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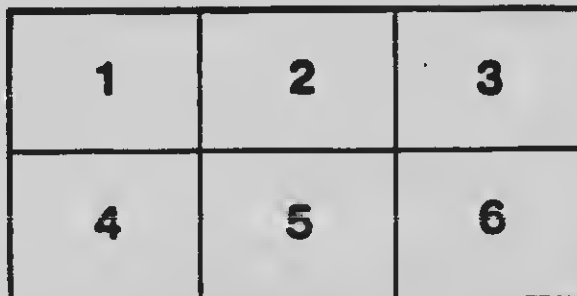
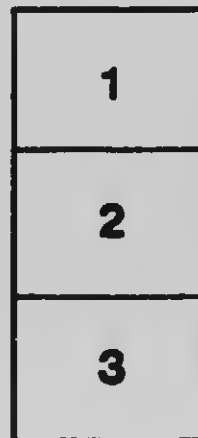
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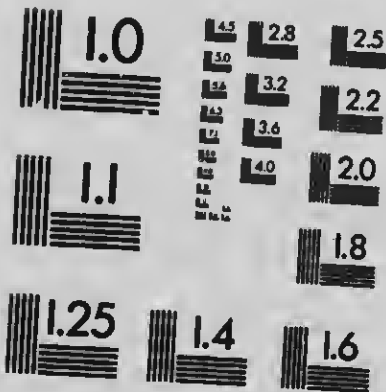
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Railway Question in Canada

Liberal Legislation
from 1896-1911

also

**NATIONALIST-CONSERVATIVE
AID TO C.N.R. SINCE 1911**

(See pages 86 to 96)

**G.T.P. and National Transcontinental
Railways, endorsed by Electors
in 1904 and 1908**

Published by the Central Information Office of
the Canadian Liberal Party
Ottawa, Canada, 1915

PUBLICATION No. 20



Railway Question in Canada

Liberal Legislation
from 1896-1911

also

**NATIONALIST-CONSERVATIVE
AID TO C.N.R. SINCE 1911**

(See pages 66 to 98)

**G. T. P. and National Transcontinental
Railways, endorsed by Electors
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Published by the Central Information Office of
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Ottawa, Canada, 1915

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Railway Policy from 1896 to 1911.

NATIONALIST-CONSERVATIVES AND C.N.R.
SINCE 1911. See pages 65 to 98.

RAILWAY COMMISSION.

Canadians irrespective of their politics generally admit that the Act introduced by the Liberals and made law in the Parliamentary session of 1903, creating the Railway commission, was one of the best legislative enactments ever adopted by the Parliament of Canada, in the general interest of the people. The good work accomplished by that Commission is known and highly appreciated by every business man and every producer. It is generally recognized by all classes of the community that if one has a well founded grievance against the railways, the Commission will remove it—in short order too. In a word, the Commission is practically the master of the railway situation in Canada, and its primary object is the good of the people.

To understand the importance of this reform it should be explained that prior to the creation of the Commission the only regulating body having jurisdiction over the railways was the railway committee of the Privy Council—a Committee of the Cabinet. For many reasons that body did not give satisfaction. In the first place the members of the committee being Cabinet ministers were always open to the charge of deciding cases according to the political aspect, and they were not possessed of, or surrounded with, officials having the necessary technical training for the work. The fact that the members of the tribunal were changed with the changes in governing parties, and also occasionally through governmental exigencies was also considered a weakness. Another and serious complaint was that the committee held its official hearings in Ottawa only, and, complainants, therefore, were put to great expense in prosecuting their appeals. The powers of the tribunal were indefinite on certain vital points, and its procedure was of the most formal and red tape character, all of which operated to the disadvantage of the public.

The powers of the new Commission were declared to be administrative only, and the tenure of office of the members thereof was fixed at ten years, subject to renewal. The members, some of whom were from time to time appointed from its political ranks, were expected to, and as a matter of fact, did drop their politics on their appointment.

The Commission holds sessions anywhere in Canada whenever circumstances require, which is not only a great saving of expense to the complainant, but ensures to the high as well as the low, the poor equally with the rich, a careful hearing, in many cases on the spot where the complaint originated.

During the Session of 1908 an Act was passed increasing the members of the Board to six. Of this number one is to be Chief Commissioner (Chairman) and another Assistant Chief Commissioner. This increase will enable the Board to meet in two sections, and thus at all times keep close to the people. In railway matters it is the swiftness of action that causes justice to be appreciated.

Another Act passed during the Session of 1908 was, conferring powers upon the Railway Board to deal with telegraph and telephone lines, and matters in a manner similar to the way in which railways are dealt with.

The following is a summary of the chief powers of the Commission, and they apply equally to railways, telegraphs and telephones, as set forth in the Act as consolidated in 1906 and amended in 1908, 1909, 1910 and 1911.

1. Absolute regulative powers in regard to rates, preferences, discriminations, rebates and secret rates.
2. Supervisory powers in regard to through rates and through routes.
3. Power to compel equal, proper and reasonable facilities for shipment to all persons and companies.
4. To regulate traffic agreements.
5. To regulate and supervise highway and railway crossings.
6. To investigate into serious accidents, and the causes of accidents.
7. To exercise a general supervision and control over safety appliances, and all matters touching the convenience and safety of the public and employees of the railway, the safety of property, and the operation of trains and the railway generally.
8. To regulate and supervise the general construction of railways—the location of the line and stations—the construction—and maintenance of railway bridges, tunnels, etc., drainage, fences, gates and cattle guards, farm crossings, etc.
9. To supervise the opening and closing of railways in the interest of the public safety.

10. To see that the various railways obey the provisions of the Acts, general and special, under which they operate.

11. To compel railway companies to expropriate their right of way within a reasonable time or be obliged to abandon their power to expropriate.

IMPORTANT CHANGES ALSO MADE IN RAILWAY LAW.

The act bringing the railway commission into being also made important beneficial changes in the general railway law of the country as follows:

1. Branch Lines. The Commission has power to compel a railway to build a branch line to any industry within six miles of the railway on the application of the owner, and upon terms.

2. Highway Crossings. In cities or towns before a street railway or tramway can cross or run along any highway the consent of the municipality must first be obtained.

3. Drainage across Railways. The laws of the Province may be applied and the railway is made responsible for the expense of carrying any necessary drainage work across the railway.

4. Farm Crossings. The Commission has power to order the Company to construct a farm crossing for a land owner.

5. Fences, Gates and Cattle-guards,—must be suitable and sufficient to keep animals from getting on the railway.

6. The specifications of all bridges and like structures, of a certain length, must be approved of by the Board before construction.

7. The Railway Commission has power to order the railway to provide proper facilities at its stations for traffic and to say what those facilities shall be.

8. The Commission is given powers as to the accommodation, running and operation of trains and as to safety appliances to be used on trains for the protection of the public, the employees and property.

9. Fires. The Railways are made responsible for all fires caused from sparks of its engines, the liability being limited however, to \$5,000 on any one fire, except when such fire is caused by its negligence. The onus by the Act of 1911 being placed on the company to prove that it was not negligent.

10. In cases of damage to property, stock, etc., from defects in engines, fences, cattle-guards, etc., recourse is had to the ordinary courts of the land as witness the large number of cases arising out of defective cattle-guards and fences. The onus in these cases is on the railway companies to show no negligence on their part, with the result that probably

ninety per cent of the cases arising out of defective cattle-guards-and fences have been decided against the companies.

11. Tolls. Fyling and publication of all tariffs is required and procedure laid down. The Commission may disallow any tariff and may fix the tolls to be charged, and has absolute control over freight classification.

We do not conceive it necessary to detail at any length the results of the work of the Commission and of these changes in the law, as such results are so well known. We may, however, summarize these as follows:

The people of Canada through its Railway Commission has secured:

1. Practically control over railways on all vital matters affecting it.
2. Virtual control over rates which has brought about equalization, uniformity and substantial reduction.
3. Lessening of over rate wars.
4. Publicity of railway rates.
5. Substantial benefits all round to small shippers through the removal of discrimination.
6. Particularly the removal of substantial standing and vexatious grievances of the farming community.
7. Thorough supervision of railway construction and operation.
8. The general use on railways of efficient hrakes, automatic couplers and other safety appliances, resulting in a marked decrease of the number of serious accidents.

This great national institution was established through the powerful initiative of the Liberal Minister, Honourable A. G. Blair, who subsequently became the first Chairman of the Commission and breathed his heart, soul and brain into it. When he died the Liberal Government was fortunate in the selection of his successor, the Hon. George Killam of Manitoba, who made for himself an enviable reputation in the position. Then on the death of Mr. Killam, Judge Mabee was removed from the High Court Bench of Ontario and given the appointment which he dorned in the highest degree possible. Under the wise counsels and dominant force of these three men, the commission was built upon the firm and durable foundations on which it rests to-day.

NEW AND OLD RAILWAY POLICY IN THE WEST.

THE NEW POLICY AND THE WEST.

The western railway policy of the previous Government was that the West should pay for its own railways. That is, that aid granted to western railways should be almost or altogether in western land, while railways in the eastern provinces were aided in cash without any field rule as to amount. The Liberal Government adopted a definite policy which placed railway projects all over Canada on the same footing as to aid, providing for aid in cash or guaranteed bonds only, thus releasing the west from the immense handicap that had been placed upon it in the matter of railway development. Since the adoption of the new policy in 1897 the cash aid to railways of ordinary cost has been \$3,200 a mile. If the cost is over \$15,000 a mile the aid may be doubled. The acceptance of aid by a railway company binds it to accept Government control of rates, and work done for the Government is credited on subsidy account of being paid for in cash.

The policy of aid by land grant to western railways had involved the reservation from sale and settlement of approximately half of the whole country—that is to say the odd numbered sections. During the years from 1880 to 1896 approximately fifty million acres of these reserved lands had been granted to railways of which amount 32,600,000 acres were earned by the construction of about 4,000 miles of railway.

Since 1896 not an acre of western land has been granted in aid of railways, but thousands of miles have been built, in the three Prairie Provinces, and 40 million acres of odd-numbered sections reserved in 1880 since and held under reservation to meet the demands of the railways earning land grants were thrown open to settlement.

CROWS NEST PASS RAILWAY.

By granting a subsidy of \$11,000 a mile to the C.P.R. the Government secured the quick construction of the Crow's Nest Pass Railway which ensured to Canadians the trade in the rapidly developing Kootenay mineral districts. Gold, silver and lead in great abundance had been found there by American prospectors, and shortly afterwards an American railroad built a branch into the district, the effect of which was that American traders and farmers provided the supplies to the miners. The construction of the Crows' Nest Pass Railway, which was completed in about two years, directed the trade to Canadian channels and provided a splendid market for the food products of our Western farmers and for the wares of our Eastern manufacturers.

In making the bargain with the C.P.R. the Liberal Government took advantage of the opportunity to straighten out, for the benefit of the public, a number of old national sores arising out of the contract between the Conservative Government and the railway in connection with its original construction.

The bargain or contract provided:

(1) That the local rates and tolls had to be approved by the Government and were made subject to its revision.

(2) That the rates and tolls between any point on the C.P.R. system and any point on any line of railway owned or operated by the Company south of the Main line in British Columbia were made subject to the approval and revision of the government.

(3) The general rates and tolls of the company covering their whole system, as contained in their lowest freight tariff were reduced as follows:

Grain per 100 lbs.....	3 c.
Flour " " ".....	3 c.
Live Stock.....	10%
Green and fresh fruit.....	33 1-3%
Coal Oil.....	20%
Cordage and Binder Twine.....	10%
Agricultural Implements.....	10%
Iron in bars and sheets, pipe, nails and spikes.....	10%
Wire of all kinds.....	10%
Paper for building and roofing.....	10%
Roofing felt.....	10%
Paints and Oils.....	10%
Wooden Ware.....	10%
Household furniture.....	10%

It will be noted that these articles comprise the staple products and articles of necessity of the farmer.

The reduction of rates on wheat and flour alone saved the farmers of Manitoba and the North West on the basis of their trade in the year following the completion of the railway no less a sum than \$750,000.

The Liberal Government also forced the C.P.R. to turn over to them in fee simple 50,000 acres of coal lands comprising one fifth of coal lands granted, improvidently, by the Government of British Columbia to the British Columbia Southern Railway Company whose charter was subsequently acquired by the C.P.R. The possession of all these coal lands practically gave the C.P.R. a monopoly. The Government broke the monopoly by obtaining possession of 50,000 acres of the lands. The possession of these coal lands by the Government enabled them to control the price of coal not only in the mining districts of B.C., but in Manitoba and the North West Territories.

As evidence of the wisdom displayed by the Government in constructing the Crows' Nest Pass Railway the following article which appeared in the Montreal Star is interesting and illuminative.

"Never before in the history of the Canadian North West did a wave of prosperity at once so sudden and so general sweep over any portion as completely as did that ushered in by the construction of the Crows' Nest Pass

Railway, a branch of the Canadian Pacific Railway.

"Everywhere along its line new towns have sprung up, as mushrooms in a warm shower. The land office and the newspaper led the van, and the settlement and upbuilding of the entire district has been nothing short of phenomenal. Nor are the towns so built carelessly knocked together, to be abandoned the moment the novelty wears away. The line runs, in its entire length, through a country of vast and varied resources; and while the wild-cat operator may be here to-day and away to-morrow, the fact remains that the natural wealth of the country is such as to demand and abundantly repay years of development, so that all signs point to permanent and steady growth."

EXTENSION INTERCOLONIAL RAILWAY TO MONTREAL.

Almost immediately after taking charge of the Railway Department the Liberal Minister, Hon. A. G. Blair dealt with the twenty years old Conservative farce in having the Western Terminus of the Government Railway at Levis, then practically a village on the south shore of the St. Lawrence opposite the City of Quebec. The connection at that point was with the Grand Trunk, so that the Intercolonial was dependent entirely upon that Railway for the distribution of its West bound traffic and for the picking up of East bound freight. Being without competition, the Grand Trunk, quite naturally, controlled the rates to their own advantage and corresponding disadvantage to the Intercolonial.

By purchasing the Drummond County Railway and by arrangement with the Grand Trunk Railway, the Intercolonial was extended 175 miles West to Montreal, the commercial metropolis, and most important traffic centre of the country.

The Drummond County Railway was purchased for \$1,600,000 or about \$12,000 a mile. For the sum of \$140,000 a year the Government got a perpetual half interest in the Grand Trunk Railway from St. Rosalie to St. Lambert—the stretch tying up with the Drummond County—and also the free use for all the purpose of the Intercolonial Railway of the Victoria Bridge and all the Grand Trunk Terminals in Montreal. It was estimated that the building of a new line of Railway from Levis to Montreal including the building of a bridge across the St. Lawrence, the right of way into the heart of the city and the acquisition of terminals in the centre of the city would have cost not less than \$20,000,000.

The facts have only to be stated to prove the wisdom of the Government course.

While it was not possible to earmark the increased revenue to the Intercolonial flowing from its extension to Montreal, it is noteworthy that within a year following the extension there was a surplus of \$63,000 in the operations of the whole Railway as compared with deficits averaging \$500,000 per annum for many years prior hereto.

BENEFICIAL CHANGE IN RAILWAY SUBSIDIES.

In Conservative days cash subsidies were given to Railway Companies without any conditions attached, other than the construction of the railway; then when the railways were built the Government had to pay full prices for transportation of mails and for other accommodation.

The Liberals brought about an important change. They adopted a policy providing that towards payment to any railway company for the transportation for the Government of men, supplies, material and mails, etc. over subsidized pieces of railway the Government would have to be credited by the railway company with a sum equal to 3% per annum on the amount of subsidy received.

• This looks like good business for the public doesn't-it?

The resolution bringing this new policy into effect reads as follows, (Vide Journal House of Commons, Vol. 34 of 1889):

“Resolved—that every company receiving a subsidy, and under this Act its successors or assigns, shall each year furnish to the Government of Canada transportation for men, supplies, material and mails over the portion of its line in respect of which it may have received such subsidy, and, whenever required, shall furnish mail cars, properly equipped, for such mail service, and such transportation and service shall be performed at such rates as may be agreed upon between the Minister of the Department of the Government for which such service is being rendered and the Company performing the same, and, in case of disagreement, then at such rates as may be approved by the Governor in Council, and in or towards payment for such charges the Government of Canada shall be credited by the Company with a sum equal to three per centum per annum on the Amount of subsidy received by the company under this Act.”

LAND GRANTS TO RAILWAYS STOPPED.

It was a favorite, and if we may so term it, a disgraceful and scandalous practice of the Conservatives when they were in power prior to 1896 to give large free grants of the public lands to railway companies to aid them in building railways. In that way they disposed of no less than 66,000,000 acres of land. At the moderate estimate of \$7.00 an acre these land grant subsidies for which Canada got no return other than the advantage to the public in having the railways built, had a value of over \$460,000,000.

The Liberal Government promptly put a stop to that criminal squandering of the public domain and absolutely refused to give any lands fit for settlement to railway companies. They retained these lands for the settlers alone.

What did the Railways do with these lands? Unless when their financial necessities compelled them to sell, the lands were locked up from sale until the industry of the surrounding settlers gave them such a value as to enable the companies to sell at high prices.

