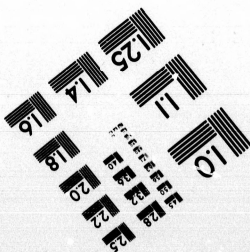
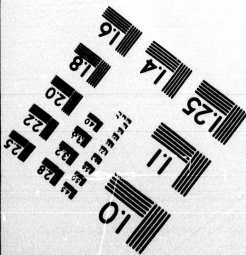
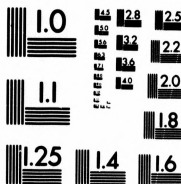


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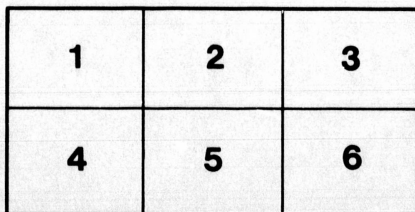
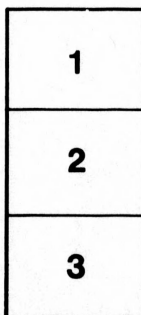
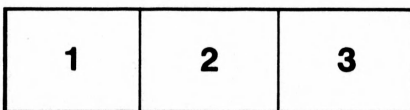
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THE
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NORTH SHORE RAILWAYS.

Correspondence relating to the efforts of the Canadian Pacific Railway Co. to reach Quebec.

The following correspondence between the Quebec government and the Canadian Pacific Railway Company referring to the North Shore Railway was laid on the table of the Quebec Legislature on Friday afternoon, March 20:—

CANADIAN PACIFIC RAILWAY Co. }
SECRETARY'S OFFICE. }
MONTREAL, January 29th, 1885. }

The Hon. Commissioner of Railways, Province of Quebec. Que.

SIR,—Referring to the interview which the members of the government of Quebec accorded to the delegates from the Board of the Canadian Pacific Railway Company on the 21st. instant, I have the honor now to draw the attention of the government to a subject discussed at that interview in connection with the Quebec traffic of the Canadian Pacific railway.

I would remark that, at the time the purchase of the western section of the Quebec, Montreal, Ottawa and Occidental Railway was made from the government, this company did not contemplate the possibility of the remainder of the government railway falling into the hands of any company or syndicate, having interests opposed to a free interchange of traffic between Quebec and the country adjacent to the North Shore Railway, and points west of Montreal reached by the Canadian Pacific Railway. It appeared to this company at that time, that as the road really constituted one line connecting the terminus which the Canadian Pacific Railway Co. had then acquired at Ottawa, with the Province of Quebec generally, having its eastern terminus at the City of Quebec, it would follow as a

natural consequence that all through traffic originating on either section of the Quebec, Montreal, Ottawa & Occidental Railway would be delivered to the other section, and thus the facilities which were expected to be obtained by the construction of the government railway for connecting the Port of Quebec with the Ontario system of railways, and with the Northwest, via the Canadian Pacific Railway would be attained without disturbance. In acquiring the western section of the government railway, this company always expected that every facility would be accorded them, for carrying their summer traffic to the Port of Quebec, and were always ready to afford similar facilities for Quebec traffic going westward. And these results would naturally follow from the connection which existed at the time of the purchase between the western and eastern sections of the government railway. Nevertheless, the intention of the parties to the sale of the western section was expressly stated in the eighth clause of the contract, and, indirectly in several other of its clauses.

The eighth clause provided that "through freight and passenger traffic shall be carried over both of the said railways and every part thereof, etc." "At the freight and passenger rates established and charged by the Canadian Pacific railway company for all traffic carried past the City of Ottawa in either direction, and at rates to be agreed upon, from time to time between the government or its assigns and the company, for all traffic which is both received and delivered east of the said city; and all rates shall be apportioned between the government, or its assigns, and the company, at a *pro rata* mileage rate."

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In the seventh clause it is stated that it is of essential importance to the government and the company that a ferry should be established over the River St. Lawrence from the City of Quebec to Point Levis, and that a branch of the Intercolonial Railway should be constructed from Point Levis eastward, to be known as the St. Charles branch, by means whereof trains of cars can be ferried across the River St. Lawrence, and the trains of the said Quebec, Montreal, Ottawa & Occidental railway and of the Intercolonial railway can be transferred from one railway to the other (without breaking bulk), and it is stipulated that the government will use its best endeavors to procure the carrying out of these objects. It is plain that such a stipulation by the company could only have reference to the mutual understanding that the through traffic should be carried westward over the western section.

