how the Opposition stands. What was it that the Opposition, speaking through Mr. Northrup, member for East Hastings, was willing to do? It was willing to aid the Grand Trunk Pacific to construct a line from North Bay to Winnipeg, and thence to the Pacific Coast. Every person who is acquainted with the question knows that such a scheme would have meant the hauling of the grain and other produce of the West to North Bay, there connecting with the Grand Trunk system which has its outlet and terminus at Portland, in the United States.

More than this, look at the cost of a proposition of this kind, which would shut out the construction of a through road over Canadian territory, and close Canadian seaports to that enormous and growing trade from the Northwest. From North Bay to Winnipeg the distance is 1,050 miles, and from Winnipeg to the Pacific Coast, 1,442 miles, or a total of 2,492 miles. Mr. Northrup declared that the Opposition were, and always had been, perfectly willing to adopt this scheme. Part of the scheme was a subsidy of \$6,400 per mile, equal to \$15,948,000. Another part of the proposition was, an additional subsidy, or grant, of 5,000 acres of land per mile. This meant 12,460,000 acres of public land, which, at the lowest valuation, would be worth \$3 per acre. That amounts to \$37,380,000, and along with the cash subsidy of \$6,400 per mile, meant public aid for a road from North Bay to the Pacific Coast amounting to \$53,328,000. That is, over \$50,000,000 for a road which began in the middle, and which had for its natural terminus the seaport of Portland, in the State of Maine. That was the original proposition of the Grand Trunk Pacific promoters to which the Government would not listen, and which the Opposition, by the mouth of Mr. Northrup, declared it was in favor of, and would have supported. It may be said such a proposal is so crazy that no organized party would back it up, but in reply to this, a Hansard of the House of Commons will show that a declaration of support for it was publicly made by a leading member of the Opposition, on the floor of Parliament. They steadfastly criticised and opposed the scheme that forced the Grand Trunk Pacific to build clear across the continent, from a Canadian port on one ocean to a Canadian port on the other. That is a truly national Canadian railway.

WILLING YET UNWILLING.

In their better moments, some of their best men acknowledge that this is the only true national Canadian policy. For example, Mr. Monk, speaking after the session at a public meeting in support of Mr. Bergeron's candidature, in the county of Beauharnois, said: "The Conservatives are willing to give to the people of the Northwest another transcontinental railway, but they want the new road to come through the valleys of the Ottawa and the St. Lawrence. That outlay would give the older provinces, which had to pay the bills, some return for their outlay." These were his words, according to a report in the *Montreal Gazette*. As has already been said, Mr. Haggart, another Opposition leader, took the responsibility of saying on the floor of Parliament, that if another road was to be built, the route proposed by the Government, somewhere along the height of land, passing through Northern Ontario and Northern Quebec, would be the best possible route. Then, Mr. Monk gets up and says that the road should come through the Ottawa Valley and the St. Lawrence. The Canadian Pacific Railway now runs through the Ottawa Valley, and the old Grand Trunk Railway runs along the St. Lawrence. How is it possible to have a new railway opening up and developing this country if it is simply to go over the route of existing lines? Such a policy would be absolutely childish, and no representative Parliament could possibly sanction it; yet, we have one of the prominent Opposition leaders publicly advocating such an absurd proposition.

MORE DIVERGENT VIEWS.

If the views of the Opposition are so divergent, what hope would the people of Canada have in returning them to power that anything in the way of a truly national project would be carried out?

Again, Mr. Monk asked why the Government did not itself construct the Prairie Section of the line? At the same time Mr. Borden placed a resolution on the journals of the House of Commons, offering to assist the Grand Trunk Pacific Company to build a line across the prairies.

Again, Mr. Monk contended that the construction of a new line from Quebec to Moncton was "perfectly useless," and at the same time Mr. Borden said: "I say that if there is a better line between Levis and Riviere du Loup, or any point on the Intercolonial, and Moncton, a line that will give to Halifax and St. John a better fighting chance for western traffic than they have at present, I will support the construction of that line."