The total area given away by the Conservatives would provide a homestead of 160 acres each for over 400,000 farmers which would represent a total population of 2,000,000 people.

What is the result to-day? Except in scattered patches there is no land in the West belonging to the Government which can be offered free to the settler, unless in the far north. This may not be generally known but it is absolutely true, and it is a serious condition of affairs.

According to the C.P.R. Annual report for the year ending June, 1913, they realized from the sale of lands in the West no less than \$111,470,233 at an average price of \$7.00 per acre, and they still have left to dispose of for their own advantage and profit 6,287,250 acres of agricultural land in the West and 1,697,994 acres of British Columbia lands.

After this terrible war is over, hundreds of thousands if not millions of the agricultural class in Belgium, France, Germany and even Russia may be expected to try to find new homes for themselves away from their own war-infested countries; they will be unwilling to stay at home and bear the crushing burden of taxation which the War will necessitate—Taxation to repair the ravages and losses of war nearly always falls heaviest upon the producer from the soil and the poor.

What will we be able to offer them? They will either have to buy from the railways at their prices or go away far north for free land where pioneer conditions will be very much more severe than in the Southern portions of the North West. What a happy position we would be in if we still owned the lands now held by the railways in the partly settled districts of the West. We could then bring about complete settlement of these districts which would be enormously to the advantage of every legitimate interest in the whole country.

Lest any Conservatives should attempt to deny the truth of these statements we cite hereunder details of the free land grants given by them to railways:

PREVIOUS TO 1896.

Name of Company	Amount per Mile of Road.	Approximate Area Reserved for Company.
Canadian Pacific Co., Main Line.....	Acres 6,400	Acres 32,952,320
C.P.R. Kenmay and Eastern Branch.....	6,400	
C.P.R. Deloraine and Napinka.....	6,400	

Name of Company.	Amount per Mile of Road	Approximate Area Reserved for Company
C.P.R. Glenboro and Souris.....	6,400	
C.P.R. Pipestone Branch.....	6,400	
Manitoba S.W. Colonization.....	6,400	3,898,368
Great Northwest Central.....	6,400	884,736
Manitoba and North Western.....	6,400	
Canadian Northern Railway (old)		
Winnipeg and Hudson Bay Division A	6,400	
" " " " " B	12,800	
" " " " " C	6,400	16,250,880
Qu'Appelle, Long Lake and Saskatchewan.....	6,400	3,326,976
Manitoba and South Eastern.....	6,400	681,984
Alberta Railway and Coal Co.....	6,400	
" " Lethbridge Branch.....	6,400	866,592
Red Deer Valley Railway.....	6,400	285,696
Calgary and Edmonton.....	6,400	3,824,640
Saskatchewan and Western.....	6,400	

The people of the West do not need to be told of the incalculable injury they have suffered through the reckless prodigality of the Conservative Government in granting huge tracts of land to railways and tying up even larger tracts from which the railways might make selections. This unfortunate policy tied up the lands that were in the best locations with respect to transportation, etc., drove the settlers to far away points where their isolation from neighbors, schools and advantages of civilization, disgusted many of them. It and the Conservative protective tariff resulted in a huge exodus to the United States. It tied up lands that would have otherwise been settled upon and become productive. It prevented municipal improvements through the great amount of land it caused to be non-tax-paying and trebled the burdens of local taxation upon those settlers who remained in the country. In many ways it stifled the progress of the country and crushed down the unfortunate settler. To-day even the Tories admit that land grants are a colossal mistake. They know the great evils it created in the West, evils that even yet interfere with the progress that should belong to the prairie country.

HOW LIBERALS HAVE PROMOTED RAILWAY BUILDING

The Conservatives voted both cash and land grants to aid railway construction. The Liberals upon coming into power abolished the system of land grants. But recognizing that public opinion required that in some cases public aid of some

kind should be given to promote railway construction, they adopted a policy of straight cash subsidies supplemented in some instances by guarantees of Railway Company's Bonds. Thus, in the first place, the public got a clear and exact idea of the amount of aid a railway was getting. In the case of land grants there was nothing certain as to the amount. If the railways held unto their land long enough it was clear that they could handily realize enough from it to entirely recoup themselves. Land grants in many cases constituted a gift of a railway to certain promoters.

THE CANADIAN NORTHERN RAILWAY.

After completion of the Crow's Nest Railway the next western railway project to claim the attention of the Government was the opening up of the country along the North Saskatchewan River. The original route of the C.P.R. projected by the Liberal Government under Honorable Alexander Mackenzie permitted the C.P.R. line to be taken by the present more southerly route. Years after the C.P.R. was completed it became evident that something must be done to develop the Saskatchewan country. Several railway projects were begun with this object in view, notably the Manitoba Northwestern and the North West Central, both planned to run from southeast to northwest, taking the country lengthwise. While these two projects were still struggling for extension, aid was granted by the Conservatives to two lines to run north from the C.P.R. main line at Regina and Calgary, touching the Saskatchewan at Prince Albert and Edmonton respectively. The aid granted these roads was sufficiently liberal to secure their construction, 550 miles in all—six thousand, four hundred acres per mile and eighty thousand dollars a year for twenty years to each road and three and a half million acres of land and three million two hundred thousand dollars in cash, less earnings for Government services. The result of this vast expenditure was that the Saskatchewan was touched at two points only, leaving nearly 500 miles of fertile country between still inaccessible to settlement. The Manitoba, Northwestern and North West Central projects were both effectually headed off, not only as to their destination, but also as to their merit as independent railway projects so that not only did their contemplated extension not take place, but both finally became part of the C.P.R. system, leaving the country west of Manitoba absolutely in the hands of a single railway company, and the Saskatchewan country still undeveloped. This was the condition from the completion of the Calgary and Edmonton railway to Edmonton in 1891 until in 1899 the Liberal Government granted the usual aid to the Canadian Northern Railway Company to extend their system, then limited to Manitoba and Western Ontario towards Prince Albert and Edmonton, with a view to provide for the development of the Saskatchewan country. The

aid granted was \$3,200 a mile in cash, earnings from the Government to be charged against the aid given, and the Government to have control of rates. As time went on it became apparent that the Company could not finance the building of the railway on these terms, for reasons which call for special explanation.

A Bar To Progress.

The C.P.R. under its right of selection and rejection had chosen a very large part of its land grant, received for building the main line and some of the branches in the country along the Saskatchewan River which would be traversed by the proposed Canadian Northern line. When capitalists were approached with a view to investing in the C.N. project they naturally made full enquiries, and on finding that the C.P.R. owned half the land—the odd-numbered sections—throughout the region which it was proposed to develop; that the building of the C.N.R. would necessarily increase the value of these many million acres by very many millions of dollars and that not only was the C.P.R. not minded to build such a line themselves, but that the conditions had remained as they were since 1891, although the Company had pushed construction rapidly in other regions of the West, including parts of the United States, they concluded that the project could not be a good one and so the funds could not be raised.

When it became evident that the C.P.R. would not build to develop its own land, and that the C.N.R. could not on the terms granted it, a new arrangement was made whereby the cash grant was withdrawn and instead a guarantee of bonds to the amount of \$13,000 a mile was substituted. The guarantee of the Government that the interest on the money invested would be paid changed the conditions so that the C.N.R. Company were enabled to complete the road to Edmonton in the fall of 1905 and to Prince Albert by a separate branch in 1906. The effect of the construction of this 1800 miles of railway was to open up to settlement a corresponding stretch of country, which was rapidly availed of—and at the same time introduced into the Northwest to its furthest point the element of railway competition. The immediate result was not only to open a vast area of fertile country to settlement, but to establish confidence in the country and its resources, and in that opportunity for every one to share in the development of those resources which has resulted in the recent rapid increase in wealth and land values. This result was achieved without cost to the country of a cent of money or an acre of land; and for the guarantee of bonds the Government holds the first mortgage on the part of the C.N.R. system built under guarantee and a second mortgage on the balance of the system.

TAXATION OF RAILWAYS.

The Conservative policy of railway monopoly in the West as already shown was aided and strengthened by the grant of immense tracts of land to the favoured Company itself and to companies coming into existence, or brought under its auspices. These grants of land in themselves by reason of the ultimate value immensely strengthened the favoured Company against any rivals. But the unrestrained privilege of selection enabled the Company by having its railway line in one part of the country and selecting its land in another to prevent the intrusion of other railways into either area.

It was this feature of the Conservative railway policy that held back railway development of the Saskatchewan country for so long, until the Government guaranteed the bonds of the Canadian Northern. Under ordinary circumstances the power of provincial or municipal taxation of land would have offered a means of compelling the companies to let go their holdings in due course. So far as the favoured Company was concerned this was provided against in the original agreement, under which the Company was exempted from taxation on its land for twenty years after the grant thereof from the Crown. This provision applied to 18 million acres of land. At the end of twenty years from the passing of the Act, at which time it was expected the exemption would cease, it was found that the Company held that the word "grant from the Crown" meant "issue of patent." The question was taken to the courts and the contention of the Company was upheld. It was then discovered that as a matter of policy the Conservative Government had not issued land patents to any of the railway companies who had earned them. They allowed the company to select the land. The land was then listed to the Company, but only when the Company made a sale was the patent issued, and then not to the Company, but to the purchaser on the order of the Company. When this condition was shown, the Liberal Government at once began to issue patents to the C.P.R. and other railway companies for the lands which they had earned. As a matter of policy and without warrant of law in this matter the Conservative Government gave all the railway companies exemption from taxation on their land grants as long as they were in power and extended the twenty years' exemption for the C.P.R. by the same period. The Liberal Government on this condition coming to their attention attacked the C.P.R. extended exemption in the courts and issued patents to all railway companies as quickly as possible so that no exemption from taxation not contemplated by Parliament should be enjoyed.

THE INTERCOLONIAL RAILWAY.

The business like methods of the Liberal administration in fifteen years from 1896 to 1911 were strikingly proved in the

wonderful strides made by the Intercolonial Railway in that time. The mileage of the road was increased to give the greatest service to the public and to increase earnings; equipment was added to and improved so that the Intercolonial vied with the crack transportation lines of the continent in the comfort and service it afforded the travelling public; freight and passenger business were handled by modern methods to give the greatest service at the lowest cost. In short, the Liberal Administration simply applied to the Intercolonial the best business methods known to the railway world, with the result that this publicly owned road, so long a byword for poor service and ruinous deficits which had to be made up from the public purse, was transformed into a modern railway, thoroughly equipped and showing handsome profits on its operation.

The Intercolonial Railway was first built as a connecting link between the Maritime Provinces and Quebec and Ontario. At that time its commercial possibilities were a secondary consideration, and political considerations also involved its being constructed as far as possible from the American boundary. It has had to meet traffic competition by water, which is notoriously less costly. Previous to 1896, when the Laurier Government came into power and commenced an era of modern business methods, the Intercolonial Railway was known in Canada chiefly for its poor roadbed, its ancient and worn out equipment, its indifferent service with trains more often late than on time, and most of all by its huge yearly operating losses without any compensating benefit to the country.

With these conditions existing in 1896, it is one of the finest items in the record of the Laurier Government that it was able to bring the railway to the high state of efficiency and earning power it showed in 1911.

The official report of the line for the fiscal year 1895-6 shows that the total number of passengers carried during the year was 1,471,866. For the year ending March 31, 1912, the record of passengers carried showed a total of 3,452,489, an increase under Liberal management of 1,980,623 passengers in a year, or over 133 per cent.

The financial statement for 1895-6, on smaller mileage and much less costly equipment, showed an operating loss of \$55,187.52. Contrast this with the statement of 1911-12, when the operating account showed a profit of \$539,569.69, which enabled the Borden Government to lay aside the huge sum of \$536,819.69 renewal of equipment, and still leave a respectable sum over to show as net earnings.

The following table gives in short form the striking comparison in the state of the Intercolonial Railway between 1896, when its management came into the hands of the Liberal administration, and the year 1911-12.

The Intercolonial in 1896 and in 1911-12.

	1896	1911	Increase Per Cent
Miles of Line.....	1,182.5	1,455.63	23%
Capital Invested.....	\$55,267,044.63	\$94,745,819.64	50%
No. of Locomotives.....	204	392	90%
Pass'ger Car Service	276	463	68%
Freight Car Service	6,667	12,191	83%
Ploughs, flanges, etc.	77	119	42%
Engine Mileage.....	4,714,661	9,415,487	100%
Train Mileage.....	3,842,502	7,400,975	93%
Car Mileage.....	43,005,684	104,002,011	142%

In the report of 1911. the Engineer of Maintenance said: "The road was never in better condition." This shows that it was kept up to the highest mark of efficiency, and was not allowed to deteriorate in order to show profits. Yet it showed a handsome profit of over half a million dollars for the year.

Under Liberal management the road was modernized in every particular. The line was relaid with heavy steel, replacing the previous light rails; the whole road was re-ballasted; bridges were replaced and made to stand the heavier traffic; new terminals were provided, others were improved and made modern, new roundhouses and shops were built where needed to give the best service; modern brick passenger depots were built.

Under Liberal management The Intercolonial Railway paid the highest prevailing wages to all its employees. The scale of wages increased steadily, so that from 1900 to 1906 alone, the yearly wage list was added to by about \$1,000,000. Other railways were able to meet increasing wages by increasing their freight and passenger rates. Not so the Intercolonial, which had fixed rates placed at a minimum which was not materially increased. The Intercolonial gave lower rates, and any increases failed to bring them up to the rates fixed by the C.P.R. and the Grand Trunk. Rates could be quoted at length to show that Intercolonial charges for equal haulage were anywhere from 10 to 30 per cent lower than those of the other lines.

Under Liberal management, in spite of low freight and passenger rates, in spite of the increased cost through higher wages, better service and the greater luxuries of travel afforded, the Intercolonial proved a money-making institution instead of a drain on the public purse as it was prior to 1896. And even more important, it gave a high class service, reliable and punctual and equal to that of any of the big money-making railroads on the American Continent.

RAILWAY CONSTRUCTION.

In 1896 the mileage of railway in operation throughout the Dominion of Canada totalled 16,270. In 1835 there was not a foot of railway construction in what is now known as Canada. In 1836, 16 miles had been constructed, so in the period of 60 years 16,270 miles of railway were constructed in Canada. (See page VIII Railway Statistics of the Dominion of Canada, June 30th, 1918. A Government publication.)

In 1911 the miles of railway in operation in Canada totalled 25,400 miles. During the 15 years of Liberal rule there were constructed in Canada 9,130 miles of railway, and a very large mileage was in course of construction, so that by June 30th, 1918, there were in operation in Canada 29,304 miles of railway. The additional construction from 1911-1918 can be largely attributed to the policy of the Liberal party before going out of office in 1911. They really should be credited with more than this for they are responsible for the construction of the National Transcontinental Railway from Winnipeg to Moncton which is not yet (March 1st, 1915) in operation. The Liberal party inaugurated the construction of the Hudson Bay Railway as a Government constructed and owned road to connect the Prairie Provinces with the Hudson Bay, and in August, 1910 the Honourable George P. Graham, then Minister of Railways, visited Pas, Man., and broke the first sod for the construction of this line of railway. For years the people of the West agitated for the construction of the railway to afford them an outlet of a more direct route to the sea, to reach more quickly the great market of the world at Liverpool.

The National Transcontinental Railway in conjunction with the Grand Trunk Pacific Railway is due to the activity, enterprise and foresight of the Liberal party when in power. This work however was undertaken at the strong solicitation of the people of Canada, and endorsed by the electors in the general elections of 1904-1908. The following pages confirm the above, and some attention is given to the criticism offered by the Nationalist-Conservative Government since they came into power in the fall of 1911.

THE PEOPLE'S RAILWAY.

On the 29th day of July, 1903, the Government of Sir Wilfrid Laurier entered into an agreement with a number of prominent financial and railway men in Great Britain and Canada. In this agreement these railway and financial men agreed to construct a line of railway across the continent. The terms of the agreement provided that the company should build a line of railway on Canadian territory from the Atlantic to the Pacific the longest and probably the greatest of any of the railway undertakings in the world. The Government felt that the time had arrived to respond to the demand of the people for greater accommodation

and transportation facilities. It also determined that the road would be a common highway across the Dominion of Canada, from ocean to ocean and wholly within Canadian territory using and building up Dominion ports.

This agreement was ratified by an Act of the Parliament of Canada assented to on October 24th, 1903.

An amended agreement was made on the 18th day of February 1904. This amended agreement was ratified by an Act of Parliament of Canada, assented to on July 18th, 1904. The Act of 1903 is entitled "An Act respecting the construction of a national transcontinental railway" and the Act of 1904 is entitled "An Act to amend the National Transcontinental Railway Act," which is the short title given in the Act of 1903.

The Agreement set forth that a line of railway should be constructed as follows: "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 Port Simpson or some other port in British Columbia."

The road is divided into two great divisions. The Eastern division begins at Moncton and runs through the central part 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 begins at Winnipeg and runs through the south-western part of the province of Manitoba and northerly through the provinces of Saskatchewan and Alberta and through the province of British Columbia to the Pacific Ocean.