So also in the ninth clause, which gives to both sections the benefits of special rates obtained by either party.

So also with the various stipulations as to special trains running over both roads, contained in the tenth clause.

The condition of things as existing at the time of the acquisition of the western section, and the various clauses and stipulations contained in the deed of agreement between the government and this company, conclusively indicate the intention of both parties that, although the Canadian Pacific railway company did not actually acquire the eastern section, it should have such rights in respect thereof, with regard to through traffic, as virtually to make the port of Quebec the Eastern terminus of the Canadian Pacific railway. For, if, as contemplated by the contract, all freight to and from the city of Quebec should be carried over both railways at a *pro rata* rate of freight or passage money, all through freight by the Canadian Pacific intended for Quebec was to pass over the North Shore Line, and *vice versa*, the city of Quebec obviously enjoyed precisely the same advantages as if the Canadian Pacific railway carried its own traffic to the city of Quebec over a railway of its own.

But upon the acquisition by the Grand Trunk Railway company of the control of the North Shore Railway a systematic line of conduct was adopted by that company, which has deprived the Port of Quebec of the advantages which were sought to be obtained for it by the agreement. Instead of through rates for freight and passenger traffic being

adopted and acted upon, as provided in the eighth clause of the agreement, the North Shore company have fixed special rates of their own from St. Martin's Junction to Quebec, for all kinds of freight and passenger traffic, greatly in excess of the rates charged by this company for long distances. It has notified this company of special rates for cars from St. Martin's Junction to Quebec, which have practically destroyed the carrying trade of lumber from the Ottawa river and its tributaries, which this company was endeavouring to build up. It refuses to recognize the tickets of this company for passengers from Quebec to the North West, compelling this company to purchase separate tickets over the North Shore, for such passengers at larger mileage rates than this company is charging for the whole distance, thereby practically destroying the passenger traffic between the City of Quebec and points on the Canadian Pacific Railway including the North West. It deals in the same manner with freight traffic destined for similar points, and it interposes many obstacles to the free interchange of freight and passenger traffic, more particularly as to the latter, in respect to checking baggage, charging commission on tickets &c, &c. By the construction of the Jacques Cartier Union Railway, the Grand Trunk company has established a through line from Quebec through Ontario to the Western States, and, by way of St Paul to Manitoba and the North West, and, instead of facilitating the transit of passengers and freight by the shorter, more commodious and cheaper national route provided by this company, it furthers by every method in its power, the adoption of routes through the United States.

If the Agreement contained in the contract of purchase of the western section were carried out according to its spirit, the Canadian Pacific Railway company would be able to issue tickets for passengers, and make contracts for freight at Quebec, in respect of persons, and of freight destined for any point on its line from Montreal to British Columbia, and soon to a Pacific port. And, in like manner it would be enabled to make freight contracts, and issue passenger tickets, in the North West, destined for the Port of Quebec, and at low rates for the whole distance. And this is the course of action intended and provided for by the contract. But, as it is, this cannot be done, and the through traffic to and from Quebec, with the Ottawa Valley the North West Territories, and all points on the Canadian Pacific Railway is obstructed and render-

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ed more expensive, by the disregard by the North Shore company of the conditions of the contract of sale.

The Delegates of this Company had the honor of calling your attention and the attention of the Government of Quebec, to this subject for two reasons. They desire to make it plain to the Government, that if the intention of the Government and the Company in the contract of the 4th, of March 1882, to make Quebec the practical terminus of the Pacific Railway is not carried out, it is not the fault of this company. And that all that is necessary to give the port of Quebec the full benefit of the summer traffic of the Pacific Company, is that the conditions of that contract should be performed in good faith. And the other reason that actuated them was the hope that if your Government was informed of the actual state of things, in respect of the interchange of traffic between the Province of Quebec and the enormous extent of country traversed by this railway, it would take means to enforce a contract which it deliberately entered into; which contains provisions calculated to attain the precise object so much desired by the people of Quebec and this Company; and which has been confirmed by an act of the Legislature of the Province. If the matter has been one of breach of contract between two railway companies, no doubt each would have been left to its remedy before the courts, but, in the present case, the Government of a great province is a party to the agreement. It caused the agreement to be made, with a view to the interests of that province. The Legislature of that Province acting in the public interest, has confirmed the arrangement and it appears to this Company that that Legislature can compel the performance of so solemn and important an agreement, by more summary and effectual means than are afforded by the tardy action of the law courts.