Mr. Haggart said: "I fail to see a scintilla of evidence that the eastern portion of this road will be of any use." A few days later Mr. Borden, leader of the Opposition, said: "So far as the line from Quebec to Winnipeg is concerned, I am not disposed to minimize the possibilities of that northern country." He went on to advocate the building of a line from Quebec to Winnipeg as a colonization road, although his colleague and railway expert, Mr. Haggart, described such a road as perfectly useless.

Any serious man, looking at the various attitudes of the Conservative party in Parliament, and in its press, would find it so exceedingly difficult to follow the tortuous course of the Opposition, that he would be forced to give it up in despair, and say, the policy of the Government is clear, the Liberal party is a unit in support of the Government, and the only possible thing for the country, for its development and advancement, is to strengthen the hands of the Government in constructing a national transcontinental railway on the lines of the Grand Trunk Pacific project.

Montreal Gazette, Conservative, August 28th and 13th, 1903.

"Continuing in the Railway Age his most interesting series of articles on the "Government Ownership of Railway" Mr. H. R. Meyer in the present week's issue takes up the case of Russia, where sixty-five per cent. of the railways are owned and operated by the Government. As in the case of Germany and the other states already reviewed, Mr. Meyer, shows clearly and conclusively, how Government ownership has retarded the development of the country, through the fact that the influence of sectional interest has prevented the railways from assisting in the creation of traffic in sections where such assistance was absolutely essential to success. In Russia, where the state does not own and operate the railways, it controls the rates, so that the independent railways are, as far as rates are concerned, practically on the same footing as those owned and operated by the state.

In 1888 the Russian government issued a grain tariff which was designed to encourage the raising of grain in remote regions of the country. This was done by means of a tariff with rapidly tapering rates. For the first 240 miles the rate was 1.647 cents per short ton mile, for the next 830 miles it was 0.495 cent per ton mile, and for the following 880 miles it was 0.197 cent per ton mile, or much less than cost. Grain shipped over 1,950 miles was to be carried on the supposition of its being shipped 1,950 miles only. This tariff was the application of the American rule of charging the traffic what it would bear, and it worked most successfully in inducing the cultivation of grain in the more remote sections which would have been left in a precarious condition but for the cheapness of the freight rates the tariff provided. The new policy, however, met with stern opposition in Central Russia, which had previously enjoyed the monopoly of the important Russian domestic markets. The cheap long distance hauls gave them a competitor, and, with the world-wide fall in the price of grain, precipitated a decline in land values in Central Russia. The result was an appeal to the Government which it could not ignore, and it was met by establishing local zones in which a favorable rate was made.

213 miles being the limit. Then the export demand ceased, and the long distance grain intended for export flooded the Central Russian markets. The appeal for relief was renewed and the zones extended to 361 miles, while the long distance rates were increased in order to offset the loss occasioned by the reduction of the local rate. To-day the principle of charging the traffic what it can bear is practically dead and the grain grower in the remote districts is impoverished by the high railway rates he is compelled to pay. The growth of the country is retarded because the power to regulate rates is in the hands of those interested in Central Russia, and they utilize that power to retain their home markets for their own use.

The situation in Russia is precisely similar to what it would be if the farmers of Ontario were to demand and had the power to compel the railways to quote a rate to the North-West farmer which would make it impossible for him to compete with the Ontario farmer in supplying the domestic wants of that province. That is the great danger of Government ownership. The Government is out for votes; and the private corporation for business, even if it has to make it."

The above appeared in that strongly Conservative newspaper, the *Montreal Gazette*, on August 28th, 1903, as did also the following on August 13th, 1903.

In the current issue of the *Railway Age*, Mr. H. R. Meyer continues his discussion of the government ownership of railways, taking up the cases of Austria-Hungary and the Danubian provinces. This article is specially noteworthy because of the influence government ownership of the railways of Germany has had upon the fortunes of the agriculturalists of Austria-Hungary and the Danubian states, the attempt being made with great success to utilize railway rates as a supplement to the protective policy of the country. Not only have the German railways refused to co-operate with those of Austria-Hungary in making rates which would encourage traffic designed for local consumption, but the refusal has killed off the very large grain export business the port of Stettin at one time enjoyed with Great Britain. In 1877 these exports amounted to 25,000 tons. During the four years ending with 1901 these exports declined to 486 tons.