For convenient reference the western division is divided into two sections "the Prairie Section" and the "Mountain Section." The "Prairie Section" extends from Winnipeg to the Rocky Mountains and the "Mountain Section" from there to the Pacific Ocean.

In 1903 the gentlemen who entered into the agreement above-mentioned were incorporated as a company known as the Grand Trunk Pacific Railway Company. This company agreed to construct, maintain and operate the western division Prairie and Mountain Sections of the road above described, and the Government agreed to build the eastern division.

The company was to lease the eastern division, to maintain and operate it on the terms set forth in the agreement. The company had the right to approve of the character of the construction of the eastern division, and had the privilege of appointing a chief engineer to act along with the government engineer.

The government reserved running rights for the Intercolonial and every other line of railway over the eastern division upon equal rights with the company, namely, The Grand Trunk Pacific Railway Company, and also running haulage rights over the western division. The government also reserved the right to give to any railway company desiring to make use of the railway the

running powers and haulage rights, and the Grand Trunk Pacific Railway Company was given the same running powers as the Intercolonial. By Section 39 of the agreement of 1903 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 42 of the same agreement and embodied in the 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 entered 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 confirmed by an Act of Parliament in 1904 in no way modified the important provisions of the original contract drawn up in the public interest. The original features of the contract were 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 were excessive, and there was in the contract a provision (as in the C.P.R. contract) 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 the G.T.P. contract the Government have the most unlimited power to fix the rates of the Grand Trunk Pacific.

This transcontinental railway comes under the control of the Board of Railway Commissioners as completely as the smallest railway in the land.

Men can recall that after the enormous aid and privileges given to the Canadian Pacific Railway Company in 1881, the Company 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.

FAVORABLE EVIDENCE 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 Conservatives in Parliament are discussed elsewhere, but their first impulse seems to have been simply to oppose and 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 was 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.

BOARD OF TRADE FAVORABLE.

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 from the Northwest, and that the rapid influx of settlers into that country would amply justify the Government in building a road, and the Board favored the northerly route from Quebec to Port Simpson.

HALIFAX BOARD OF TRADE.

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 reads 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.

TRURO BOARD OF TRADE.

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.

QUEBEC BOARD OF TRADE.

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.

TORONTO BOARD OF TRADE.

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 Nepigon to Winnipeg, the use of such railway being permitted to all railroads under proper regulation.

WINNIPEG BOARD OF TRADE.

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 labor, 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, 1903, contains the annual address of the president of the Board, which makes 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 Railway Company, and ratified by Parliament at its last session, and this contract provides for the construction of a railway from the Atlantic to the Pacific. For a long time the newspapers were filled almost to overflowing with arguments 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 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 agree-

ment 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.

WESTERN BOARDS OF TRADE.

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, in 1904, (elected in 1911 as M. P.,) 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 then 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 APPROVE.

Mr. J. H. Haslam was the Conservative candidate in Selkirk at the general election of 1900, 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 shortsighted 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, be most unwise and imprudent.

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The above words are written by a man who was a regular Conservative candidate at the election of 1900.

Mr. H. A. Mullen was Conservative candidate for Russell, in the Manitoba Assembly, some years ago, 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'S OPINION.

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 neighbors, 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.

FURTHER CONSERVATIVE TESTIMONY.

As a further proof that public opinion is overwhelmingly in favor 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 on the main land of British Columbia, and it was at that time controlled by Mr. Cotton, a member for years 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 would be in provincial interests to supplement the Dominion with a subsidy, either in cash or land, by British Columbia, 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 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 profitable 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 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,

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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 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 operating 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. Hayes) 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 trade 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. Hayes' 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 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."

CONSERVATIVE M.P.'S SLOW TO PERCEIVE.

It should not be lost sight of, because it is very important, that the Conservatives 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 desired 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 Sir Robert Borden, then 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, and on May 26th, 1904, in the House of Commons, (page 3,575 of Hansard, 1904), he is on record as saying:

The Honorable gentleman speaks of me as having made a right-about-face, and 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 transcontinental line. On page 12,623 of Volume 6 of Hansard, September 29th, 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 Conservative members 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 late Hon. John Haggart, Conservative ex-Minister of Railways and Canals, is on record in the House of Commons, Hansard, September 29th, 1903, as saying: "As I said before, I am favorable to the scheme if the Right Hon. gentleman will see that the Railway goes as far north as possible. * * * Let the road be built and let generous assistance be given to those who build it." (page 12,688 of Hansard). 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 that the Conservatives got juggling with figures so 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, the late Hon. 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 this return he said:

"There is ample room for at least four more railways right through to the Pacific. The thing that impressed me most at 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 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 the late Mr. John Charlton, member for North Norfolk, was constrained to express himself on the floor of Parliament as follows:

"The honorable gentleman (Mr. Blair) regrets 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 favor 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.

SIR R. L. BORDEN'S DIFFERENT POLICIES.

To understand the question thoroughly, one must know what are the Conservative policies regarding the National Transcontinental line. To do this will take a little time, but it is time well spent.

SIR R. L. BORDEN'S MANY SHIFTS.

Mr. Borden, then 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 Conservatives with regard to this subject has been a vacillating and shifting one.

MR. BORDEN'S POLICIES IN 1903 AND 1904. RESPECTIVELY.

Sir Robert Borden first proposed in 1903 an alternative line. Then, in 1904, he could only go so far as to express an opinion, early in the session, in favor 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 resolutions, 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.

SIR R. L. BORDEN'S THIRD POLICY.

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 trans-continental 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, (now Sir Robert) 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 forward in 1903. But to pass on for a moment, to say that the resolution of April 5th ignored entirely the first policy, declared in favor 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.

SIR R. L. BORDEN'S FOURTH POLICY.

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 favor 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 Harbor, on the Georgian 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.

STILL OTHER OPPOSITION POLICIES.

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 favor 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 seems 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 favor 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, (now Sir Edmund), 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. This 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. (see Hansard, April 6th, 1904, Volume 1, page 845).

FIRST PROPOSALS.

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

Montreal, Que., November 3rd, 1902.

To the Right Honorable
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 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 be 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, work shops, buildings, yards and other property, rolling stock and appurtenances 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.

(The three gentlemen who signed the foregoing are dead).

POLICY FOR EVERY DAY IN THE WEEK.

The leader of the Opposition (Mr. Borden) had the following six policies:

1. In 1903 to utilize the water routes, lake, canal and river.
2. The extension of the Intercolonial Railway to Georgian Bay, and thence to Winnipeg.
3. To give assistance to the Grand Trunk Pacific.
4. 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.
5. The extension of the Intercolonial across the continent "owned and controlled by the people."
6. 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, August 18th, 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, the Opposition leader is careful to avoid the use of any expression indicating Government operation of the 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 round 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. (See Hansard, August 18th, 1903).

(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 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 would involve an expenditure of hundreds of millions of dollars, and was withal a very absurd scheme.

THE NEW NATIONAL TRANSCONTINENTAL LINE.

A Few Reasons for the Construction of the Grand Trunk Pacific System. A Series of Unanswerable Arguments.

1. **Because** it doubles the industrial and productive area of Canada.
2. **Because** it doubles opportunity for every man in Canada.
3. **Because** it offers the shortest and best all-Canadian line from tide water to tide water, summer and winter.
4. **Because** it is the only all-British railway across the continent under one management.
5. **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.
6. **Because** it gives development and competition in transportation to 1,200 miles of grain-growing country in the West.
7. **Because** it develops vast coal fields on the Saskatchewan, Athabasca and Peace Rivers, for the supply of fuel to the prairies.
8. **Because** it gives the most north-westerly part of the prairie region, which is furthest from the Atlantic, a short outlet to the Pacific.
9. **Because** it connects the railway system of Canada with 2,000 miles of steamboat navigation on the Athabasca, Peace, Laird and Mackenzie Rivers, their great lakes and the Arctic Ocean, and gives opportunity to enterprise to further develop these vast regions.
10. **Because** it develops mining and lumbering in northern British Columbia and provides facilities for profitable interchange of mutual necessities between the prairies and the mountain regions of the far west.
11. **Because** it ensures a third railway outlet from and through the wheat fields to the lakes.

12. **Because** it develops a thousand miles of northern Ontario and Quebec, at present unknown and inaccessible.
13. **Because** it cuts nearly 200 miles off the present Intercolonial distance between Quebec and Canada's nearest winter port, St. John.
14. **Because** by government ownership and control of rates, with modern construction and adequate equipment, it provides an all-year-round outlet for western grain; and gives the merchants and manufacturers of eastern Canada profitable access to the market of the great West.
15. **Because** it does this without land grant, tax exemption or provincial or local aid of any kind.
16. **Because** it induces the investment of hundreds of millions of British capital in Canada; and correspondingly interests the British public in Canada's welfare.
17. **Because** co-operation with the Grand Trunk Company secures effective, satisfactory and business-like operation; ensures fulfilment of all engagements, provides business from the start, and secures the government from payment on its guarantee.
18. **Because** by that co-operation all principal points in eastern Canada are put in direct connection with the west without extra cost.
19. **Because** it transfers the through-traffic interests of the Grand Trunk, from the Western States to Western Canada.
20. **Because** it provides against over-capitalization, for effective government control of rates, and secures running rights to other roads throughout its whole length.
21. **Because** an Atlantic outlet for the Canadian Northern, and extension of the Intercolonial to the wheat fields, is provided for without a cent of additional public cost.
22. **Because** it gives maximum public control for a minimum public outlay, and absolute security for the financial responsibility assumed.

WHY WAS THE GRAND TRUNK PACIFIC PROJECTED?

This chapter 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 of the conservative party.

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; representing, also, the old Grand Trunk Railway Company. Those who signed were, Sir Charles R. Wilson, (President of the old Grand Trunk Rail-

way); the Right Hon. Lord Welby, G.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 TERMS OF THE AGREEMENT.

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 set 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 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 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 to

begin at Winnipeg and to run northwesterly through Manitoba, and what is now Saskatchewan and Alberta through British Columbia to the Pacific Coast.

A FEW ADDITIONAL REASONS FOR BUILDING THE G.T.P.

The following are additional reasons well worth reading:
It will be the only railway connecting the Atlantic with the Pacific, built wholly on Canadian soil.

The land to the north between Quebec and Winnipeg, described by the Conservatives as worthless, is the richest spruce territory in Canada and contains enough of that material to make this section of the route able to supply the world with pulp and paper. The demand for pulp and paper exceeds the supply and there is no limit to the wealth to be derived from this part of our natural resources. This is just one illustration of the falsehood told about the country through which the Grand Trunk Pacific is to run.

Canada is now dependent on the United States during a large part of the year for transcontinental railway communication. The Grand Trunk Pacific will make us completely independent of the United States and in that way do more, perhaps, to make a nation of the Dominion of Canada than any one other enterprise.

There is not one man in this country who will say that another transcontinental railway is not a necessity. That being the case the policy of building this road in connection with the oldest and largest system of railway in Canada, the Grand Trunk, cannot be disputed.

This railway is a colonizing road from start to finish, opening up good land for settlement and affording access to the enormous natural resources of the country yet remaining untouched along this northern route.

The Grand Trunk at first wanted to build this road westward from North Bay but the Government refused to sanction their proposal chiefly for the reason that the traffic would have come from North Bay to Montreal and on to Portland, a city in the United States where the Grand Trunk have large terminal facilities. Instead the government insisted that the Grand Trunk should enter into a contract to build past North Bay on through Canadian Territory to Canadian ports on the Atlantic Ocean.

The late Mr. Jabel Robinson, the Master Granger in Ontario, and a member of the House of Commons, expressed himself, in his capacity as a farmer, to be in favor of an independent transcontinental railway, and he opposed the plan of the leader of the opposition to utilize portions of the C.P.R. He is not in favor of putting all his eggs in the one basket.

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 the 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 connections 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 that has attended settlement in similar districts situated even further north than the proposed route of the Grand Trunk Pacific. A settlement, whose prosperity is an evidence of the worth of northwestern Quebec, is that in the Lake St. John region, situated 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, situated fully 100 miles north of the proposed line of the Grand Trunk Pacific Railway.

NORTHWESTERN QUEBEC.

Of the character of the northwestern 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 transcontinental 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 consequence.

THE ABITIBI REGION.

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, 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."

THE AREA OF ARABLE LANDS.

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 Co.'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 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."

NORTHERN ONTARIO.

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 favorable for farming operations and these would improve with the clearing and drainage of the land. Out of a collection of nearly seventy 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 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 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 districts 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 Missinabie, 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 stream. 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.

FROM WHAT THE CONSERVATIVE PREMIER OF ONTARIO SAYS LOCAL TRAFFIC ON G.T.P. WILL BE BIG IN A SHORT TIME.

A statement by Hon. W. H. Hearst, Premier of Ontario, will show that in a few years, in the province of Ontario at least, there will be a wonderful local traffic developed on the Transcontinental railway, requiring good stations and freight sheds. Mr. Hearst spoke at a meeting held on the 5th of March, 1914, at Ward 5, Conservative Association, Toronto, right amongst the men who, if they believed the Lynch-Staunton-Gutelius report could not have believed Mr. Hearst's words:

"The most insistent fact brought out by the Hon. W. H. Hearst in his reply to the toast of 'Northern Ontario,' proposed by Mr. E. W. J. Owens, M.P.P., was the fact that the Transcontinental railway ran through the best agricultural land of northern Ontario. The Minister stated that he had just received a letter from a person who had invested his money in Saskatchewan, who declared, after travelling along the line of the National Transcontinental railway, that he had never seen such land as that through which the railway ran."

"I believe' said Mr. Hearst, 'that the land there is better than the land out in the west.' He stated that the depth was practically without limit. The Minister gave a resume of the work done by the Government in opening up the north lands, and stated that the land in the Rainy River district had risen in value from \$1.50 per acre to \$5 and \$10 per acre on account of the roads constructed there."

THE ROUTE THROUGH MANITOBA.

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 sure reward of industry and prudence. By common understanding the Canadian west comprises Manitoba, and the three territories of Assiniboia, 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 enormous area of the latter is well within the wheat belt and rich in agricultural 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.

AS IT AFFECTS THE INTERCOLONIAL.

The people of the Maritime Provinces have, for many years, recognized the necessity for a more direct western railway connection. The extension of the Grand Trunk Pacific, from Quebec to Moncton, cannot be said to parallel the Intercolonial railway, because at some points, both roads will be from fifty to one hundred miles apart.

The construction of the Grand Trunk Pacific cannot fail to give new business to the Intercolonial, and to benefit that line. The completion of the Grand Trunk Pacific will probably bring with it the fast Atlantic service which the late Government, for eight years, and the present Government, for seven years, vainly endeavored to establish. At the present time nearly all of the Atlantic travel, from Canada in winter, and a large portion of it in summer, goes by American ports. A fast service would largely change this, and a great deal of travel be diverted to Halifax and St. John. The I.C.R. will certainly benefit largely from the resultant traffic, and it must be remembered that the Intercolonial controls the approaches and terminals of both the great ocean ports of St. John and Halifax. These outlets will fully enjoy all the advantages consequent upon the expansion of trade and the largely increased traffic created by the new Transcontinental Railway, which will bring down a goodly share of the enormous western traffic.

G.T.P. AND C.P.R. CONTRASTED.

The chief points of contrast between the Grand Trunk Pacific 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.
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 made a present of these completed portions to the company.
3. Parliament granted to the Canadian Pacific a subsidy of \$25,000,000.
4. Parliament gave the Canadian Pacific 25,000,000 acres of land, including the privilege of establishing town sites.
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.
6. Parliament granted to the Canadian Pacific virtually absolute control of transportation charges west of Lake Superior.
1. The Dominion will own one-half of the Grand Trunk Pacific, and will be part proprietor of the other half through a lien held as security for guarantee of interest. Dominion also has authority to grant running powers.
2. The Grand Trunk Pacific from Winnipeg to near the Atlantic Ocean will be built by the Government, and will remain the property of the people of Canada in perpetuity.
3. 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. 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. 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. 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 Parlia-

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.

8. The Canadian Pacific was allowed to import construction material free of 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 laborously built up.

10. The Canadian Pacific, though built as a national undertaking, was semi-Americanized from the first. Its Soo line today 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.

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.

ment, whereas the Grand Trunk Pacific is placed under that control by the terms of its charter.

7. 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 Grand Trunk Pacific enjoys no such privilege. As far as possible, its materials must be made or purchased in Canada. Where it imports material that cannot be procured here, it must pay duty.

9. 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 his customers in the West and ensured lower rates.

10. 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 in rates 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 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-powers 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.

THE PEOPLE DO NOT OWN A FOOT OF THE C.P.R.