I have the honor to be,

Sir,

Your obedient servant,

(Signed), C. DRINKWATER,
Secretary.

[Copy.]

QUEBEC, 5th February, 1885.

*Charles Drinkwater, Esq., Secretary C. P. R.,
Montreal.*

SIR,—I have the honor to acknowledge receipt of your communication of the 29th ult., complaining of the violation of certain clauses in reference to traffic arrangements

in the deed of sale to your company of the western section of the Quebec, Montreal, Ottawa and Occidental Railway, and in answer thereto I beg to say that I have this day written to the president of the North Shore railway company, transmitting copy of your letter and calling specially his attention to the different clauses of the deed of sale cited by you, and to the fact that by the sale of the eastern section the syndicate (the North Shore railway company) are to "carry out all the contracts relating to the traffic on both sections of the road by which the Government were bound." You will observe that in section 8, which you have mentioned, it is provided "that if the said parties fail to agree thereon, such rates shall be fixed by the Minister of Railways of the Dominion on the request of either party hereto after notice to the other." You do not say whether your company has or has not taken advantage of this provision.

I have the honor to be, sir,

Your obedient servant,

(Signed), E. J. FLYNN,
Commissioner.

NORTH SHORE RAILWAY,
President's Office,
Montreal, February 10, 1885. }

SIR,—I have the honor to acknowledge the receipt of your letter of the 5th instant, enclosing a copy of a communication addressed to you by the Secretary of the Canadian Pacific Railway Company on the 29th January.

The transfer of the Government road between Quebec and Montreal—now known as the North Shore Railway—was made to this Company on the 30th June, 1882, and, as far as I know, the communication now before me is the first word of complaint which has been addressed to the company in regard to its arrangements for the business of the Canadian Pacific Railway. If there have been previous complaints addressed to the Government, I shall feel greatly obliged if you will send me copies of them. I desire to say at once that I am not aware that the directors or officers of the North Shore Railway Company have ever refused to comply with any demands of the Canadian Pacific Company made in terms of the agreement legalized by act of parliament relating to the sale of the western section of the line to that company, and I have respectfully to suggest that you call upon the Canadian Pacific Company to supply you with particulars of any complaints which

they have made to this Company in regard to the arrangements for traffic to be interchanged between the two systems of railways.

It is rather implied than asserted in the communication of the Secretary of the Canadian Pacific Railway Company that the North Shore Company have refused to carry out the terms of the agreement made by the Government of the Province of Quebec when the western section of the Government line was sold to the Canadian Pacific Company, and it is only therefore possible to answer that no such refusal has been made by this Company, and I would further add that the North Shore Company has the control and management of its own business, and that the public would not be benefitted by any such arrangement is obvious from the fact that the North Shore Company have tickets of their own on sale at stations along their line to all points of importance on the Canadian Pacific Railway, and they are prepared to put on sale tickets to any other stations which, either from inadvertance or under an understanding with the Canadian Pacific Company, tickets have not been sold to.

There is an assumption in the letter addressed to you by the Secretary of the Canadian Pacific Company which I should not venture to notice had it not been more pointedly brought forward in a communication addressed by the President of the Canadian Pacific Company to the Hon. Minister of Public Works in April, 1884. It is, that the terms of the contract between the Government and the Canadian Pacific Company practically established an exclusive arrangement for business between the North Shore Railway and the Canadian Pacific Railway, and that the North Shore Company have no right to make through rates for exchange of business with the Grand Trunk Railway or any other Company. The agreement and the Act of Parliament are documents which can be referred to, and you can readily satisfy yourself in regard to this matter. The Directors of this company do not find anything in either to sustain such pretension, but, on the contrary, it is expressly stipulated in the contract, when the transfer of the western section of the government lines was made, that a connection should be constructed between the Government lines and the Grand Trunk Railway, a connection which would certainly be of little value if traffic was not to be exchanged between the North Shore road and the Grand Trunk system.

I may observe further that it can hardly be conceived that the Government of the Province of Quebec could have contemplated the exclusion of the citizens of Quebec and the population living along the line of the North Shore Company from the benefits arising out of the free exchange of business between the Government Railway and the large system of lines controlled by the Grand Trunk Company.

I am, sir,
Your obedient servant,
(Signed), L. A. SENECAI,
President.

To the Hon. E. J. Flynn, Commissioner of Railways, Province of Quebec.