Germany has also fixed the rates so that importation of agricultural products from Austria-Hungary and the Balkan states is practically impossible. Stranger, in Hungary, where the state owns 82 per cent. of the railways, the same policy of discriminatory rates has been applied against Austria for the purpose of encouraging home production. Austria, on the other hand, is powerless to avail herself of the full force of this protective policy, for 42 per cent. of the country's railways are still owned and operated by private companies, which seek for traffic wherever it may be obtained and regardless of its origination. The effect of this is that Austrian manufacturers are at the mercy of the German and Hungarian manufacturers, who are amply protected by the state owned railways of these countries refusing to handle Austrian goods except at practically prohibitive rates.

The result of this refusal of state owned railways to co-operate on rates on long distance traffic is that produce has been driven to the waterways, and the railways have remained nothing but feeders to them. There is a considerable market today in Madgeburg, Germany for Roumanian grain. The distance is only 1,440 miles by rail, and a railway should be able to handle the traffic for, in Mr. Meyers' opinion, \$4.75 per gross ton. But the Railways will not make the rate, and the grain must get there. So the grain goes by rail to the Danube, and down the river to the Black Sea. There it is placed on steamers and conveyed by way of the Mediterranean to Hamburg, delivered on the barges again and shipped up the Elbe. The distance is over 5,000 miles, as against a 1,440 mile rail haul. The charge is \$6.66 a short ton, or fifty cents more than the present charge for carrying grain from Duluth to Madgeburg, including a rail haul of the Roumanian-Madgeburg line. This gives one an idea of the actual detriment government ownership is to transportation, inasmuch as it destroys almost every inducement leading to the improvement of rates of travel, whereas under private ownership competition constantly renders improvement imperative."

Estimate of the Real Cost.

If, as shown, Mr. Borden's plan involved enormous cost, what does the government's policy involve? In the first place the Quebec bridge must be eliminated because that scheme stands by itself, was approved by both political parties, and while the Grand Trunk Pacific affords an additional reason for the building of the bridge it is not responsible for it and cannot be charged with it.

The Minister of Finance frankly dealt with the cost of the government road in two ways: the amount likely to be spent on construction and the net cost to the country arising out of that construction. The following facts are condensed from Mr. Fielding's speech in the House of Commons May 26, 1904. The railway expert of the department, Mr. Collingwood Schreiber, C.M.G., estimated that the section from Moncton to Quebec would cost \$25,000 a mile, and the section from Quebec to Winnipeg, \$28,000. These figures were for a somewhat better class of road than the Intercolonial, but in order to allow a liberal margin for a better road Mr. Fielding added 25 per cent. to Mr. Schreiber's figures, making the estimated cost per mile as follows:-

Moncton to Quebec	\$31,250.
Quebec to Winnipeg	\$35,000
This would make the cost as follows:-	
400 miles, Moncton to Quebec	\$12,500,000.
1,475 miles, Quebec to Winnipeg	\$51,625,000.
On this basis the cost of the eastern division would be:-	
Interest during construction capitalized	\$7,031,975.
Capital account, actual outlay	64,125,000.
Total account, actual outlay	<u>\$71,156,975.</u>

WEST OF WINNIPEG.

PRAIRIE SECTION

By the striking out of the item for the Quebec Bridge, which does not belong to the account (although at first it was put in) the changes in the contract made during the session of 1904 did not materially change the figures showing the obligations assumed with respect to the road west of Winnipeg as given when the original contract was presented to Parliament.

The government guarantees three-fourths of the cost, not to exceed \$13,000 a mile. This limits the amount for the 1,000 miles of prairie section to \$13,000,000. The Company will pay the interest on this from the beginning, and therefore there will be no burden whatever on the government.