The people do not own one foot of the C.P.R. and will never get any rental in the way of interest or from any investment they have in that road. Take the figures given to the House of Commons by the Finance Minister, (Mr. White). In speaking in the House on June 3, 1913, in support of aid to the Canadian Northern, the Hon. the Finance Minister said this:

"What did the Canadian Pacific railway get? they got 25,000,000 acres of land which have turned out to be worth a greater sum than the capital stock of the Canadian Pacific Railway Company; they got \$25,000,000 in cash. I shall not take it on the basis of today's value; I shall deal with it on the basis at which it was deemed proper it should be taken at that time. The 25,000,000 acres of land were stated to be worth from \$1 to \$1.50 an acre. With the development of this land, which has been brought about not only by the Canadian Pacific Railway, but by all these other railway companies which have been built, it has turned out to be worth a sum in excess of \$250,000,000. What else did they get? They got in addition to that 700 miles of completed line of railway from Prince Arthur's landing to a point west of Winnipeg, 500 miles; and from Port Moody east through the Fraser canyon, 200 miles. They got all these grants from the Dominion Government in consideration of their undertaking to build the line. What would that subsidy amount to at that time? It is the very opposite of an extreme statement to say that the cash subsidy given to the Canadian Pacific Railway Company in consideration of building the line would run at least to \$25,000 or \$30,000 per mile upon the part of the line which they constructed."

THE BEST POLICY OF CONSTRUCTION.

The Liberal Government under the leadership of Sir Wilfrid Laurier insisted that the national Transcontinental Railway and the G.T.P. be built at a high standard. It was better to do this than to waste many, many millions to patch up later for years and years and then not have a good job. High authorities approve of the policy of the Liberals in this regard.

THE OPINION OF A GREAT BRITISH ENGINEER.

Mr. Elliott Cooper, President of the Institute of Civil Engineers, London, England, November 5, 1912, dealing with the National Transcontinental Railway of Canada, after being over here wrote:

"One of the prominent features of this great railway is its location in view of the gradients which have been obtained, suitable to the nature of its expected traffic. In nearly all new countries this is a most important matter, and the future financial success of its railway depends largely on the skill of the locating engineers; this is becoming more and more important as the neglect of it in the earlier lines becomes manifest with the growth of traffic. The prevalence of high wages for skilled labour, and the comparative unimportance of frequent train service, points in this case to the enormous economic advantage of concentrating the loading into as few trains as possible. Hence the employment of powerful locomotives and easy rolling gradients. So much has this consideration weighed with the engineers of this modern Transcontinental Railway that to gain an easy gradient an additional nineteen miles near Quebec and seventeen miles in New Brunswick have been added to the original location, which otherwise would have been obviously the more advantageous route. Heavy works, circuitous alignment, and spiral tunnels were undertaken also in the Rocky Mountain section with the same object. But in these new countries mere reduction in dealing with the gradient is not the only care. The trend of heavy raw material loading is almost invariably towards the seaboard, while the back loading is comparatively light. The ratio between the average paying and dead load in either direction has to be constantly in the mind of the engineer, and large outlay in surveying alternative routes in these cases may be abundantly justified. In this long line, however, the various interests to be served are somewhat different owing to the several main outlets and intermediate cities, and with some insignificant exceptions the ruling gradients against the east and west-bound traffic have been fixed at one in 250 and one in 170, respectively, for the eastern section, and one in 250 and one in 203 for the western one, and these have been secured even through the mountains. The new lines can hardly be said, at all events at present, to compete with the other transcontinental line across North America, as the distance between them is so great; but its advantages over them in gradient is enormous, for in crossing the "Rockies" one summit of only 3,712 feet above the sea level has to be set against two summits of the Canadian Pacific of 5,300 and 4,308 feet, and three of the Union Pacific of 8,247, 7,107, and 5,631 feet, while the maximum gradients of the Grand Trunk Pacific are about five times as easy as on these more southerly railways. On the Grand Trunk Pacific the standard freight train of 2,000 tons can be hauled from Winnipeg to Prince Rupert by one locomotive without help, the hauling power of the engine thus being four times as much as the Great Northern, Northern Pacific or Union Pacific, five times more than Santa Fe, and seven times more than the Canadian Pacific."

From Winnipeg to Prince Rupert, the Grand Trunk Pacific has not put in one velocity grade, and one would think, as they are to be operating company, they know what they are doing in not having ups and downs on their railway.

THE NATIONALIST-CONSERVATIVE GOVERNMENT'S OWN ASSISTANT COMMISSIONER.

Now, shortly after the Nationalist-Conservative Government assumed office they appointed Duncan MacPherson assistant commissioner of the National Transcontinental Railway and he is still there. On the 28th of June, 1909, Mr. MacPherson spoke about the low grades and easy curves as a practical man. He read a paper before the British Association for the Advancement of Science. Among other things he said:

"The distance on the Transcontinental Railway will be 1,351 miles—

"That is from Winnipeg to Quebec.

"and as the maximum eastbound grade is 21.12 feet per mile, compensated for curvature, the heaviest locomotive built today, a 'Mallet Articulated Compound' fully described in the Railway Age Gazette of April 30, '09, is capable of hauling on this grade a gross load behind one tender of 4,290 tons.

Assuming the tare 33½ per cent of gross load, the net paying load would be 2,860 tons, equal to 95,333 bushels of wheat, in one train. If we assume the earnings of such train to be \$4.40 per train mile, or exactly double the earnings of the Canadian Pacific railway freight train miles for 1908, we find the cost per bushel over the 1,351 miles between Winnipeg and Quebec to be 4.25 cents. The lowest rate that the writer is aware of having been in force from Fort William to Montreal via; the lake, canal and St. Lawrence River, a distance of 1,216 miles, was 4 cents per bushel in 1908. This 4 cents per bushel for 1,216 miles, would be equivalent to 4.44 cents for 1,350 miles, so that, at \$4.40 per train mile, the engines above referred to could haul grain on the Transcontinental eastbound from Winnipeg to Quebec for 0.19 cents per bushel cheaper than the cheapest existing water route could haul it the same distance and 10.86 cents per bushel cheaper than the present combined rail and water rates between the two points in question."

PEOPLE ENDORSED LIBERAL RAILWAY POLICY IN 1904 AND 1908.

In the general elections of 1904 and 1908 the Liberal Railway policy was the chief issue. The Conservatives led by McKenzie and Mann Company Limited and the Canadian Northern Railway Company were particularly fierce in their denunciations

of the G.T.P. and National Transcontinental Railway enterprises. In 1908 the Conservatives were even more bitter in their opposition to these propositions than in 1904 and interested parties used the United States newspapers to publish wild assertions and had these circulated in Canada. The people endorsed the Liberal policy at its inception and also when the work was well under way.

CONSERVATIVE RAILWAY EXPERT APPROVES G.T.P. AND TRANSCONTINENTAL RAILWAY.

Honourable Samuel Barker, M.P. of Hamilton, Ontario, for many years has been looked upon as a man well versed on railway matters, and ever since he was first elected to Parliament in 1900 has been considered the man best versed on railway legislation amongst the Conservative members of the House of Commons. Mr. Barker is not a member of the Borden administration, but during the year 1913, he was sworn in as a privy councillor, and is entitled to be addressed as the Honourable Samuel Barker. Speaking on the floor of the House of Commons on February 14th, 1912, as recorded in Hansard of that date, page 3071, Mr. Barker said:—

“If I understand the right hon. gentleman who leads the opposition (Sir Wilfrid Laurier) aright he is under the impression to-day that when this question was first opened in the country, there were a great many people who thought that the construction of the railway (The G.T.P. and Transcontinental) was not needed then, that it was premature. I do not know just what my hon. friend is referring to. If he says that many people thought at that time there was no need for additional railway facilities for the transportation of the grain produce of the great north west to the ocean, then he is altogether outside the facts. I was in the House at that time and I can vouch for the opinion of every member of the Conservative party; I venture to say there was not one man on the Conservative side who doubted for a moment the absolute need of another through railway at the earliest possible moment. There were in the Conservative party at that time members who were interested in other railways, some in the Canadian Pacific railway, and others in other roads, but every one of them, whether interested in the Canadian Pacific Railway or not, agreed that another railway should be built, that the party should unanimously support any generous liberal subsidy the government would propose to give, and that we should facilitate the construction of the road in every way. That is putting it according to what I know to have been the feeling then on the Conservative side; and so far as my knowledge and observation went, it was the opinion of every man on both sides of the House,” and on page 3072 of Hansard of same date he declared: “We (the Conservatives) have been charged with opposing the Transcontinental railway. We never opposed that system at all.”

SIR JAMES WHITNEY SHUT DOWN ON THE LYNCH-STAUNTON BOOM

The people of Canada through their Parliament passed the legislation in 1903 and 1904 to enable the G.T.P. and the National Transcontinental Railway enterprises to be built. The people of Canada at the general elections of 1904 and 1908 endorsed and approved of these enterprises in spite of enormous influences to do otherwise. The Canadian Northern Railway Company and its associate promotion companies never ceased to oppose the Liberal Government on its railway policy. When a new issue arose in 1911 the C.N.R. had additional power. Great financial institutions had come to its aid and these needed to get their money back so they decided to hang together or they would hang singly. They invited all their forces to defeat Sir Wilfrid Laurier on an issue other than the railway question and the interests succeeded but the people have the say again and it is for them to decide whether they shall rule themselves or be ruled by promoters of companies and the financial interests.

In the campaigns of 1904 and 1908 and 1911 one of the chief stumpers for the Nationalist-Conservative party was G. Lynch-Staunton, barrister of Hamilton, Ontario. After the Conservatives obtained office in the Province of Ontario in 1905 he got employment from the attorney general's department and drew from the treasury of Ontario fine fat fees for his services. His friends boomed him for years as successor to Hon. J. J. Foy as Attorney-General, in the Province of Ontario but when the booming in this regard became strong it suddenly stopped as there was no hope to elect G. Lynch-Staunton anywhere. He was too violent and narrow a partisan to succeed before the public. After the Federal and Provincial general elections of 1911, friends strongly urged that G. Lynch-Staunton, fresh from the Nationalist-Conservative stump should succeed Mr. Foy but the late Sir James Whitney Premier of Ontario put his foot down and one of the newspaper supporters of Sir James voiced the feeling of the leader when it asked "Why Lynch-Staunton?"

Fred. G. Gutelius was loaned to the Nationalist-Conservative Government by the C.P.R. at a salary of \$20,000.00 a year.

PARTY FIRST IN EVERYTHING.

In criticising the cost of the National Transcontinental Railway, the Nationalist-Conservative leaders had two objects in view, one to injure the Liberal Party if possible, and the other to discredit the undertaking itself. In their utter recklessness, they succeeded in injuring not only themselves, but in greatly impairing the credit of the country and its enterprises, and brought down on their heads the condemnation of Canada's leading business men.

In 1908, one of the most brilliant writers in America, who had been engaged in preparing campaign literature for one of the political parties in the United States, was secured to compile statistics and manufacture statements that it was fondly hoped would wreck the Liberal Administration and render it impossible for the National Transcontinental to be financed. The pamphlet was written and the printer's proofs read in the city of Toronto, the intention being to have it circulated too late in the campaign to admit of refutation. The plot was discovered and the pamphlet was not printed, but the material it was to contain was sent to a Yankee newspaper and this paper was circulated by the tons throughout Canada. This attack assured the public that the Road would cost, even though constructed with the utmost economy and care, every cent it has cost, and that in consequence of this great expenditure, the fixed charges would be too heavy to permit of cheap freight and passenger rates being secured.

The partisan findings which George Lynch-Staunton and Frederick Gutelius made later, charging extravagance and waste in construction, are completely answered by the Conservative campaign document of 1908, which assured the people that it would cost what it has cost without any extravagance or waste.

Every session of Parliament, the Conservative Party when in opposition, assailed this great national undertaking in the most reckless manner but without avail, and the Liberal Government continued to carry out the mandate of the electors, to construct this great highway up to the high standard on which it was started.

FUTILE EFFORTS OF THE HIRED KNOCKERS.

When the Nationalist-Conservative Government came into power in 1911, it continued the onslaught on the National Transcontinental Railway. Two Commissioners pocketed nearly \$100,000.00 and spent two years in conducting a rabidly partisan investigation, endeavouring to find corrupt expenditure in this great work. In the expenditure by the Liberals of over \$100,000,000.00, they found, and that without any evidence to prove it, that only \$4,000.00 could be placed even under suspicion.

As a proof of the Nationalist-Conservative Government's absolute unfairness, it selected for this work, George Lynch-Staunton, K.C., of Hamilton, one of the most violent partisans in Canada, and Fred. G. Gutelius, an employee of an opposing line, the Canadian Pacific Railway.

They had scarcely begun their work when glaring misrepresentations of what they were finding were given to the press and wired to the centres of capital in which the Grand Trunk Pacific was endeavouring to secure money to complete its project. This outrage was repeated at intervals during the two years the pretended investigation was being dragged out at

\$65.00 per day and expenses for each of the Commissioners. Time and again, the Opposition asked for the report but could not get it, though the press had been giving fragments of it on several occasions. Just before it was finally given to Parliament, a typewritten synopsis was handed to the press, replete with deliberate falsehoods, cunningly devised, in order to deceive the public.

The Nationalist-Conservative Minister of Railways, the Hon. Frank Cochrane, was evidently ashamed of the report for he threw it on the table and rushed to take the first steamer for Europe. Finding on his return that he might be called on to defend this report, he hurried away again and busied himself in the Ontario Provincial campaign 1914, leaving this report to his colleagues.

From beginning to end, there was not one finding in the report that was based on evidence. In fact, evidence even of the Government's own experts was suppressed and other important testimony rejected.

The findings were contrary to law, in defiance of the facts, and at variance with railway practice or even common sense. In one instance, the Statute was deliberately misquoted by the Commissioners.

These partisan Commissioners could find no graft, so to cover their chagrin and to give some excuse for their employment, they shut their eyes to the evidence; opened their partisan mouths; and declared that Forty Million Dollars had been wasted, chiefly in constructing the Road to **too high a standard.**

They began by breaking faith with the Chairman of the ex-Transcontinental Commission, Hon. S. N. Parent, K.C., and declined to take the evidence of Mr. Charles A. Young, another ex-Commissioner.

Here are two or three samples of how these partisans were able to make up their Forty Million Dollars.

ENTRANCE TO WINNIPEG.

They found, contrary to reason, railway practice, and in spite of the ruling of the Board of Railway Commissioners, that the Government Road should have gone into Winnipeg on the level, thus endangering the lives of the people and destroying the streets of St. Boniface. The Liberal Government, through its Commission, elevated the tracks, went into the City with an air line, and the Transcontinental has the best entrance into Winnipeg of any railway. As Hon. Mr. Graham said, the Liberal Government was proud that it had secured such an entrance into the Western Gateway. Still, this partisan Commission said \$3,000,000.00 could have been saved by the Government Road playing second fiddle to its competitors.

The Commissioners found that the Statute had been violated in constructing a double track from Transcona, where the repair shops are situated, to Winnipeg. To arrive at this conclusion, they went so far as to misquote the Statute, which is plain. Nothing further need be said.

CONTRARY TO LAW, TO FACT & RAILWAY PRACTICE.

This report declared that the Government had no legal right to erect the shops at Transcona and in doing so had wasted many millions. This finding was so glaring in its partisanship and so utterly indefensible, that the Borden Government totally ignored it and proceeded to violate its provision before the report was even printed, by beginning the erection of repair shops at Quebec.

This clause of the report was perhaps the most outrageous of all. Every prominent lawyer in Canada, whose opinion was asked, said that Messrs. Lynch-Staunton and Gutelius were entirely wrong as to the law. These legal gentlemen included, Sir Allen Aylesworth, ex-Minister of Justice for Canada; Hon. C. J. Doherty, M.P., Minister of Justice; E. L. Newcombe, Deputy Minister of Justice; H. Atkinson, legal advisor of the Transcontinental Commission; W. H. Biggar, K.C., and Mr. Brown, K.C., one of Montreal's most eminent lawyers.

To get a decisive opinion as to the facts and good railway practice, the case was submitted to the late Sir William Whyte, Vice-President of the Canadian Pacific Railway, as arbitrator and here is his finding:

"With respect to the shops at Transcona, considering
"their location and the circumstances under which they
"were produced and furnished, and the specifications; and
"interpreting the said agreements and Acts in the light of
"modern railway practice and considering the contemplated
"use of the said eastern division by other railways, I award,
"order and determine that the said shops are to be regarded
"as and are a portion of the said eastern division within
"the intent and meaning of the said agreements of the 29th
"of July, 1903, and the 18th of February, 1904, and Acts
"confirming the same.

"I further award, order and determine that all repair
"shops at divisional points are to be regarded as and are a
"portion of said eastern division within the intent and
"meaning of the said agreements of the 29th of July, 1903,
"and of the 18th of February, 1904, and of the Acts con-
"firming the same, I consider these are a material part of
"the railway and necessary convenience for its proper and
"efficient operation.

WM. WHYTE."

Yet in the face of the opinion of all of these eminent lawyers named, and in defiance of the emphatic award of Sir William Whyte, Lynch-Staunton and Gutelius had the audacity to find, in their report, that all these men were wrong and that the shops should not have been constructed by the Government.

George S. Hodgins, Mechanical Engineer, of New York, was employed as an expert by the Nationalist-Conservative Government to examine these shops and report. His report, in brief, was that the shops had been erected and equipped "cheaply, efficiently and wisely with a view to future growth." This report the Commission suppressed.