QUEBEC, 19th Feb., 1885.

CHARLES DRINKWATER, Esq., Secretary,
Canadian Pacific Railway Company, }
Montreal.

SIR,—I have the honor to transmit to you for the information of the Canadian Pacific Railway Company, copy of a letter received by me from Mr. L. A. Senecal, President of the North Shore Railway Company, in answer to your letter to me of the 29th ultimo and to call the special attention of your Company to the contents of said letter.

I have the honor to be,
Your obedient servant,
(Signed), E. J. FLYNN,
Commissioner.

CANADIAN PACIFIC RAILWAY COMPANY, }
Office of the Secretary,
Montreal, 21st February, 1885.

DEAR SIR,—I have the honor to acknowledge the receipt of your letter of the 5th inst. requesting further information as to the contents of my letter of the 29th ult., especially as to the establishment of rates over the North Shore Railway in connection with Canadian Pacific Railway traffic, and containing the enquiry whether this company has ever applied to the Minister of Railways to fix the rates referred to in section eight of the agreement between this Company and the Government. In reply I beg to submit the following observations, and a more detailed statement of facts bearing on the point referred to.

In the first place, I desire to call your attention to the fact that the power of the Minister of Railways and Canals to fix rates in case of dispute, applies only to the rates for traffic originating at, or destined for the City of Ottawa or points east of it. It does not apply to

the rates for traffic at points west of Ottawa which applies to a very large portion of the traffic which has been carried by the Company. The rates for traffic originating at points east of Ottawa are fixed by agreement (section eight) of the agreement between the Canadian Pacific Railway Company and the Government of the Province of Quebec. A part of the traffic to the mill and the two railways also observe no power to accept a price when those rates are fixed. He has only a share of the traffic which leaves the North Shore Company under the agreement, but

Such, in fact, is the position by the North Shore Railway Company. They have no power to accept a price by the Pacific Railway Company west of Ottawa.

I would observe that the rate of traffic on the Grand Trunk Railway is usually regulated to all cases where the rate is established. It is made for the season of the year and other circumstances. A very large quantity of carriage and freight is made in which competing vessels are used. In such cases freight is made from the Grand Trunk Railway. And the freight on the Grand Trunk Railway, Quebec, is made by the shipper or the shipper's agent. Under the agreement between the Canadian Pacific Railway Company and the Government of the Province of Quebec, the North Shore Railway Company is not permitted to check the rates from the fact that it only receives the freight and it cannot in any case fix a low price pending injury upon this point made by the

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the rates for traffic destined for, or originating at points west of Ottawa, and, therefore, applies to a very small portion of the difficulty which has been made, by the North Shore Company. As respects freight destined for, or originating at, points west of Ottawa, the agreement (section eight) expressly provides, in effect, that the rates shall be fixed by the Canadian Pacific Railway Company, and that the Government, or its assigns, shall accept a part of the rates so fixed proportionate to the mileage distance traversed over the two railways respectively. And I would also observe that the Minister of Railways has no power to compel the North Shore Company to accept a pro rata share of the rates even when those rates have been fixed by him. He has only the power to fix the entire rate, which leaves it in the power of the North Shore Company to continue to violate the agreement, by refusing to accept a pro rata share of the rate fixed by the Minister.

Such, in fact, has been the position taken by the North Shore Company.

They have confined themselves to refusing to accept a pro rata share of the rates fixed by the Pacific Company on traffic arising west of Ottawa.

I would observe, further, that the carriage of traffic on a large scale by a railway is not usually regulated by a fixed rate applicable to all cases alike. For ordinary traffic a fixed rate is established, but special contracts are made for various reasons, dependent upon the season of the year, the state of trade, and other circumstances, and are common when very large quantities of freight are offered for carriage, and especially when there is another mode in which such carriage may be effected, competing with the railway. In all such cases freight is carried on special bargains made from time to time, as the occasion arises. And as the Pacific Company gathers the freight carried over its line bound for Quebec, it is with that Company that the shipper necessarily makes his contract. Under the terms of the agreement the Pacific Company is entitled to make these contracts at a rate fixed by itself and the North Shore Company is bound to accept its pro rata share of the rate so fixed. The check upon the fairness of the rate arises from the fact that as the Pacific Company only receives a pro rata mile proportion of it, it cannot injure the North Shore Company by fixing a low rate without inflicting a corresponding injury upon itself. No doubt it is upon this ground that the agreement was made by the Government.