MOUNTAIN SECTION

The Company expect to construct this for \$50,000 a mile, but taking the estimate of the Opposition, as stated by Mr. Barker M.P. for Hamilton, \$56,000 the cost would be \$26,888,000. On this the government guarantees three-fourths, or \$20,166,000. The state of the money market may require the issue of additional bonds to raise the sum. Add for that \$1,061,000, making a total issue of bonds to be guaranteed by the government \$21,221,000. Annual interest on this at three per cent. is \$636,631. The government pays interest on this for seven years (all other interest being paid by the company). To provide at once this interest, Mr. Fielding stated that we would have to lay aside now \$3,177,794, that is for seven years.

After the completion of the Eastern Division the road is to be leased to the Company for fifty years at a rental, except for the first seven years during which the government meet the interest.

A brief summary of these authoritative figures gives this result:-

Total present sum required to cover seven years' interest (all other interest being paid by the company) on cost of Eastern Division	\$10,655,562
Total present sum required to provide government portion of seven years' interest (all other interest being paid by the Company) on cost of mountain section, Western Division..	3,177,794
Total present sum required	\$13,833,356

The surplus in 1903 was \$14,345,000. If therefore, the government should set aside out of this sum \$13,833,000 it would provide for the full payment of the seven years' interest, which is all the obligation that the government are to bear with respect to the whole line from ocean to ocean.

Contrast this with two things, the cost to the country of the C. P. R. (alluded to elsewhere) and with what the promoters of the Grand Trunk Pacific wanted and asked for. They asked for a cash subsidy of \$6,400 a mile from North Bay to the Pacific Coast. The distance being 2,492 miles that meant \$15,948,800. They also asked, in addition, for a land grant of 5,000 acres a mile. This meant 12,500,000 acres, which at a very low estimate of value would be worth \$3 an acre, or \$37,380,000. In lands and money they asked for \$53,328,000 for a half railway which would begin in the middle of the country and carry its traffic down to Portland in the United States, while for a net cost of about \$13,000,000 the Laurier government is giving to the people of Canada a whole transcontinental railway running every mile of it over British territory and feeding its traffic to Canadian ports.

TWO SCHEMES CONTRASTED.

The chief points of contrast between the Grand Trunk Pacific project and the Canadian Pacific project which the Tories launched are these:

1. The Canadian Pacific is from end to end the property of the company which was chartered and subsidized to build it.

The Dominion will own one-half Grand Trunk Pacific from Winnipeg to near the Atlantic Ocean will be built by a lien held as security for guarantee of interest. The Dominion also has authority to grant running powers.

2. The Dominion Government constructed two costly sections of the Canadian Pacific—from Lake Superior to Winnipeg and from Kamloops to the Pacific Ocean—and make a present of these completed portions to the company.

The Grand Trunk Pacific from Winnipeg to near Atlantic Ocean will be built by the Government, and will remain the property of the people of Canada in perpetuity.

3. Parliament granted to the Canadian Pacific a subsidy of \$25,000,000. The only financial aid given to the Grand Trunk Pacific is a guarantee of interest—which will not cost the country anything—to the capitalists who furnish the means of construction west of Winnipeg. On the section east of Winnipeg, which will be built and owned by the Government, the country will receive a rental sufficient to pay interest on the sum invested.

4. Parliament gave the Canadian Pacific 25,000 acres of land, including the privilege of establishing town sites.

Not an acre of land, except for right of way and station facilities, is given to the Grand Trunk Pacific. To enhance this discrimination, the Canadian Pacific lands were made free of taxation for twenty years, unless "sold or occupied. This has so far been held to mean twenty years from the actual specific conveyance of the lands to the corporation, not from the date of the agreement—a difference which means many additional millions of dollars to the Canadian Pacific.

5. As far as it was possible to do so, the Dominion Parliament gave the Canadian Pacific Company a monopoly of the traffic of the Dominion west of Lake Superior, by prohibiting the building of other lines, except such as would of necessity become feeders of the Canadian Pacific.