GRADES AND CURVES.

Messrs. Lynch-Staunton and Gutelius, contrary to the best and most modern railway practice, found that millions could have been saved if the grades of the National Transcontinental had been steeper and the curves sharper. This was also in defiance of the fact that the people had, on two occasions at the polls, ordered the Liberal Government to construct the highest standard of road. The Commission said that what are known as velocity grades (sags and dips, uphill and down), should have been introduced." In his speech in the House of Commons, the ex-Minister of Railways (Hon. Mr. Graham) quoted Mr. J. B. Berry, the most prominent authority on grades and curves in America, to show that this undulating construction is wholly impracticable on a new trunk line in our Canadian climate if the efficiency of the road is not to be impaired. Mr. Berry also added that the Commission's estimate of saving that might have been effected by this cheaper construction, was the "wildest kind of a guess." The same can be said of the criticism about curves. **If a cheaper road had been constructed, it evidently would have cost less and the line would have been inferior and not superior.**

WOODEN STRUCTURES.

These Nationalist-Conservative Commissioners thought wooden structures sufficiently good for the National Transcontinental and had the effrontery to say that millions had been wasted in using steel structures. To use wooden structures on this line intended for heavy through traffic through a new country, with all the possibilities of fire, would have been criminal. This was too silly even for the Nationalist-Conservative Government, and they went right on putting in steel structures.

SUB-CONTRACTS.

These two partisans, also, in their criticism, found that this great Railway should have been constructed without any sub-contracts having been let. This contention was so utterly ridiculous that it carried with it its own refutation. No great work of this kind on the American continent has ever been carried on without the work being sub-let in smaller sections by the Chief Contractor. Chief Contractors are men of means and of ability to do things and they are compelled by the Government

to put up ample security that the work will be properly performed, which smaller contractors could not possibly do. These are only samples taken from this outrage sent broadcast in the name of a report. The Government showed its utter contempt for what the Commissioners said or did, by proceeding to do the very things these hired partisans of theirs condemned.

JUST A FEW.

Messrs. Lynch-Staunton and Gutelius, Nationalist-Conservative Commissioners found that the Government had no right to build repair shops. The Borden, Nationalist-Conservative Government at once let contracts for the erection of repair shops at Quebec and elsewhere.

The Commissioners said the Liberal Government was too liberal in the settlement for classification and overbreak. The Borden Nationalist-Conservative Government settled the biggest claim of this kind, paying the contractor more than double the amount which had been awarded him by the Liberal Government Arbitration Board.

The Commissioners said wooden and not steel structures should have been used. The Borden Nationalist-Conservative Government, during the year this report was made, ordered no less than 56 steel structures, and the Minister of Railways denied, with much heat, that he was using wooden structures.

The Commissioners spent pages in saying that it was money wasted to use grades of four-tenths and six-tenths, but the Government has since admitted that these grades would have to be restored, and some of the sags have already been filled.

Messrs. Lynch-Staunton and Gutelius also found a loss of many millions in the sub-letting of contracts. The Borden Nationalist-Conservative Government, without delay, let large contracts on the Welland Canal, the Hudson Bay Railway and elsewhere, every one of which has been sub-let in smaller sections.

This is the only railway wholly on Canadian territory from ocean to ocean, and the wisdom of its inception has already been proved. The other two transcontinental lines in Canada run for a portion of their distance through the United States and could not carry troops from the Atlantic to the Pacific altogether over their own lines. The Grand Trunk Pacific is the only Road in Canada that can do this.

WORTH THE MONEY.

The National Transcontinental Railway is worth every dollar it has cost, being constructed at such a high standard (except at a few points where the Borden, Nationalist-Conservative Government has impaired its efficiency, which can and will be remedied) that its hauling capacity is more than double that of any other Transcontinental Railway in America. Low grades, easy curves,

steel structures and heavy rails, form the basis of efficiency, and every other similar line on this Continent has expended more in endeavouring to correct the errors of cheap construction than the road originally cost.

Outside the degrading of the Transcontinental at a few points by the Borden Nationalist-Conservatives, this great highway will require no such expenditure as it is of the highest standard now. In 1903 the Engineers' conclusions, as presented to Parliament by Sir Wilfrid, showed that \$13,000,000.00 would meet the interest on the estimated cost of \$63,000,000 for the seven years preceding the date on which the Company begins to pay rental. Mr. Borden himself, speaking in the House of Commons on July 30th, 1903, as reported in Volume 4, pages 7712 and 7713 of Hansard, placed the capital cost of construction all the way from \$63,000,000.00 to \$80,000,000.00. These figures all founded on expert engineers' reports, proved too low, but there is nothing surprising in that. Every railway company has had the same experience. The mountain section and the prairie section constructed by the Grand Trunk Pacific Railway Company, have, just like the Government section cost many millions more than was anticipated.

From Moncton to Winnipeg (built and owned by the Government) much of the line runs through unexplored territory, about which full knowledge could only be obtained as the work progressed. To secure the very high standard of road has proved expensive. Millions could have been temporarily saved by the construction of a cheap inefficient line, but in 1904 and again in 1908 the people of Canada authorized the Liberal Government to build this railway in a manner that would afford the greatest hauling capacity possible. In addition the cost of labour and material more than doubled between the time the first calculations were made and the date when real construction was under way.

Has this, the best railway in America, cost too much? Can the operating Company pay carrying and operating charges and still have a reasonable profit? In discussing this question in Parliament, during the Session of 1914, Hon. Mr. Graham gave some statistics to the House that are very illuminating. He compared the investment in other Railways, not nearly of so high a standard as the National Transcontinental, with the cost of the latter.

Complete with stations, freight sheds, store houses, round-houses, locomotive and car repair shops, terminals, telegraph lines, etc., the National Transcontinental, from Moncton to Prince Rupert has cost \$85,000.00 per mile.

In the United States the capitalization of the Western lines including many branches that cost only from \$15,000.00 to \$25,000.00 per mile is \$73,000.00 per mile. Two Western lines, the Union Pacific and the Southern Pacific, approach more nearly in difficulties of construction the National Transcontinental. The former represents an investment of \$150,925 a mile and the latter

\$142,360.00 per mile. Owing to the original cheap construction, they had to be rebuilt to secure better grades and curves, and even now these are not equal to those on the Canadian road. The old Grand Trunk Railway shows a capitalization of \$133,939.00 per mile, which includes its cheap lines, and no stretch of one hundred miles can be found on this line equal in grades and curves to the Grand Trunk Pacific. The Algoma Central has a capitalization of \$152,891.00 per mile and the Canada Southern Railway \$99,000.00 per mile.

The Canadian Pacific Railway puts its capitalization at \$46,000.00 per mile, but that includes all cheap branch lines. It does not include, however, the aid received in many ways from the Dominion and Provincial Governments and municipalities. It does not include the 100 millions spent out of revenue for betterments; it does not include the millions secured from premiums on stock. If these be taken into account, it will be found that the Canadian Pacific Railway represents on its main line, an investment considerably in excess of the cost of the National Transcontinental Railway, though on account of its location, it never can secure the standard of grades and curves that exist on the latter.

So anxious was the Nationalist-Conservative Government to discount the National Transcontinental and make the capitalists believe it never could be made to pay, that Hon. Dr. Reid, Acting Minister of Railways, in speaking in Parliament in March, 1914, mis-stated the amount on which the Grand Trunk Pacific will have to pay interest as rental, to the extent of no less than \$41,000,000.00. The Government's own estimate as to cost is \$161,000,000.00 which with interest during construction amounting to \$20,000,000.00 makes a total of \$181,000,000.00. Dr. Reid, however, placed the amount at \$223,000,000.00 but was caught in the act and exposed.

But the Government portion of the Road, which has been the object of attack,—that part between Winnipeg and Moncton, will pay. Here is a moderate calculation. Suppose the entire traffic, passenger and freight, equals an average of 8.5 freight trains per day,—(not each way, but including all trains both ways). A load of 2,000 tons can be hauled on this line, but for safety place it at 1,000 tons. \$1.65 is ample for running a train a mile over a road of this class. The distance from Moncton to Winnipeg is 1,800 miles. We have then this result:

Gross revenue per day.....		\$76,500.00
Cost of operation per day.....	\$25,500.00	
Interest per day (as per Commission's report).....	14,800.00	
Total daily cost.....	<u>40,300.00</u>	<u>40,300.00</u>
Net Revenue per day.....		\$36,200.00

But, to be on the safe side again, this amount might be further reduced by 50 per cent, which would leave, giving the pessimists the benefit of every doubt, a net revenue per day on the Government portion of this Road of \$18,500.00.

Every attack made on this great project has failed. So far as the Liberal Party was concerned, the Road has been constructed to be of the most value to the people of Canada, and with economy and honesty.

IT IS WORTH THE MONEY.

To quote the words of Major Leonard, the Borden, Nationalist-Conservative Government's own chief Commissioner, for the construction of the road appointed after the Liberal Government was defeated in 1911, who, with the full knowledge before him that it would cost at least \$161,000,000.00 and interest, declared: "**The National Transcontinental Railway is an asset, not a burden, to the people of Canada.**"

The Borden Administration, never a friend of the Transcontinental Railway, has let no opportunity pass to throw stones at the project ever since it came into power. The evident desire was to discredit the undertaking and if possible to make it a failure. The Laurier Government was very careful to give the Grand Trunk Pacific Company no excuse whatever which could be used for declining to take over the road or any portion of it at completion. The Company never was anxious to operate that portion from Cochrane east, but Sir Wilfrid's Government insisted that they must take what might for a time be a lean portion of the line, along with that which would give better returns in the initial stages of the operation.

Designedly or otherwise the Borden Government began at once to play into the hands of the Company and furnish it excuses for not executing the lease when the road was completed. In the first place the Borden Government began altering the grades of the road, but was at once notified by the President of the Grand Trunk Pacific Company that if these grades were changed and the agreement with the Government thus departed from, the Company would not take over the road. But the Government paid no attention and went right on in the face of this notification and protest, degrading the line. The President of the Grand Trunk Pacific Company only laughed as he had put one over on the Borden Government. Many important changes in the line and terminal were made in the city of Quebec without getting the consent of the Grand Trunk Pacific Company which it was imperative to do under the agreement. The Company protested that it had not consented to these various changes, but the Government paid no heed. This was the second move of the Borden Administration against the people's highway and in favour of the Company.

But the greatest outrage of all was the hiring of two friends as referred to in previous pages, to make a report charging that millions had been wasted in the construction of the road. This report the Company seized with glee and now they hand back to the Government its own report, and so far as the Government is concerned there is no answer. Thus has the Borden Administration in its wild desire for political gain, given to the Grand Trunk Pacific Company just the material it wanted on which to base a refusal to take over the line when completed, unless it get much easier terms than were obtained from Sir Wilfrid Laurier's Government. If the Company does not take over this road it is wholly and solely because the Borden Government by its every act, since it came into power, has invited the Company to refuse to operate the line, and has provided all the evidence the Company possesses to substantiate its contention. Never was there a more flagrant outrage perpetrated on the public in the hope of securing party gain.

The C.N.R. Since 1911.

THE LIBERALS AND THE C.N.R.

The attitude of the Liberals in Parliament towards the Canadian Northern aid proposals has been one of consistent and stubborn opposition from the very first to the conditions on which aid was granted by the Nationalists-Conservative Government, rather than to the general principle of assisting the legitimate and economic construction of the system itself. During the first session of the Parliament elected in 1911, Liberals refused to encourage the undertaking of the British Columbia section, from the construction of which has sprung the financial chaos which led to the agreement of the session of 1914. In the 1913 Session of Parliament, Liberals firmly opposed the first step towards partnership with Mackenzie and Mann and then demanded a thorough investigation of the whole situation, a demand which has been so abundantly justified by subsequent facts. To the culminating step in that partnership taken in the session of 1914 there was the same consistent and vigorous opposition. The bargain was brought down by the Government at the end of April 1914 was fought at every stage in Parliament in a debate which lasted almost continuously for four weeks. Eight amendments, each one of a vital character, were proposed and each one was voted down by the Government, despite warnings, entreaty and argument.

THE INITIAL RESPONSIBILITY.

The essential point for the Canadian people to understand in connection with the Government's agreement to commit the people of Canada to a junior partnership with Messrs. Mackenzie and Mann, involving the assumption of over \$350,000,000 in liabilities, is that the condition alleged to have necessitated it has arisen wholly from the action of the Conservative Government of Ottawa in conjunction with the Conservative Government of British Columbia and that the responsibility for that action rests entirely with the Nationalist-Conservative Government. It is not a legacy left by the late Liberal Government. This promises to be the subterfuge of Nationalist-Conservatives in explaining this culminating step of an entangling and practically permanent alliance between the government and the two men who have sought to build a transcontinental railway, own it, and have the people pay for it. The effort to shoulder the blame

on the Liberal party is in accord with Nationalist-Conservative tactics where argument and reason fail, and is based on misrepresentations which may be readily exposed.

It is true that during the Liberal regime the Government aided the construction of the Canadian Northern line from Port Arthur to Montreal. This link in the Canadian Northern Railway system was necessary in order to connect the profitable branches of the Canadian Northern in the prairie provinces with the populous centres of Eastern Canada, and to provide a needed further means of communication between East and West. That bond guarantee was given on ample security. The Liberal Government took a first mortgage on the line itself, except that portion from Rideau Junction near Ottawa to Hawkesbury, a distance of about 60 miles. A second mortgage, however, is taken on this 60 miles and on the spur to Ottawa and westerly to a point on the Niagara River, a distance of over 300 miles, together with a 2nd mortgage on the Sellwood branch of ten miles near Sudbury. There was an obvious necessity for the linking up of the Western and Eastern divisions of the system as it existed when the Liberal Government went out of power. But the necessity for Federal Government aid to the British Columbia section was not recognized by the Liberals; that part of the system was not encouraged and aid to it was refused.

The responsibility for encouraging the mountain section rests entirely with the Governments of Sir Richard McBride and Sir Robert Borden. Provincial assistance was given to the Canadian Northern Pacific to the extent of nearly \$40,000,000; Federal assistance was given by the Borden Government during its first year of office by subsidy to the extent of some \$6,000,000. That encouragement enabled Messrs. Mackenzie and Mann to proceed with the construction of their lines in British Columbia. These lines have been the most expensive part of the whole undertaking. Over \$30,000,000 have already been expended on the main line from Vancouver to Yellowhead Pass. The company stated that, at least, \$23,000,000 more would be required to complete it. That makes a total of over \$50,000,000 as the cost of the British Columbia section of the provincial main line. Railway experts assert that this total of \$50,000,000 will have to be increased by some tens of millions before the line is finally in shape for safe operation. The expenditure of this enormous amount is primarily responsible for the present financial difficulties of the company which have made necessary the additional Federal bond guarantee of \$45,000,000.

THE DANGERS OF A JUNIOR PARTNERSHIP.

In essence the Canadian Northern agreement involves the junior partnership of Canada with Mackenzie and Mann. The people of Canada after having already furnished public aid in one form or another to the extent of \$280,000,000 towards the enterprise have now given \$45,000,000 more, with an additional interest guarantee for three years on this \$45,000,000, making a net total of approximately \$330,000,000.

Under the partnership, Canada practically endorsed, the note of Messrs. Mackenzie and Mann for all outstanding obligations of the Canadian Northern and its subsidiary companies, both present and to come. Including the \$45,000,000 bond guarantee, these obligations already amount to \$352,000,000 or practically \$40 each for every man, woman and child in the country. Mackenzie and Mann remain the controlling partners in the enterprise with the right to create new obligations, and with the opportunity, if they so desire, to step out at any time, take with them any profits they have made, and to shoulder on the people all the obligations and the ownership and operation of an insolvent four-hundred-million-dollar concern.

To this partnership the Liberals in Parliament have been stubbornly opposed. It was forced through Parliament after weeks of continuous debate and after the rejection of every one of several Liberal amendments.

Apart altogether from the conditions of the partnership, there are the fundamental objections of the political and economic dangers of any partnership at all. Liberalism has taken the ground that if the road is to be saved from a receivership and from the financial chaos which would follow, the relations of the Government with the company should be those of creditor and debtor, rather than those of junior and senior partner; that the Government should own or control where it is bound to assume enormous liabilities. Liberals in Parliament have not objected to lending the people's credit in order to insure the completion of the system but they have insisted on the need being shown and the proper security given.

The dangers of partnership under the conditions agreed to are obvious. Canada holds \$40,000,000 of the Company's total capital stock of \$125,000,000. The control of the company is left in the hands of Mackenzie and Mann, the men whose inordinate ambition and complicated financing has brought about the present alleged deplorable condition of their enterprise. The partnership is forced upon the people without any adequate investigation into the physical character of the road, into its possibilities of meeting fixed charges on net earnings, or into the economic soundness of the subsidiary enterprises. The stock which the Government received has at the present time, at least, no real value. It cost Mackenzie and Mann nothing to create it and it represents not a dollar of actual investment by them.