In support of the statement in my former letter, that the North Shore Company had entirely ignored this condition of the contract, and had continuously violated it, I could cite a number of incidents reaching almost to the commencement of its operations, but I will content myself with referring to a few of the most important which have occurred during the past year or thereabouts.

Although the shipments from and east of Ottawa to Quebec are comparatively small, I will commence by pointing out instances of the assumption by the North Shore Company of entire control over rates of that description, instead of submitting them to this Company, for mutual adjustment, and failing such to the Minister of Railways.

On the 22nd of October, 1883, this Company proposed to undertake to carry a carload of coal oil from Ottawa to Quebec for twenty-five dollars. By telegram of the 23rd of the same month, the Superintendent of the North Shore Company notified this Company that the proportion which would be charged by the North Shore Company from St. Martin's Junction to Quebec on such oil was \$25; that is to say, the whole of the rate to be obtained for the whole distance between Ottawa and Quebec. As it was found impossible to force the North Shore company to a reasonable view of the matter, the Pacific Company rather than injure the business, forwarded the car subject to the payment of \$25, all of which the North Shore Company received and retained, leaving nothing for the carriage from Ottawa to St. Martin's junction.

Similarly, in April last, a carload of tubs from Hull was shipped to Quebec at \$30 a car load; but the North Shore refused to receive \$17.88, being their mileage proportion of the freight charges, and insisted upon being paid \$22, from St. Martin's junction to Quebec, thus giving to this company about one-half the rate of freight per mile, which the North Shore Company demanded and insisted upon receiving.

In June of last year, five cars of lumber were shipped from Ottawa to Quebec at \$25 a car, out of which the North Shore Company demanded \$23.40 per car for the transport from St. Martin's junction to Quebec, thereby allowing this Company only \$1.60 for loading the lumber and carrying it 115 miles, being in proportion of 13c per mile to the North Shore Company, and one and a third cents per mile to this Company.

It is unnecessary to go further into detail to show the principle on which the North Shore

Company have treated freight traffic, originating at or east of Ottawa.

With regard to passenger traffic of both classes, the North Shore Company have fixed their own rates from Montreal to points on their own lines, and these are only rates they will receive for through passengers. The condition of the contract that a through rate shall be established for passengers travelling over the whole or portion of both lines, is entirely ignored by them; and not only are their own local rates persisted in, but the carriage of passengers over the line of the Pacific Railway west of St. Martin's junction is discouraged as much as possible.

As respects the condition of the agreement that the exchange of through traffic is obligatory upon both companies, it is only necessary to repeat that the Grand Trunk Company has built a railway called the Jacques Cartier Union Railway, by means of which all through traffic from the North Shore Railway destined to all points west of St. Martin's junction, which can be reached by the Grand Trunk Railway, or its allied lines, is shipped via that railway, instead of being delivered to the Pacific Company at St. Martin's junction. I refer in this connection, especially to traffic destined for Ottawa, and points beyond Ottawa, on the Canadian Pacific line; as traffic intended for those points is now carried by the Grand Trunk Railway and its allied lines, to Ottawa over the Grand Trunk and Canada Atlantic railways, instead of being forwarded by the Pacific Railway from St. Martin's junction, as agreed by the contract. The North Shore Company pretend that this was intended under the clause of the contract which required a railway to be built in rear of the mountain to connect with the Grand Trunk Railway. But the refutation of this pretension may be found in the fact, that the connecting railway stipulated for by the contract was to long to this Company. And that under the contract the North Shore Company had neither running powers over it, nor any right of access to or use of it.

As respects passenger traffic, not only does the North Shore Company endeavor to force all such traffic via the Grand Trunk Railway by ordinary means, but it obstructs in every way possible passenger traffic going from Quebec direct via the Canadian Pacific. For instance, this Company having established a ticket office in Quebec for the sale of tickets to all points on the Canadian Pacific railway, the North Shore company refuse to recognise this company's tickets over its line, or to

carry passengers at a pro rata rate, and it compels this Company not only to buy tickets by the North Shore railway from Quebec to St. Martin's Junction or Montreal for through passengers paying full local rates for such tickets, but to buy such tickets one by one, positively refusing to sell any number at a time thus endeavoring to force each passenger to attend for the purpose of purchasing his own ticket, or to compel this company to send a messenger expressly for each ticket, as the occasion arises for it. Again, for the same purpose, it refuses to recognise Canadian Pacific checks for baggage from Quebec westward over the Canadian Pacific line, insisting upon imposing on through passengers the obligations of accepting checks to St. Martin's Junction or Montreal, and there rechecking their baggage for points west, and refusing to enter into any arrangement by which this vexatious practice can be avoided.