The Grand Trunk Pacific Company must take its chances in competition with existing trunk lines, and with any others that may hereafter be chartered and constructed.

6. Parliament granted to the Canadian Pacific virtually absolute control of transportation charges west of Lake Superior.

The absolute control of such charges on the Grand Trunk Pacific is vested in the Dominion. The difference is made clearly apparent by the fact that, so far as its main line is concerned, the Canadian Pacific cannot be brought under the control of the Railway Commission recently created by Parliament, whereas the Grand Trunk Pacific is placed under that control by the terms of its charter.

7. No attempt was made by Parliament to grant running powers to other companies over the portions of the Canadian Pacific constructed by the Dominion Government.

Running powers over the portion of the Grand Trunk Pacific constructed by the Government may be obtained by any other company, subject to the operative control of the Grand Trunk Pacific Company, so far as that is necessary to the safety of passengers and property.

8. The Canadian Pacific was allowed to import construction material free of duty.

The Grand Trunk Pacific enjoys no such privilege. As far as possible its material must be made or purchased in Canada; where it imports material that cannot be produced here it must pay duty.

9. When the Canadian Pacific was finished it possessed little more in the older provinces than its main line from Rat Portage to Montreal. A system of feeders had to be laboriously built up.

The Grand Trunk Pacific, on the other hand, will commence operations with all the lines and equipment of the Grand Trunk proper behind it in the older provinces, which means that the eastern manufacturer will at once be placed in direct communication with the customers in the west, and ensured lower rates.

10. The Canadian Pacific, though built as a national undertaking, was semi-americanised from the first. Its Soo line to-day carries wheat from Minneapolis to the seaboard for less than the main line charges from Winnipeg; in other words, treats the farmers of Dakota and Minnesota better than the main line treats those of Manitoba. Further, although St. John, N.B., is the winter port of the Canadian Pacific, its line thither runs for 200 miles through the state of Maine.

The Grand Trunk Pacific will traverse Canadian soil from start to finish, will send all unrouted freight to Canadian ports, is under obligation not to discriminate against those ports, and will run too far north to become tied up as the Canadian Pacific is with the rival interests of Minnesota and Dakota.

11. The Canadian Pacific did comparatively little for the older provinces in the way of opening up new territory. Its main line west hugs the Lake Superior shore, which is sterile and unfit for settlement.

The Grand Trunk Pacific will open a vast back-country between Moncton and Winnipeg, containing over 150,000,000 acres of well timbered land, much of it fit for agriculture, with deposits of mica, copper, nickel and iron, and with water-power of enormous capacity. It stands to reason that the development of this region must add to the wealth and importance of Ontario, Quebec and New Brunswick. That part of Canada will no longer be a mere fringe. The older provinces have done much for the west; they are now helping the west again, and at the same time doing something for themselves.

A SHORT LINE.

Looked at from the standpoint of a great Imperial highway, the Grand Trunk Pacific possesses advantages which must weigh heavily in its favor. It shortens the distance between Great Britain and the east by many hundreds of miles. A few comparisons of routes will make this clear. By the present existing Canadian routes the distance from Liverpool to Yokohama is 10,045 miles; Liverpool to Quebec, 2,632; Quebec to Vancouver, 3,078, and Vancouver to Yokohama, 4,335—making a total of 10,045 miles. When the Grand Trunk Pacific is completed the distance will be lessened by about 528 miles. It will then be Liverpool to Quebec 2,632 miles; Quebec, to say, Port Simpson, about 3,025 miles; Port Simpson to Yokohama, about 3,860 miles. Total, 9,517 miles. The Grand Trunk Pacific will not only afford the shortest route from British ports to the East, but also from the large centres of Canadian production and commerce; and by means of the new system's extensive connection, it will also be the shortest route to the Orient for many of the largest cities of the United States.

CHARACTER OF THE COUNTRY.