The \$75,000,000 of stock left in the hands of Messrs. Mackenzie and Mann and their associates has value only because of the public credit extended. Without Government aid the whole fabric according to their statement would collapse. The Liberals in Parliament took the view that the wiser course would be to pledge the stock of the company merely in the usual manner as security between debtor and creditor. And the Government would thus avoid all the obligations, complications and dangers of a junior partnership without effective control or

check on the senior partner. Thus also would be avoided the necessity of standing sponsor for everything the senior partner may do. That was the purport and intent of the amendment moved by Sir Wilfrid Laurier on the third reading of the Bill of 1914 in the Commons.

SESSIONS OF 1912 AND 1913.

In the general election of 1911 candidates of the Conservative party, especially in Ontario, received generous support from Messrs. Mackenzie and Mann and their allied railway and other financial interests. It is an open secret that the selection of Hon. W. T. White as Minister of Finance was due in a considerable degree, at least, to the backing of the railway promoters, of Z. A. Lash and of the group of financial interests concerned in the Mackenzie and Mann enterprise.

PUBLIC FUNDS GIVEN AWAY.

The first instalment of reward for this support came promptly. During the first or 1912 session of the Nationalist-Conservative Government, legislation was brought in to assist the construction of the British Columbia section of the Canadian Northern trans-continental. The aid proposed in cash and bond guarantees amounted to \$10,325,000. That first measure of aid was opposed by the Liberals in Parliament, especially as while granting Federal assistance to the railway in British Columbia, the demand that this section of the line be brought under Federal control in regard to rates was refused by Mr. Borden and his followers.

During the 1913 session of Parliament a still larger instalment of Federal aid was granted. This time it was a straight subsidy gift of \$15,640,000. Premier Borden and Hon. W. T. White both assured the House that this would be the last call on the public treasury by Mackenzie and Mann. They also assured the House that in return for this subsidy the people of Canada were getting in exchange \$7,000,000 of the Capital stock of the company or one-tenth of the then total of \$70,000,000. In both respects, the House and the people were misled. It has been shown in the 1914 session that the aid given last session fell, at least, \$45,000,000 short of the aid required, and that the \$7,000,000 of stock received by Canada was produced by the simple process of turning out just that amount more of stock from the Canadian Northern printing press.

At the opening of the 1914 Session of Parliament there were persistent rumours that Mackenzie and Mann were back again for a record haul. First there were denials both from Premier Borden and from Hon. W. T. White. After some weeks of steady and persistent lobbying by Sir William Mackenzie, Sir Donald Mann, Mr. Lash and all the influences they could bring to bear, it was finally admitted that a bond guarantee of

45,000,000 was to be granted. The conditions of the agreement were arranged and the Nationalist-Conservative caucus was called to ratify them. Immediately two of the leading Conservatives, Mr. R. B. Bennett of Calgary, and Mr. W. F. Nickle of Kingston, announced their determined and unqualified opposition to the whole agreement. That opposition they made clear later in the House in an exhaustive criticism of the whole bargain. They voted against the Government and with the Liberals on every amendment offered. It is known that the support given to the measure by many other Conservatives was decidedly luke warm and that their private criticisms of the agreement were frank and emphatic. But the allurements of a campaign fund, the crack of the party whip and the necessity of standing by the Government in order to prevent its defeat brought them all into line with the exception of Messrs. R. B. Bennett and W. F. Nickle.

PUBLIC INTEREST NEGLECTED.

The lobbying put up by the Canadian Northern interests was the most open and persistent in the history of Parliament. Mr. R. B. Bennett, referring to it in the Commons, said that the whole history of Mackenzie and Mann operation showed "nothing but a long train of Parliamentary corruptions, of lobbying, of degradation of Parliamentary institutions, of the lowering of the whole morale of public life and the degrading of those standards by which public life should be truly measured."

In support of the agreement the Government brought down various statements prepared by Mackenzie and Mann in regard to the financial condition of the company, the application of the public aid already received, and the destination of the moneys still to be received from the public treasury. It was stated that Mackenzie and Mann Company, Limited, in their capacity as contractors for the Canadian Northern Railway had handled no less than \$244,000,000 of funds in addition to their connection with the sale of bonds and other securities of many subsidiary companies. The three Government auditors taken from the Department service to investigate the data presented by the company spent only a few days in Toronto going over the books of the company with a view of verifying the statements made. They returned stating that they had verified all these statements and had accomplished within a week, or so a task which would tax the energies and experience of a firm of expert accountants for at least a year.

The debate in the House showed that the Government's statement was inadequate, misleading and in some instances absolutely inaccurate. But the whole brief for further assistance as prepared by the applicants was accepted at its face value by the Government and its followers. Every amendment asking for a further investigation, for further security or for other safe-

guards of the public interest was voted down by the Government and its obedient majority. That majority was in two or three instances actually rounded up by Sir William Mackenzie and his agents in person, who hovered in the corridors and kept the lobbying going until the last vote was taken.

This in a general way outlines the attitude of the Nationalist-Conservative Government and its followers towards the proposition which adds at once over \$360,000,000 to the national liabilities either directly or indirectly, which commits the country to a direct and permanent junior partnership with an insolvent transcontinental railway company, controlled, owned and operated by two men who as far as has been shown have not put up a single dollar of their own money into the enterprise.

It is probably the first time in the history of legislation under responsible government that a government has blindly gone into partnership with a great private concern without insisting that under the partnership the people shall have the controlling voice, and without knowing what has been done with the money already advanced, what is the probability of profitable operation, what is the intrinsic value of the assets and what is the present or future extent of the liabilities.

It is advisable to give considerable detail of the proceedings in Parliament during the sessions of 1912, 1913, and 1914, as below:

During the session of Parliament of Canada, 1912, in addition to subsidies usually granted to aid in the construction of railways, special acts were passed, providing for aid to some of the lines of railway in the Canadian Northern Railway system. One of these acts is entitled "An Act to authorize the granting of a subsidy to the Canadian Northern Pacific Railway Company in aid of the construction of the railway therein mentioned." This act is Chapter 9 of the Statutes of Canada, 1912. It provides for the payment of a subsidy of \$12,000.00 per mile to the Canadian Northern Pacific Railway Company towards the construction of a railway from a point at Yellow Head Pass to Vancouver, and the mouth of the Fraser River, not exceeding 525 miles.

The Canadian Northern Pacific Railway Company was incorporated by the Province of British Columbia, and the agreement between the Company and the Province of British Columbia provides that the Company would not be a party to having the control of its rates, etc., decided by the Board of Railway Commissioners for Canada. It is a purely provincial charter and provides for the construction of a railway wholly within the Province of British Columbia, but its main existence will be dependent upon through traffic between the east and the west. In the session of 1914, Chapter 20 of the Statutes of that year, the Government took power to declare this road by Proclamation a railway for the general advantage of Canada when constructed and in operation. This would bring it under control of the

Dominion Railway Board, but it is at the will of the Nationalist-Conservative Government and nothing to date, March 31, 1915 has been done.

When the above act was under discussion in Parliament the Liberals moved an amendment to the effect that this railway company be put under the jurisdiction of the Board of Railway Commissioners for Canada, or that the subsidy should not be granted. The Nationalist-Conservative Government voted the amendment down, and the act was passed as above related. After the generous treatment to the Canadian Northern Railway Company and Mackenzie and Mann in the session of 1912, it was felt that the Company and Mackenzie and Mann would be prepared to give a good account of their undertakings without much additional aid. The public, however, one year later were brought face to face with additional enormous demands for assistance.

When a government intends to bring down any legislation providing for expenditure of money such legislation is started by way of resolution or resolutions, after the adoption of which terms of the resolution or resolutions are embodied in a bill. When the bill is finally passed by both houses, and received the Royal assent, it is then an Act of Parliament.

THE C.N.R. CAME BACK IN 1913.

On May 30th, Hon. Franck Cochrane, the Nationalist-Conservative Minister of Railway and Canals moved that the House of Commons go into committee next day to consider the following proposed resolution.

May 30th, 1913.

That it is expedient to provide as follows:

1. That the Governor in Council may grant a subsidy of six thousand, four hundred dollars per mile to the Canadian Northern Ontario Railway Company, towards the construction of a railway from the city of Toronto, in the province of Ontario, to the city of Ottawa, in the said province, not exceeding two hundred and fifty miles.

2. That the Governor in Council may grant a subsidy of twelve thousand dollars per mile towards each of the undermentioned lines of railway (not exceeding in any case the number of miles hereinafter respectively stated) namely:

(1) To the Canadian Northern Ontario Railway Company, for a line of railway from the city of Ottawa, in the province of Ontario, to the city of Port Arthur, in said province; not exceeding 910 miles;

(2) To the Canadian Northern Alberta Railway Company, for a line of railway from the city of Edmonton in the province of Alberta to the boundary of the province of British Columbia, at or in the Yellow Head Pass; not exceeding 260 miles.

3. That the subsidies hereby authorized shall be payable out of the Consolidated Revenue Fund of Canada, and they may at the option of the Governor in Council, on the report of the Minister of Railways and Canals, be paid as follows:

(a) Upon completion of the work subsidized; or

(b) By instalments, on the completion of each ten-mile section of the railway; in the proportion which the cost of such completed section bears to that of the whole work undertaken; the cost for the purposes of this paragraph to be determined by the Governor in Council; or

(c) Upon the progress estimates on the certificate of the chief engineer of the Department of Railways and Canals that in his opinion, having regard to the whole work undertaken and the aid granted, the progress made justifies the payment of a sum not less than thirty thousand dollars; or

(d) With respect to (b) and (c), part one way, part the other.

4. That the lines for the construction of which subsidies are hereby granted shall be completed within a reasonable time not to exceed three years from the first day of August, 1913, to be fixed by the Governor in Council, and shall also be constructed and completed to the satisfaction of the Governor in Council.

5. That the granting of such subsidies and the receipt thereof by the respective companies shall be subject to the condition that the Board of Railway Commissioners for Canada may at all times provide and secure to other companies such running powers, traffic arrangements and other rights as will afford to all railways connecting with the railway so subsidized reasonable and proper facilities in exercising such running power, fair and reasonable traffic arrangements with connecting companies, and equal mileage rates between all such connecting railways; and the said board shall have absolute control at all times, over the rates and tolls to be levied and taken by any of the companies, or upon any of the railways hereby subsidized; provided always that any decision of the said board made under this section may be at any time varied, changed or rescinded by the Governor in Council as he deems just and proper.

6. That the companies so receiving subsidies, their successors and assigns, and any person or company controlling or operating the railways or portions of the railways so subsidized, shall each year furnish to the Government of Canada transportation for men, supplies, materials, and mails over the portion of the lines in respect of which it has received such subsidy, and, whenever required, shall furnish mail cars properly equipped for such mail service; and such transportation and service shall be performed at such rates

as are agreed upon between the Minister of the Department of the Government for which such service is being performed and the company performing it, and, in case of disagreement, then at such rates as are approved by the Board of Railway Commissioners for Canada. And in and toward the payment of such charges the Government of Canada shall be credited by the company with a sum equal to three per centum on the amount of the subsidy received by the Company, under section I hereof, and on the amount of the subsidy up to \$6,400 per mile received by the company under section II.

7. That as respects the railways for which subsidies are so granted, the company at any time owning or operating any of the railways shall, when required, produce and exhibit to the Minister of Railways and Canals, or any person appointed by him, all books, account and vouchers showing the cost of constructing the railway, the cost of operating it, and the earnings thereof.

8. That no subsidy shall be so granted unless and until there shall have been issued and transferred upon the books of the Canadian Northern Railway Company to the Minister of Finance and Receiver General of Canada, in trust for His Majesty, shares in the common stock of the Canadian Northern Railway Company of the par value of \$7,000,000, which said stock and all rights appurtenant thereto shall be held for the benefit of His Majesty absolutely, and shall be deemed to be fully paid up, non-assessable and not subject to calls; Provided that the said stock or any part thereof be disposed of under the authority of the Governor in Council upon such terms and conditions as he may determine and the proceeds of the sale thereof paid into the Consolidated Revenue Fund of Canada.

9. That the Canadian Northern Railway Company is hereby authorized and empowered to issue and transfer to the Minister of Finance and Receiver General of Canada in trust as aforesaid from and out of the authorized capital shares of its common stock of the par value of \$7,000,000 fully paid up and non-assessable and not subject to calls as aforesaid upon the consideration of the Governor in Council undertaking to grant to the Canadian Northern Ontario Railway Company and the Canadian Northern Alberta Railway Company the subsidies referred to in section 2 hereof, upon the terms aforesaid and such stock when so issued and transferred shall be deemed fully paid without further or other consideration.

(Note—Near the end of clause 8 the words “the Governor in Council” were struck out and the word “Parliament” inserted and the word “he” in the third last line was struck out and “it” inserted.)

On June 3rd, 1913, the above resolution came up for discussion in the House of Commons as reported on page 11476 to 1176. It was then moved by the Liberals that clause one of the above resolution be struck out. This amendment was negatived. See page 11715 in Hansard. On June 3rd, 1913, the resolution was reported and read a first time.

PROVIDE FOR A LOAN TO BE PAID BACK BUT TO BE SECURED IN THE MEANTIME.

On motion of Hon. Mr. Cochrane that the resolution be read a second time. It was moved in amendment by Mr. W. M. German, M.P., Welland, on behalf of the Liberals as follows:

"That the said resolution be not now concurred in but that it be referred again to the Committee of the Whole House, with instructions to amend it by providing for an advance out of the Consolidated Revenue Fund by way of loan to the Canadian Northern Railway Company of a sum not exceeding fifteen million dollars for the purpose of assisting the company in completing its yearly construction; such advance to be repayable with interest half-yearly at the rate of four per cent per annum not later than the 1st of July, 1933, the advance to be secured by debentures charged upon the undertaking, equipment and property, rights and franchises of the company, and also upon the undertaking, equipment and property, rights and franchises of the Canadian Northern Pacific Railway Company, the Canadian Northern Alberta Railway Company, the Canadian Northern Ontario Railway Company and the Canadian Northern Quebec Railway Company, ranking next after the securities already issued and at present existing against each and all of said companies, and also be further secured by a transfer to the Minister of Finance and Receiver General of Canada in trust for His Majesty, shares in the common stock of the Canadian Northern Railway Company of the par value of fifteen million dollars which said stock shall be deemed to be fully paid up non-assessable and not subject to calls and to be transferred upon the books of the Canadian Northern Railway Company, and which said shares of stock shall be on the repayment by the said company of the said sum of fifteen million dollars, and all interest thereon re-transferred to the said company, their successors or assigns.

This motion was made on the ground that the Liberals did not believe that Canada should be a party to any corporate organization, the holder of stock in the company or to assume the position of share-holder.

As recorded on page 11792 of Hansard for the year 1913, the speaker ruled this motion out of order.

CONTROL OF RATES WEST OF FORT WILLIAM.

The Liberals through Hon. Frank Oliver, M.P., Edmonton, Hon. Geo. P. Graham, M.P., (South Renfrew) and E. M. MacDonald, M.P., Pictou, Nova Scotia, immediately moved the following amendments:

Hon. Frank Oliver moved:

That the said resolution be not now read a second time, but that it be referred back to the Committee of the Whole House for the purpose of an amendment to follow.

That the granting of such subsidies and the receipt thereof by the respective companies, shall be subject to the condition that the said companies shall, within two months from the date of the passing of this Act, submit to the Board of Railway Commissioners for Canada, a schedule of traffic rates upon the lines of the said companies now or hereafter to be constructed west of Fort William, which shall be the same as now apply on the lines of the said companies in the provinces of Ontario and Quebec, except in so far and to such extent as the said railway companies may be able to establish higher cost of operation on such lines west of Fort William, and the said schedule shall be subject to the authority and control of the said Board of Railway Commissioners, to be revised and adjusted by them in accordance with the foregoing provision.

RUNNING RIGHTS FOR OTHER COMPANIES.

Hon. Geo. P. Graham moved:

That the said resolution be not now concurred in, but that it be recommitted to the Committee of the Whole House with instructions to amend the same by adding the following section:

"The granting of such subsidies and the receipt thereof by the said company shall be subject to the condition that the Board of Railway Commissioners for Canada, may at all times provide and secure to other companies over the line of railway of the Canadian Northern Pacific Railway Company, situated in the province of British Columbia, from a point at Yellow Head Pass to Vancouver at the mouth of the Fraser River, such running powers, traffic arrangements and other rights as will afford to all railways connecting with the said railway so subsidized reasonable and proper facilities in exercising such running power, fair and reasonable traffic arrangements with connecting companies and equal mileage rates between all such connecting railways, and the said board shall have absolute control, at all times, over the rates and tolls to be levied and taken by the company hereby subsidized; provided always that any decision of the said board made under this section may be at any time varied, changed or rescinded by the Governor in Council, as he deems just and proper."

CONTROL OF RATES FROM POINTS IN EASTERN PROVINCES TO POINTS IN THE WEST.