It is hardly necessary to point out to you that such restrictions upon passengers' traffic must necessarily have the effect of destroying through passenger business over the two railways, as provided by the agreement, and, consequently, that they constitute a direct violation of that agreement.

With regard to through rates of freight from points west of Ottawa, it would be easy to furnish innumerable instances of the absolute refusal of the North Shore company to recognize in any way the right expressly given to the Pacific Company by the agreement to fix rates on such traffic, and its exaction of local rates entirely irrespective of the obligation to receive a mileage proportion, as prescribed by the contract. However, on this point, I give you some instances extending over the past year.

In February of last year this company was applied to by W. R. Thistle & Co., Pembroke, for the carriage of a large quantity of lumber from Pembroke to Quebec. Having from long experience learned that the North Shore company would not recognize any contract they might make, this company's officers informed them of the application, and received a reply refusing to accept less than \$21 per car load from St. Martin's Junction to Quebec, and that only provided fifty car loads or more were shipped. The previous year the rate is stated to have been \$33 per car load from Pembroke to Quebec, at which rate this company would receive \$12 per car load for carrying the lumber 213 miles; whereas the North Shore company would receive \$21 for carrying it 160 miles: or 150

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per cent. more than the rate per mile to be received by this company. Of course, this demand rendered it impossible to enter into any contract to carry the lumber to Quebec.

Early in the summer of last year it was found that the North Shore company was charging fifteen cents per barrel of flour from Montreal to Quebec, and this company was informed that the rate was higher than that charged on flour brought to the North Shore railway by the Grand Trunk railway company. Upon inquiring into this matter, the North Shore company refused to communicate the rate charged other railways, and adhered to the arbitrary rate fixed against the Pacific Company.

In August the North Shore company fixed an arbitrary rate of \$15 per car load of lumber, to be shipped by Mr. McAllister, of Pembroke. In the same month it fixed an arbitrary rate of \$14 per car load of lumber from St. Martin's Junction to Three Rivers for Mr. McGuire, and insisted that that proportion should be given them or that no rate would be quoted.

The passenger rates arbitrarily fixed by the tariff of the North Shore Company on the 10th November last have already been referred to, and, in the same month, the North Shore company refused to accept a pro rata proportion of the rates charged by this company for western business.

On the 14th of the same month the North Shore company cancelled their previous special rates, and fixed new special rates for all traffic over their line after that date without any consultation or agreement with this Company.

On the 1st December last the North Shore Company fixed rates for freight to and from all points on the Canadian Pacific Railway, to take effect on the 3rd December, and that without any consultation with this Company or other notice to them than the fact that such rates had been fixed.

I presume it is unnecessary to multiply instances of the principle upon which the North Shore Company has invariably acted in respect of the joint traffic. Transactions similar to those I have related are of almost daily occurrence.

I observe in a printed copy of correspondence, which is now being circulated for the second time, that it is stated by the General Manager of the Grand Trunk Railway, under date the 9th April, 1884, that personally he is not aware of any request having been made to the North Shore Company for rates or facilities for the Canadian Pacific Railway Com-

pany to and from Quebec which has not been complied with, and he further states that he cannot find, upon enquiry, that any application has been received from the Pacific Company for facilities on the North Shore Railway which has been refused. This letter was sent after the departure of the President of this Company for England, and it did not seem necessary to reply to a statement which was controverted by daily occurrences. But as the statement is now being again assiduously circulated, I feel bound to point out that the Pacific Company is not required by the contract to apply for any facilities whatever. It is simply authorized by the contract to make the rates for the Quebec traffic, when originating at or destined for points west of Ottawa, and to receive a pro rata mileage share of those rates; and that right has been expressly and continuously denied to the Pacific Company during nearly the whole period since the contract was executed. And further, that that contract requires that rates east of Ottawa should be fixed by mutual agreement between the companies, and that the Pacific Company, therefore, has the right to have such rates submitted to it for consideration, in order, if possible, to agree upon them; and failing such agreement to have them fixed by the Minister of Railways. But this also has been persistently and continuously violated for nearly the whole period since the execution of the contract. I have furnished you with instances of breaches of contract of both descriptions, previous to and since the date of the General's Manager's letter. He states that he had no personal knowledge of any request for rates or facilities, that have not been complied with, and I therefore infer that he intends to indicate that he is not personally aware of the facts, and of the course of conduct of the North Shore company referred to in President's Stephen's letter of the 2nd April. If that is his meaning, no doubt his statement must be accepted; but the fact that he was not personally aware of the line of conduct adopted and acted upon daily by the North Shore Company with reference to the contract, does not, in any respect, affirm the fact that that line of conduct was directly the reverse of what it must be supposed he meant to convey by the statement in question.