From Quebec City the line of the Grand Trunk Pacific will proceed through the northern portion of the province of Quebec in a westerly direction, crossing the western boundary of the province at a point about fifty miles south of Lake Abitibi. The territory traversed is largely unsettled, and at present practically inaccessible to settlers by reason of its lack of communication. That the greater part of it is rich in agricultural, mineral and forest resources has been established by geological surveys, and by the success which has attended settlement in similar districts situate even farther north than the proposed route of the Grand Trunk Pacific. A settlement, whose prosperity is an evidence of the worth of north-western Quebec, is that in the Lake St. John region, situate almost due north from the city of Quebec. Here large forest areas have been cleared, and the farmer's plough has superseded the axe of the lumberman. A large population is maintained in prosperity. A rich soil was found awaiting the husbandman, and abundant crops rewarded the industry of the settlers. The soil is generally composed of a rich grey clay; and the land seems to be inexhaustible. In some places heavy crops of wheat have been produced for the last fifteen years, and the yield shows no sign of falling off. Throughout the district wheat and other grains produce abundantly and ripen well. The climate is very similar to that enjoyed by the residents of Montreal, while it is said to be considerably milder than that of Quebec City. The snow fall is certainly less than that in the vicinity of the latter. Such is the character of a large, settled area of northern Quebec, situate fully 100 miles north of the proposed line of the Grand Trunk Pacific Railway.

Of the character of the north-western portion of Quebec there is much reliable information contained in reports of surveys made by Government geologists, and it should be borne in mind that these surveys were made before the new trans-continental railway was projected. It has been found that the whole country

slopes westward, and, generally speaking, is fairly level. With regard to one comparatively small section the report states that here 2,250 square miles, or approximately, one and a half million acres of land were found to be "generally fit for agricultural purposes, the soil of which is composed of yellow and black loam." In that section the predominating timber was found to be yellow and black birch, and in the low land and swamps, cedar, ash, elm, balsam occurred most frequently. The general surface of the land to be traversed by the railway is undulating, and without mountains of any kind.

Farther west is the Abitibi region, and in describing its resources the geological report says: Minerals.—Iron, copper, magnetic iron, pyrites and steatite are reported, and inasmuch as the great Huronian belt of metaliferous rocks traverses this region, further discoveries are anticipated. Timber.—White and red pine are found over the whole region. On the north side of the height of land pine trees measure from eight to nine feet in circumference. White spruce, yellow birch, and cedar are also tolerably abundant. Poplar, canoe birch, banksian pine, elm and ash are also reported, and sugar maple and aspen. "The whole country northward, from the mouth of the Montreal River, is correctly described as a level clay plain, with rocky hills protruding here and there through it. Clay appears to be uniform throughout the whole region. Indian corn is grown in several localities near the head of Lake Temiscaming."

In regard to arable land, the report states: "The largest areas of arable land are on the Blanche and around Lake Abitibi. Several acres of this clay soil are cultivated at the Hudson Bay Company's post at Abitibi, and with satisfactory results. The only crop grown at present is potatoes; but I was informed, by the man who had charge of the farming operations (a French-Canadian who had been more than thirty years at Abitibi, but was brought up as a farmer near Sorel, in the province of Quebec), that several other crops, including wheat, had been tried in former years, and with such results that he is inclined to insist that all the ordinary cereals can be cultivated as successfully at Abitibi as on the St. Lawrence. Such an opinion from a man who has been for so many years practically engaged in the cultivation of the soil, is worth recording, and ought to be reliable."

In describing the western part of the Abitibi region, which is in the province of Ontario, the report refers to the abundance of fur-bearing animals, and speaks in particular of the rich agricultural lands. In this connection it says: "From my observation in this district, I am convinced that there are large areas of agricultural land, of excellent quality, especially in the river valleys, the soil in most cases being a clay loam, free from stones, and easily cleared. The climatic conditions also seem favourable for farming operations, and these would improve with the clearing and drainage of the land. Out of a collection of nearly 70 species of plants from the district, Professor Macoun says that there is only one that indicates a cold climate, and that was found in a peaty swamp. When it is remembered that Lake Abitibi is farther south than the Southern boundary line of Manitoba, it will be seen that there is nothing in the latitude to prevent the successful cultivation of the soil, and further, it has been practically proved the successful cultivation of the soil, and further, it has been practically proved for many years that vegetables of all kinds can be successfully grown at Abitibi post."