Mr. E. M. Macdonald:

That the said resolution be not now concurred in that it be referred back to Committee of the Whole for purpose of amendment by adding the following:

"That the granting of such subsidies and the receipt thereof by the Canadian Northern Ontario Railway Company and the Canadian Northern Alberta Railway Company be subject to the conditions that the Board of Railway Commissioners for Canada may at any time, after the completion of the lines or railway above mentioned, require such railway company as is then operating the railway system which includes these lines, to file a schedule of freight rates for such points touched by the lines of such company in the provinces of Ontario, Quebec, New Brunswick and Nova Scotia as they may designate, not including points in Ontario west of Sudbury, to such points in the provinces of Manitoba, Saskatchewan and Alberta, touched by the lines of the said company as they may designate. And the Board of Railway Commissioners shall revise such schedule of rates so that they shall be no higher than the rates per mile charged for like service over railway lines in the United States and Canada between New York and Winnipeg by way of Chicago and Minneapolis. The said rates shall be binding upon the said railway company until further revised by the Board of Railway Commissioners for Canada."

The speaker likewise ruled these amendments out of order. See pages 11793, 11794, 11796 and 11798 of Hansard for 1913.

When the main Resolution of the Government was adopted and embodied in a Bill the Liberals renewed their amendments and continued the fight on the second reading of the Bill.

TO SECURE RUNNING RIGHTS OVER CANADIAN NORTHERN PACIFIC.

On June 4th, 1913, on motion of Mr. Cochrane, Bill No. 245, to authorize the granting of subsidies in aid of the construction of certain lines of railway of the Canadian Northern Ontario Railway Company and the Canadian Northern Alberta Railway Company respectively, was read the second time, and House went into committee thereon.

Hon. Geo. P. Graham moved that the Bill be amended by inserting the following as section 6:

"The granting of such subsidies and the receipt thereof by the said company shall be subject to the condition that

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This amendment was lost on division. See page 11843 of Hansard, 1913.

SCHEDULE OF TRAFFIC RATES WEST OF FORT WILLIAM.

Hon. Frank Oliver moved, seconded by Hon. W. A. Buchanan of Lethbridge that section 6 of the Bill be amended as follows:

"The granting of such subsidies and the receipt thereof by the respective companies, shall be subject to the condition that the said companies shall, within two months from the date of the passing of this Act, submit to the Board of Railway Commissioners for Canada, a schedule of traffic rates upon the lines of the said companies now or hereafter to be constructed west of Fort William, which shall be the same as now apply on the lines of the said companies in the provinces of Ontario and Quebec, except in so far and to such extent as the said railway companies may be able to establish higher cost of operation on such lines west of Fort William, and the said schedule shall be subject to the authority and control of the said Board of Railway Commissioners, to be revised and adjusted by them in accordance with the foregoing provision."

See page 11844 of Hansard, 1913. This amendment was also negatived.

The further amendment was offered to clause 6 of the Bill by E. M. MacDonald, M.P., Pietou, N.S., and W. A. Buchanan, M.P., Lethbridge, as follows:

FREIGHT RATES BETWEEN POINTS IN THE EASTERN PROVINCES AND POINTS IN THE WEST.

"That the granting of such subsidies and the receipt thereof by the Canadian Northern Ontario Railway Company and the Canadian Northern Alberta Railway Company shall be subject to the conditions that the Board of Railway Commissioners for Canada may at any time after the completion of the lines or railway above mentioned, require such railway company as is then operating the railway system which includes these lines to file a schedule of freight rates from such points touched by the lines of such company in the provinces of Ontario, Quebec, New Brunswick and Nova Scotia as they may designate, not including points in Ontario west of Sudbury, to such points in the provinces of Manitoba, Saskatchewan and Alberta, touched by the lines of the said company as they may designate. And the Board of Railway Commissioners shall revise such schedule of rates so that they shall be no higher than the rates per mile charged for like service over railway lines in the United States and Canada between New York and Winnipeg, by way of Chicago and Minneapolis. The said rates shall be binding upon the said railway company until further revised by the Board of Railway Commissioners for Canada."

This amendment was also negatived on division. See Hansard, page 11845 for 1913.

TO PROVIDE FOR REPAYMENT.

It was then moved by W. M. German, M.P., Welland, on behalf of the Liberals that clauses 8 and 9 of the bill be struck out and the following substituted:

The grants made under this Act shall be repayable with interest half-yearly at the rate of 4 per cent per annum not later than the 1st of July, 1933, and to be secured by debentures charged upon the undertaking, equipment, property, rights and franchises of the Canadian Northern Railway Company, the Canadian Northern Pacific Railway Company, the Canadian Northern Alberta Railway Company, the Canadian Northern Ontario Railway Company and the Canadian Northern Quebec Railway Company, ranking next after the securities already issued and at present existing against each and all of said companies, and also be further secured by a transfer to the Minister of Finance and Receiver General of Canada in trust for His Majesty, shares in the common stock of the Canadian Northern Railway Company of the par value of fifteen million dollars which said stock shall be deemed to be fully paid-up non-assessable and not

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subject to calls and to be transferred upon the books of the Canadian Northern Railway Company, and which said shares of stock shall be on the repayment by the said company of the said sum of fifteen million dollars and all interest thereon retransferred to the said company, their successors or assigns.

This amendment was proposed on the ground that it was not advisable for the interests of the company or the interests of the government that the government should be a shareholder in any public corporation. The Liberals felt that the company also received fifteen million dollars, and the company should do as the Grand Trunk Pacific did, namely, give Canada security for the money. After this and the other several amendments were negatived the second reading was adopted with one or two verbal amendments, as noted at the foot of the resolution as presented by the Nationalist-Conservative Government.

FOUGHT TO THE VERY LAST.

In every step of the procedure the Liberals asserted their position and much discussion took place on the amendments moved by them at the various stages. When the Bill reached the third reading stage (or step) the Liberals pressed for a recorded vote on their amendments. For the amendments as proposed by the Liberals to the third reading of the Bill, and the votes recorded see pages, 11847, 11850, 11851, 11853, 11854 and 11857 of Hansard of 1913.

It is worth while again inserting these amendments moved, by the Liberals, in order that the electors may know that the fight was continued until the final stages of the third reading. This enabled the Liberals to put the Nationalist-Conservative on record on the floor of the House of Commons.

FREIGHT RATES WEST OF FORT WILLIAM.

Hon. Mr. Oliver, seconded by Mr. Buchanan:

"That the said Bill be not now read a third time, but that it be referred back to the Committee of the Whole House for the purpose of amendment as follows:

"That the granting of such subsidies and the receipt thereof by the respective companies, shall be subject to the conditions that the said companies shall, within two months from the date of the passing of this Act, submit to the Board of Railway Commissioners for Canada, a schedule of traffic rates upon the lines of the said companies now or hereafter to be constructed west of Fort William, which shall be the same as now apply on the lines of the said companies in the provinces of Ontario and Quebec, except in so far and to such

extent as the said railway companies may be able to establish a higher cost of operation on such lines west of Fort William and the said schedule shall be subject to the authority and control of the said Board of Railway Commissioners, to be revised and adjusted by them in accordance with the foregoing provision.

This was voted down by a vote of 78 Nationalist-Conservatives to 37 Liberals.

FREIGHT RATES FROM THE EAST TO THE WEST

Mr. E. M. MacDonald moved:

"That the said Bill be not now read the third time, but that it be referred back to Committee of the Whole for the purpose of amendment by adding the following:
"That the granting of such subsidies and the receipt thereof by the Canadian Northern Ontario Railway Company, and the Canadian Northern Alberta Railway Company shall be subject to the conditions that the Board of Railway Commissioners for Canada may at any time, after the completion of the lines of railway above mentioned, require such railway company as is then operating the railway system which includes these lines, to file a schedule of freight rates from such points touched by the lines of such company in the provinces of Ontario, Quebec, New Brunswick and Nova Scotia as they may designate, not including points in Ontario west of Sudbury, to such points in the provinces of Manitoba, Saskatchewan and Alberta, touched by the lines of the said company as they may designate. And the Board of Railway Commissioners shall revise such schedule of rates so that they shall be no higher than the rates per mile charged for like service over railway lines in the United States and Canada between New York and Winnipeg by way of Chicago and Minneapolis. The said rates shall be binding upon the said railway company until further revised by the Board of Railway Commissioners for Canada."

House divided on the proposed amendment and voted it down by a vote of 80 Nationalist-Conservatives to 37 Liberals.

RUNNING POWERS AND TRAFFIC ARRANGEMENTS WITH OTHER COMPANIES.

Hon. Geo. P. Graham moved, seconded by Mr. F. F. Pardee, M.P.:

"That the said Bill be not read now the third time, but that it be recommitted to the Committee of the Whole House, with instructions to amend the same by inserting the following as clause 6:

"That the granting of such subsidies and the receipt thereof by the respective companies shall be subject to the condition that the Board of Railway Commissioners for Canada may at all times provide and secure to other companies such running powers, traffic arrangements and other rights as will afford to all railways connecting with the railway and bridges so subsidized reasonable and proper facilities in exercising such running power, fair and reasonable traffic arrangements with connecting companies, and equal mileage rates between all such connecting railways; and the said board shall have absolute control, at all times, over the rates and tolls to be levied and taken by any of the companies, or upon any of the railways and bridges hereby subsidized: Provided always that any decision of the said board made under this section may be at any time varied, changed or rescinded by the Governor in Council, as he deems just and proper."

This also was voted down by a vote of 80 Nationalist-Conservatives to 37 Liberals.

TO PROVIDE FOR REPAYMENT.

Mr. W. M. German moved:

"That the said Bill be not now read the third time, but that it be referred back to the Committee of the Whole House with instructions to amend the same by striking out sections 8 and 9 and adding in lieu thereof the following:

"The grants made under this Act shall be repayable with interest half-yearly at the rate of four per cent per annum not later than the 1st of July, 1933, and to be secured by debentures charged upon the undertaking, equipment and property, rights and franchises of the Canadian Northern Railway Company, the Canadian Northern Pacific Railway Company, the Canadian Northern Alberta Railway Company, the Canadian Northern Ontario Railway Company, and the Canadian Northern Quebec Railway Company, ranking next after the securities already issued and at present existing against each and all of said companies, and also be further secured by a transfer to the Minister of Finance and Receiver General of Canada in trust for His Majesty shares in the common stock of the Canadian Northern Railway Company of the par value of fifteen million dollars which said stock shall be deemed to be fully paid up non-assessable and not subject to calls and to be

transferred upon the books of the Canadian Northern Railway Company, and which said shares of stock shall be on the repayment by the said company of the said sum of fifteen million dollars, and all interest thereon retransferred to the said company, their successors or assigns."

The Speaker ruled this amendment out of order but the House divided on the question and the Nationalist-Conservative Government confirmed the ruling of the Chair by a vote of 82 Nationalist-Conservatives to 36 Liberals.

A division took place when the Nationalist-Conservative Minister of Railways and Canals, Hon. Frank Cochrane moved the third reading of the Bill. This was a straight vote on the Bill or no Bill. Bill carried a vote of 83 Nationalist-Conservatives to 35 Liberals. But for what is to follow it might have been advisable to give portions and the discussions as reported in Hansard of 1913 on the foregoing resolutions and proposed amendments. The millions received up to the end of 1913 by the Mackenzie and Mann interests only whetted the appetites of the Canadian Northern combinations to apply to Parliament for more and they applied with great greed in 1914.

THE VOICE OF THE NATIONALIST-CONSERVATIVE GOVERNMENT BUT THE HAND OF ZEBULON A. LASH.

Speaking on the floor of the House of Commons on June 3, 1913, as recorded on pages 11758 and 11759, W. M. German, M.P., in opposition to the Nationalist-Conservative proposed aid to C.N.R. said: "It was left to the Minister of Finance, (Hon. W. T. White) to make an enthusiastic speech in favour of this proposition, and I am not very much surprised that he did so in view of the circumstances surrounding his appointment as Minister of Finance, because we all know in the province of Ontario how that happened. Mr. Zebulon A. Lash is the gentleman who controls the C.N.R. Company and he is the gentleman who got up the round robin and induced Mr. White to sign it with Sir Byron Walker and the other noble eighteen Liberals in the province of Ontario against the reciprocity resolution. He, (Mr. Lash) is the man who made him, (Mr. White) Minister of Finance. Now he, (Mr. Lash) is coming for his reward."

Mr. German in reply to an interruption said he himself opposed reciprocity, but although he did not go around with a brass band he was in a position to know how Mr. Lash worked, and he paused for a denial of his remarks as above, but the Premier and the Finance Minister remained seated and silent for Mr. German knew what he was talking about.

C.N.R. Session of 1914.

By chapter 20 of the Statutes of Canada, 1914, the Nationalist-Conservative Government provided for a guarantee of securities or bonds of the Canadian Northern Railway Company to a sum amounting to \$45,000,000.00. The capital stock of the Company was fixed at a sum of \$100,000,000.00 subject to an increase only by the Parliament of Canada. The Government receiving as security for the \$45,000,000.00 guarantee a mortgage on all of the Canadian Northern system and its subsidiary interests and \$33,000,000.00 of the stock above mentioned, which with the \$7,000,000.00 of stock taken as security by the Government in 1913 makes a total of \$40,000,000.00 held by the Government of the \$100,000,000.00 of stock.

The legislation during its progress through the House of Commons was stoutly objected to by the Liberal party, and by two of the supporters of the Government.

Opposition to the principle and conditions of the whole agreement was expressed in the amendment proposed by Mr. E. M. Macdonald on May 19th, 1914, in moving the resolution for the six months hoist. The moving of this amendment did not necessarily mean six months delay in dealing with the whole situation, but it was the technical and only Parliamentary method under the rules of the House of expressing an absolute negative to the whole proposition.

The general lines of amendment to the agreement which the Liberals desired were made clear in the debate on Mr. Macdonald's amendment. They were expressed by Sir Wilfrid Laurier, Hon. G. P. Graham and other Liberal speakers in demanding, as the first three essentials, more adequate investigation of the financial affairs and physical character of the road itself, provision for absolute Government control of the system pending its completion through the granting of additional public funds and the requiring of further security in return for the bond guarantee by compelling Messrs. Mackenzie, Mann and Lash to pledge their own personal fortunes in support of the enterprise.

When the general amendment was defeated, the only recourse left the Liberals was to propose amendments to the details of the agreement with a view of safe-guarding the public interest as far as possible.

The second amendment moved by Mr. Frank Carvell, May 19th, 1914, provided that Sir William Mackenzie and Sir Donald Mann should be named in the agreement and thereby made responsible for the carrying out of all the conditions imposed under the agreement. That proposition was promptly turned down by the Government majority.

On May 27, 1914, Hon. Dr. Pugsley moved an amendment to Clause 14 of the agreement which stated that any increase in the Capital Stock of the subsidiary companies should be issued

only with the consent of the Governor-in-Council. Dr. Pugsley's amendment sought to prevent any increase in the Capital Stock without the consent of Parliament. It involved the difference between increasing Capital Stock by the comparatively secret process of Order-in-Council, and increasing it in the light of full publicity and under the safe-guards of Parliamentary sanction. The appeal to the Government was in vain. The amendment was defeated by the Government.

The fourth amendment was proposed by Mr. Duncan Ross on May 28th, 1914, in the following words: "that the consideration of said resolution be not further proceeded with until a committee of Parliament has fully examined into and reported upon the necessity for aid applied for by the Canadian Northern Railway, the extent to which such aid should be given to complete the system and the nature and value of security to be taken." This amendment put in concrete form the demand of the Liberals and the desire of the country at large for an adequate and reliable investigation into the complicated financing of Messrs. Mackenzie and Mann, before the country was committed to a further pledge of its credit to the amount of \$45,000,000 and to the assumption of liabilities already entered into amounting to \$312,000,000. This amendment was defeated by the Government.

TO SQUEEZE THE WATER OUT.

On May 28th, 1914, Hon. Dr. Pugsley summed up the alternative Liberal proposal for aid in an amendment providing for a reduction of Canadian Northern capital stock by \$70,000,000, thus making it \$30,000,000 instead of \$100,000,000; for placing the entire stock in the hands of the Receiver General to be held in trust for the people of Canada for a period of five years, subject to purchase by the Government within that period for not more than \$30,000,000. The amendment involved a real unwatering of the Capital Stock instead of increasing it as is done under the Government proposals by \$23,000,000. It meant, if adopted that dividend payments on Capital Stock, if the road should ever be profitably operated, would be only on the \$30,000,000, and that freight rates would eventually be reduced to the extent of an interest payment of, say, six per cent per annum on \$70,000,000, a possible saving of \$4,200,000 per year to the people who use the C.N.R. lines. It meant a real control of the road by the people, instead of by Mackenzie and Mann, pending the proving of the ability of the enterprise to make good. It meant the avoidance of dangers of the partnership plan. It provided a summary and effective way for the taking over of the whole system by the Government at any time during the next five years if such were found necessary or advisable. And it still left to Mackenzie and Mann as a reward for their labors, the sum of \$30,000,000, representing their equity in the Capital Stock, instead of a reward of at least \$60,000,000 as provided under the Government proposals. That amendment was defeated by a vote of 89-45.