The North Shore Railway was constructed for the purpose of facilitating communication and traffic between Quebec as the main summer port of the Dominion, and the entire breadth of the American continent. Under

its management since 1882, it has opposed a complete and effectual barrier to any material portion of that traffic reaching Quebec. And as its existence interposes a serious obstacle to the construction of another railway on the North Shore, it is productive of actual injury to the interests of Quebec as a summer port.

It now rests with the Government who made the contract and the Legislature which confirmed it, to take the necessary and obvious steps, in the interests of the Province, to compel the performance by the North Shore Company of the conditions on which it acquired the railway.

I have the honor to be, sir,
Your obedient servant,

(Signed,) C. DRINKWATER,
Secretary.

Hon. E. J. Flynn, Minister of Railways,
Quebec, Que.

CANADIAN PACIFIC RAILWAY CO.,
Office of the Secretary,
Montreal, 28th February, 1885.

Hon. E. J. FLYNN,
Commissioner of Railways,
Quebec.

SIR,—I beg to acknowledge the receipt of your favor of the 5th inst. transmitting to me for the information of this company a copy of a letter received from Mr. L. A. Senecal, president of the North Shore Railway Company; and in accordance with your request I have placed it before the Board.

In reply, I am instructed to say that the letter which I had the honor of transmitting to you on the 21st inst. anticipates the reply of the Board to much of the President's letter. I am desired, however, to remark that, in view of the communications referred to in my last letter and of similar communications of almost daily occurrence, in view also of the letter of the President of this Company to the Minister of Public Works, intended for communication to Mr. Hickson, to which the President of the North Shore Company in his letter expressly refers, it is difficult to understand in what sense he makes the statement, that so far as he knows, my letter of the 29th January is the first complaint made with regard to the arrangements of the North Shore Company for the traffic of the Canadian Pacific Railway.

In my last communication to you I stated a number of actual cases in which the North Shore Company positively refused, notwithstanding the remonstrances of the Officers of

this Company, to accept a pro rata share of rates made for the carriage of through freight to Quebec, and other cases in which in violation of the contract and contrary to the representations of the Officers of this Company, the North Shore company fixed arbitrary rates of its own from St. Martin's junction to Quebec for traffic delivered to it there by this Company, coming from points both east and west of Ottawa.

Mr. Stephen's letter to the Minister of Public Works makes a formal complaint on the same subject, and the violation by the North Shore Company of the agreement of 1882, in respect of through traffic rates, constitutes an important part of the plea of the Canadian Pacific railway in the suit instituted against it by the North Shore Railway Company, filed in December, 1883. These facts and documents should have been sufficient to enable the President of the North Shore company to become aware of the complaints of this company, and would, no doubt, have done so were it not that the management of the North Shore Railway is practically entirely in the hands of another Railway Company.

If an official and formal complaint from the Board of this Company direct to the Board of the North Shore Company was not sooner made, it was because the continuous and unvarying action of the North Shore Company, and the declaration by the General Manager of the Grand Trunk Company, that the North Shore road has been acquired for the purpose of preventing the competition of the Canadian Pacific, appeared to make it obvious that any such complaint would be futile and useless. It was only when the Company perceived that public attention was attracted to the necessity for a connection by this Company with the port of Quebec, which the performance, of the agreement of 1882 would have afforded to it, that the Company began to entertain a hope that the Government, backed by the force of public opinion, might assume the task of compelling the North Shore Company to perform an agreement which was originally made by the Government itself and sanctioned by the Legislature. And it was in that hope that my communication of the 29th ult. was addressed to the Government. And I am desired to add that since my letter of the 29th ult., and in fact since the reply of the President of the North Shore Company has been received, similar efforts to constitute the North Shore Company an impregnable barrier between Quebec and the enormous tract of country traversed by the Canadian Pacific

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Railway have not only been continued, but new and more effective methods have been devised for that purpose. The practice of refusing to sell more than one ticket at a time has been persisted in, the obstructions in the way of baggage checks continues, and passengers from Quebec, travelling on Canadian Pacific tickets to distant points, have been put off the North Shore trains.