South herefrom is the Lake Temiscaming district, in which settlement is already far advanced, and where a considerable population is carving out for itself productive farms.

The line of the Grand Trunk Pacific will enter this extensive tract of territory known as "New Ontario," containing the recently discovered fertile "clay belt of sixteen million acres of arable land." In describing the climate and resources of northern Ontario, the report says:

"The result of the exploration is that a tract of arable land has been found north of the height of land, stretching from the Quebec boundary west across the district of Nipissing, Algoma and Thunder Bay, comprising an area of about 24,500 square miles, or

15,680,000 acres. The soil is clay or clay loam, nearly all suitable for farming purposes, and the region is watered by the Moose and its tributaries, the Abitibi, Mattagami and Missinaibi, and the Albany and its tributaries, the Kenogami and Ogoke. Along this latter stream alone, about which, formerly, nothing was known, a tract of good land was found extending on both sides of the river for over forty miles, and in the district of Rainy River, between the surveyed townships around Dryden and Lac Seul, another extensive area of good land was found, about 600 square miles, or 384,000 acres in extent.

A great pulp wood forest has been located north of the height of land, extending across the districts of Nipissing, Algoma and Thunder Bay, with a depth in some places of 50 miles. The timber embraces all the common pulp woods, such as spruce, poplar, jack pine and balm of gilead, as well as tamarac and cedar, along the banks of the streams. It is generally of good quality, usually thick on the ground, and ranges in size up to three feet in diameter. In the district of Nipissing, south of the height of land, an extensive pine forest was explored, and estimated to contain about 3,000,000,000 feet B.M.

The climate of this region is reported to have no features which would prevent the ripening of grain or the growing of root crops. It lies for the most part south of the 50th parallel of latitude, which crosses the Province of Manitoba near Winnipeg, and its climate does not differ much from that of the latter province. Crops of grain, potatoes and other vegetables, and even small fruits, were found growing as far north as James Bay.

From these reports, and from the success that has already attended settlement in this hinterland of Quebec and Ontario, it is evident that these extensive stretches of territory possess resources which only require development to suffice for the support of a large population, but which cannot be developed without the opening up of the country by means of a railway.

Crossing into Manitoba, near the English River, the Grand Trunk Pacific will enter the great Canadian West, a land of prairies and rolling hills, the richest grain and pasture land in the world, where millions of fertile acres await home seekers, and where comfort and independence are the sure rewards of industry and prudence. By common understanding, the Canadian west comprises Manitoba, and the three territories of Assinibia, Saskatchewan and Alberta; an area of 238,151,680 acres. And to the north of the territories is the district of Athabasca, containing within its borders 155,622,400 acres of land alone. Much even of the promise. Of all this vast area only a fraction, or 4,700,000 acres, was last year under crop, producing more than one hundred million bushels of grain. This is merely an indication of the possibilities of the country, for when as large a proportion of the Canadian West is under cultivation as is the rule in the older and more thickly settled portions of the Dominion, Canada will be the greatest producer and exporter of bread stuffs in the world. enormous area of the latter is well within the wheat belt, and rich in agricultural

REASONS WHY

THE PEOPLE SHOULD REGARD THE GRAND TRUNK PACIFIC AS THE PEOPLE'S ROAD.

- Because it doubles the industrial productive area of Canada.
- Because it doubles opportunity for every man in Canada.
- Because it offers the shortest and best all-Canadian line from tide water to tide water, summer and winter.
- Because it is the only all-British railway across the continent under one management.
- Because it is so situated as to be most secure from foreign invasion; giving depth and therefore strength to our country, to the advantage of both Canada and the Empire.
- Because it gives employment and competition in transportation to 1,200 miles of grain growing country in the west.