In addition to such difficulties as these, this Company has been notified that the North Shore Company will not carry freight to Quebec or intermediate points on Canadian Pacific through way-bills as they have hitherto done, but will insist on such traffic being billed only to St. Martin's Junction and then re-shipped and re-billed to Quebec.

And so late as the 25th inst. the North Shore Company notified a leading shipper at Quebec that having understood that he was receiving his western freight via the Canadian Pacific Railway, he must in future ship it via the Grand Trunk Railway or his contract would be cancelled.

Such facts certainly have an extraordinary appearance in connection with the ignorance stated by the President, of anything in the arrangements of the North Shore Railway Company which is complained of by the Canadian Pacific Railway.

With regard to the dispute by the President of the North Shore Railway of the interpretation placed upon the contract by this Company, and to the argument as to the connecting link between the Canadian Pacific and the Grand Trunk, by which he enforces his pretensions, I would remark that the answer to these pretensions has been anticipated in my communication of the 21st inst.; but I am instructed to repeat that the construction of that connection has no bearing whatever upon the complaint of this company with regard to through freight.

As I before remarked, there is no stipulation in the deed of purchase from the government that this connecting link should be used by the North Shore Railway Company, but it would not follow that traffic was not to be exchanged between the North Shore and the Grand Trunk system. On the contrary that link was built for the purpose of enabling the traffic of the North Shore destined for points along the Grand Trunk to be carried by the Pacific company and delivered to the Grand Trunk Railway. But this company would never have consented, nor, it is believed would the Government have demand-

ed that traffic intended for the western portions of the Q., M., O. & O. railway or for points on the Canadian Pacific Railway should be carried over the proposed connection and delivered to the Grand Trunk Railway.

The Board entirely agree with the President of the North Shore that it is impossible that the Government of the Province of Quebec could have contemplated the exclusion of the citizens of Quebec and the population of the North Shore from the benefits arising from the free exchange of business between the Government Railway and the lines controlled by the Grand Trunk Railway, but they believe that it is equally impossible to conceive that it was intended to alienate from the western portion of the Government Railway and the Canadian Pacific the entire through traffic and force it into the hands of the Grand Trunk Railway Company.

What this Company contends the Government of Quebec agreed to was that through traffic to and from points on the Canadian Pacific should be carried over that line, and not over the Grand Trunk Railway or lines controlled by it. And it is quite certain that neither the government of Quebec nor this Company, in making the contract of 1882, ever for a moment contemplated that through traffic destined for points on the Canadian Pacific Railway was to be exclusively carried by the Grand Trunk Railway and the lines controlled by it.

The Board observes that the President of the North Shore Company does not contradict the statement of this Company that the North Shore company has refused to accept a pro rata share of rates fixed by this company from points west of the city of Ottawa, nor that the North Shore Company has fixed arbitrary and excessive rates as compared with the rates of this company, from St. Martin's junction to Quebec.

Apart, therefore, from the question of the right of this company to share the entire through traffic of the North Shore Company, which was undoubtedly the intention, and constitutes the true interpretation of the agreement, the fact cannot be disputed, nor does the President of the North Shore Company apparently dispute it, that that Company has always refused, and still refuses, to allow the Pacific Company to make rates for traffic arising on, or destined to points lying west of the city of Ottawa, and passing over the whole or part of the North Shore Railway; and has always refused, and still refuses, to accept a pro rata share of such rates.

The Board believe that this fact, which practically shuts off the City and part of the Province of Quebec from the benefits to be derived from the traffic of the territory reached by the Canadian Pacific Railway, is more to the purpose than the questions raised by Mr. Hickson in April, 1884, and by the President of the North Shore Company in his late communication, as to whether or no the complaints and objections which have been persistently made by this Company ever since the violation of the agreement commenced, were or were not put in a particular official form which would have enabled them to reach those gentlemen.

This Company could not suppose that the General Manager of the Grand Trunk Railway Company, which controls the North Shore Railway, or the President of the North Shore Company, who is the official head of that Railway Company, could be ignorant of that which their employees were doing from day to day, and which constituted the universal rule in dealing with the traffic of the Canadian Pacific Railway Company.

I am, sir,

Your obedient servant,

(Signed)

C. DRINKWATER,

Secretary.

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