The complete text of Hon. Dr. Pugsley's amendment is as follows:

"That all the words after 'that' be struck out and the following words be inserted in lieu thereof: 'That said resolution be not now concurred in but that it be referred back to the Committee of the Whole House with instructions to amend the same in the following particulars:

(a) To provide for the reduction of the issued capital stock of the Canadian Northern Railway Company to \$30,000,000 par value, subject to the right to make provision for an addition thereto of an amount not exceeding \$25,000,000 if it should at any time become necessary for the purpose of exchange of the income charge convertible debenture stock mentioned in paragraph 12 of the said resolution.

(b) To provide for the transfer of such stock (with the exception of sufficient shares to qualify the directors) to the Receiver General to be held by him in trust for his Majesty.

(c) For the holding of the said stock by His Majesty for the period of five years.

(d) To provide that in case no default is made by the company in the payment of interest on the bonds of the company to be guaranteed by His Majesty as provided by said resolution, and in case the conditions of the said resolution and the agreement therein provided for shall be in all other respects carried out during such period of five years, the said stock shall be transferred to Mackenzie, Mann and Company, Limited, or their nominees, unless His Majesty through the Governor-in-Council shall exercise the option hereinafter mentioned.

(e) To provide that the Governor in Council shall have the option at any time within such period of five years to acquire the absolute ownership of the said stock and of the said Canadian Northern Railway system, and of all the constituent and subsidiary companies mentioned in the said resolution or proposed agreement, subject to existing encumbrances and to said arrangements regarding the conversion of said income charge convertible debenture stock, for a price to be fixed by arbitration, but not to exceed the sum of \$30,000,000 being the par value of such stock so to be reduced as above provided.

Dr. Pugsley said: There is a clearly defined difference between the proposition put forward by the Government and the amendment."

FREIGHT RATES.

An amendment proposed by Hon. Frank Oliver on the same date provided for the equalization of freight rates on the Canadian Northern system as between its Eastern and Western lines, thus removing the present admitted discrimination against the western shippers. The amendment laid down the principle of equalization of freight rates for Eastern and Western Canada and left the carrying out of this principle to the Board of Railway Commissioners within a period of two months from the passing of the act. This amendment was defeated by a vote of 82-42 with Mr. W. F. McLean, Conservative for East York, joining with Messrs. Bennett and Nickle (also Conservatives) in voting with the Liberals.

The full text of the amendment proposed by Hon. Frank Oliver is as follows:

That the said resolution be not now concurred in but that it be referred back to Committee of the Whole for amendment, to provide that:

The Canadian Northern Railway Company shall within two months from the date of the passing of this Act submit to the Board of Railway Commissioners for Canada a schedule of traffic rates upon the lines of the said company now or hereafter to be constructed west of Fort William which shall be the same as now applies on the lines of the said company in the provinces of Ontario and Quebec, except in so far and to such extent as the said Canadian Northern Railway Company may be able to establish higher cost of operation on such lines west of Fort William, and the said schedule shall be subject to the authority and control of the said Board of Railway Commissioners, to be revised and adjusted by them in accordance with the foregoing provision.

LOOKING TO OBTAIN CONTROL.

On the third reading of the Bill in the Commons on June 2nd, 1914, Sir Wilfrid Laurier made a last attempt to prevent the irrevocable commitment of the honor and credit of the country into the hands of Mackenzie and Mann and Company. He moved the following amendment: "That the said bill be not now read a third time, but that it be resolved that under existing circumstances no assistance should be given to the Canadian Northern Railway Company unless at the same time it is provided that the Government have power, within a reasonable time to acquire the ownership of the entire stock of the company at a price to be fixed by arbitration but not to exceed thirty million dollars."

In moving the amendment, Sir Wilfrid declared: "If the choice we have to make is between pouring more money into

the coffers of the Canadian Northern Railway Company and the Government getting control of the road, I would rather get the control of the road for the profit and benefit of the people of Canada.

We must carry on this enterprise; we cannot allow it to go by default, we cannot allow anybody or anything to come in which would imply anything detrimental to our credit in England; this enterprise has to be carried out; but, instead of carrying it out in the way proposed, we propose that we should carry it out by other means—that we should take absolute control of the enterprise."

The situation was summed up by Hon. Dr. Pugsley in support of Sir Wilfrid Laurier's amendment in the following words: "My right honorable friend, as the leader of the Liberal Party in this country, has no other course open to him but to move the amendment approving of Parliament granting this aid only on the condition that this mismanagement and reckless expenditure of money must cease so far as the Government of the country can make it cease, and that the Government in granting this aid shall control all the stock of the company; that the stock shall be reduced to the reasonable sum of \$30,000,000 and that the country shall have the opportunity if it is found necessary or advisable of taking the road over." Sir Wilfrid's amendment was defeated by 85-42.

TO PROTECT THE INTERESTS OF LABOR.

Before the bill was then given its third reading, Mr. ALPHONSE VERVILLE the labor member for Maisonneuve, attempted to make the granting of the aid to Messrs. Mackenzie and Mann conditional upon an amendment obliging Mackenzie and Mann to agree to the simple proposition of accepting the demand of the labor interests for a board under the Industrial Disputes' Investigation Act to inquire into, and if possible settle, the long standing dispute on Vancouver Island in connection with the coal mines controlled by Mackenzie and Mann. These disputes have now been in existence for nearly two years. The industrial loss to the country has been hundreds of thousands of dollars. The mine workers have asked for a board. The mine owners will not agree to the proposition. The Government at the instance of the Minister of Labour voted down Mr. Verville's amendment despite the fact that the Minister, Mr. Crothers and his fellow Conservatives have boasted that they insisted on the Grand Trunk Pacific settling disputes with its employees before granting aid to that Company.

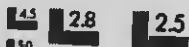
Mr. Verville's amendment seconded by Mr. Carroll, was as follows:

That the said Bill be not now read a third time but that it be referred to a Committee of the Whole with instruction that they have power to amend the same by providing that the Act shall come into force by proclamation of His Royal Highness the Governor General which may be issued when



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Mackenzie and Mann Company, Limited, who are the owners of coal mines in the Island of Vancouver shall have agreed to a board of conciliation as requested by the operatives of the said mines.

On all these amendments there was discussion and the line of cleavage made clear.

CRITICISM BY R. B. BENNETT, M.P., CALGARY.

R. B. Bennett, M.P., city of Calgary, although not advanced in years has been for a considerable time in public life. For some time previous to the establishment of Alberta and Saskatchewan into Provinces he was a member of the North West Legislative Assembly and subsequently was member of the Legislative Assembly for the Province of Alberta and leader of the Conservatives in that House. In the year 1911 he was elected to a seat in the Federal House. In 1913 he very reluctantly supported the huge grants to the Canadian Northern Railway Company. He stated subsequently that he had voted for these aids in order to keep the enterprise from bankruptcy, and also on the promise of the applicants that they did not need any further lavish aid. Mr. Bennett was therefore surprised in 1914 to be called upon to support the Nationalist-Conservative Government in its enormous aid to be granted to the Canadian Northern Railway Company, Mackenzie and Mann Company, Limited and other subsidiary interests of the Canadian Northern Railway Company.

How the People are Fooled and Bled.

In the House of Commons on Thursday May 14th, 1914, Mr. Bennett in a speech of great length, covering nearly forty pages of Hansard, went very fully into the criticism of the propositions of the Nationalist-Conservative Government. During the course of his strong and elaborate speech he stated:

This Company, (the Canadian Northern Railway Company) and these men, Sir William Mackenzie, Sir Donald Mann, Z. A. Lash, K.C., and others are still free to run into debt, still free to create further obligations, to pledge the credit of the company, and they come to us when this Parliament is asked to authorize foreclosure—mark you, it says: 'that if authorized by the Parliament of Canada'—and they say; behold what we have done; you must not foreclose us unless you take care of this man, that man and the other; look what we have done; all we got was common stock; do not wipe it without something; give us something; we are the champion mendicants of our day, per- adventure, we starve if you do not give us something. That

is absurd. Let me read once more from the book to which I have already referred. The chapter and verse are indifferent, but the sentiment is important. It is speaking of the lobby Huntington carried on. You know the United States guaranteed the bonds of Huntington's road at 6 per cent and he got a land grant besides. He went down to Congress for thirty odd years and carried on the finest lobby ever known in the world, barring, of course, the not feeble imitation we have had here in the last few years. This author says:

The money cost, of course, was great but as the cost was saddled directly upon the people, this was not a matter of importance to the company. It was equipped with funds to buy whatever was needed, and it had very active support in ways and from men that cost little or nothing.

This at first seems strange, but on reflection will be found to be true and to represent a universal condition in this country. The railroad company took and still takes advantage of the following elements that exist in every community:

1. Men that can be fooled by party loyalty.
2. Men that are eager for political careers and know there is no chance except by serving the money power.
3. Merchants that can be controlled through their banks, or terrorized, or brought into line with rebates.
4. Men that believe the railroad company and all great corporations to be part of 'our set' and feel a class-conscious satisfaction in allying themselves against the riffraff and the ignorant rabble 'envious of us of the better order.'
5. Men that can be had for a pass or two. Beyond these remains the class that must be secured with money, including bosses, heelers, professional politicians, repeaters, colonizers, floaters, lodging-house keepers, the keepers of such dives and disorderly houses as cannot be controlled through the police, the saloon keepers that cannot be controlled through the breweries.

All of these were fully utilized by the political department and secured for the railroad company through the control of the state legislature.

Now I ask that we think of those words when we are considering the provision of this Act which will lead to one of the greatest lobbies ever known. I have had some experience in the practice of my profession and it has been my privilege, sometimes my unhappy lot, to foreclose mortgages, and sometimes under trust deeds.

Sometimes I have gone to the courts, when an appearance has been entered in behalf of those who own the property. I have heard a pitiable tale of repeated efforts and failures and the judge has been asked to fix a long time hence in order that there might be redemption. Sometimes a delay of six months, sometimes twelve months and sometimes longer is given depending upon the ability with which counsel has presented his case or the pressure of circumstances. Here these gentlemen are putting in a claim and we are the mortgagees in possession responsible more strictly than in any other capacity that possibly could be created. I need not say to any lawyer in this House that a mortgagee in possession is held to more strict account than any other man in the world. As receivers and mortgagees in possession we are asked in this Parliament to fix the terms of foreclosure and at the bar of the high court of Parliament these gentlemen cannot—will not—be heard in person. That is the insidious provision to which I have referred. That is the champion deceptive clause of this agreement.

What the C.P.R. Did.

But that is not all. During the course of my study of this matter I tried to ascertain what, thirty years ago, the Parliament of Canada did. My right hon. friend, the leader of the Opposition (Sir Wilfrid Laurier), with his forty years' experience, will remember what it did and it will be no new story that I repeat to him. But there are men who have had less experience in this Parliament and they will not remember the circumstances which occurred at that time. I refer to the position which was then taken by Parliament in relation to the assistance which was given to the Canadian Pacific Railway Company to enable it to pay its floating debt of \$7,500,000 and to meet other obligations to the amount in all of \$30,000,000. There will be found in the records of the Library a letter of Sir George Stephen in which he said:

'I regret that we have not been able to sell our stock, although its dividends have been guaranteed by the Parliament of Canada for a term of years, but in the city of Montreal the directors of this company have put up their personal securities in order that the enterprise may be continued.' Is Sir William Mackenzie a less rich man than was Sir George Stephen? Are Sir William Mackenzie and Sir Donald Mann less rich than Duncan McIntyre and Donald Smith of that day? There are men who say the richest man in Canada is Sir William Mackenzie. Why does he not lend something to his own enterprise? I commend this House to the consideration of that letter of Sir George Stephen, now Lord Mount-Stephen. What did this Parliament do then about

foreclosure? Let us look at the sections of the Act. The arrangement with the Canadian Pacific Railway will be found in the statutes of 1884, chapter 1. This is now nothing more perhaps than a reminiscence; but it is known that the caucus of that day rejected the proposals of Sir John Macdonald in the first instance to aid the Canadian Pacific Railway Company, but later on a modified proposal met with the approval of the caucus and it was enacted into law. What does that statute provide with reference to foreclosure? It provides, first, by section 3, that the time for payment of certain obligations shall be extended; it authorizes a loan of \$22,500,000; it provides for an immediate advance of \$7,500,000, and it provides as security, under section 5, the following:

As security for the repayment of the said loan, with interest as aforesaid, and as additional security for the payment of the said sum of seven million three hundred and eighty thousand nine hundred and twelve dollars and interest, falling due on the seventh day of November, one thousand eight hundred and eighty-eight, the Government shall have a first lien and charge upon the entire property of the company, real and personal, now owned or hereafter to be acquired or owned by them, including their main line of railway, the extensions thereof, their branch lines of railway, the whole of their equipment, rolling stock and plant and all their steamers and vessels, and also upon the land grant of the company, earned and to be hereafter earned; saving always, however, the rights of the holders of the existing mortgages on the extensions of the line of the railway from Callander to Brockville and Montreal, as security for the unpaid balances of the purchase money of the lines constituting the said extensions, and subject to the mortgage upon the land grant, executed by the company to secure their issue of land grant bonds; and the Government shall continue to hold and retain the entire amount of land grant bonds now in its custody or possession, subject to redemption under the terms of the said land grant mortgage, and with all remedies as to interest, voting power and all other matters in respect thereof, which would be held or possessed, or could be exercised by any purchaser of the said bonds; and all moneys received by the Government from the trustees of the land grant bonds in redemption of such bonds shall be applied as follows, that is to say:

There follows a statement as to what is to be done. Then, they are to build the line within a certain time and here is the section providing for the default, subsection 2 of section 6.

That upon default, for twelve months in the payment of any half-yearly instalment of interest upon the said loan, or any part thereof, or of interest upon the said sum of seven million three hundred and eight thousand nine hundred and twelve dollars, or any part thereof, or in the payment of the principal of either of the said sums or any part of either of them when the same shall become due, in accordance with the provisions hereof, the right of the company under their contract hereinbefore mentioned, to demand or receive any further cash or land subsidy shall cease and terminate, and the said railway and extensions thereof, branches, equipment, rolling stock, plant, including steamers, and all lands and property of the company and all land grant bonds then in the possession of the Government—

Remember the Government was then holding land grant bonds of the Company which could not be sold.

—shall rest in Her Majesty, and shall forthwith, thereupon, be taken possession of by the Minister of Railways and Canals, on behalf of the Government of Canada; and each and every employee of the company shall, from and after the expiry of the said period of twelve months, become and be the employee of the Government during pleasure, and shall hold and possess any matter or thing appertaining to the said company then in his custody, as and for the Government, and the rates of interest, and the terms of payment hereby fixed shall not be disturbed or altered by the terms of such agreement.

Then it goes on further:

The said company is hereby authorized to execute an agreement of the nature and purport hereinbefore provided for, and to charge its entire property and assets, in manner and form as hereinbefore described; and in such agreement to agree upon such further and other conditions as the Government may prescribe; provided that authority to the board of directors of the company to accept the provisions of this Act and to execute an agreement containing the charges upon the said railway and property and the other conditions required or authorized by this Act; shall be granted by the shareholders of the company, either by a resolution passed at a special general meeting of such shareholders called for the purpose, by a vote of at least two-thirds in value of such of the shareholders as shall be present or represented at such meeting, or by an instrument of instruments executed by at least two-thirds in value of the whole of the shareholders of the company, in person or represented by their attorneys or proxies, respectively, duly authorized in that behalf.

What does that mean? That means that the shareholders agreed that their interest in the property as shareholders must and should be, lost if they failed as shareholders to make good the conditions mentioned in the statute.

The C.N.R. Proposition Contrasted with C.P.R.'s

What have we here?—not any such thing as immediate foreclosure, and not any agreement by the shareholders by which their stocks may be forfeited. But having regard to the decisions of the Privy Council in cases that came from the province of Nova Scotia, it has been clearly and definitely stated and laid down that, unless the Crown states positively beyond question that it intends to destroy that which belongs to the private individual, as far as possible it shall not be destroyed without adequate compensation. This \$60,000,000 of stock, that may be scattered broadcast throughout the world, will stand at the door of Parliament and say: We paid eighty cents on the dollar for it when we bought it. It is true there is a statute, but we did not know about the statute; and because we did not know, we ask Parliament to listen to the greatest lobbying of our time and to postpone foreclosure until Parliament has passed and settled the terms. I ask the Government to adopt the terms of the Canadian Pacific statute and I say; If you are going on with this, then do not let Parliament again be disgraced by that which is referred to, in the history of the Huntington lobby, as the worst of its time. I am weary and sad to see the men who wander around and threaten and cajole and coax, and sometimes do one thing and sometimes another, in order to get us to do what they want. We are not here to discharge a public trust for this set of men or for any other set of men that may ever arise; and when we say that these men ought to be foreclosed, I ask that they be foreclosed as it is provided that the Canadian Pacific Railway may be foreclosed, namely, by a contract arranged between the shareholders and the Crown, by which the shareholders will say that, if default be made, the stock will be wiped out. Do not let us wait a year and permit this thing to happen. If you must do this thing, please do it at least in the manner I have mentioned—my hon. friend from St. Antoine (Mr. Ames) says if they make default, then the axe will fall. It is not the axe; it was only the invitation that will be sent out—the invitation to an execution that might never take place; that might be postponed, and, after all, instead of being an execution, might turn into a wedding.

A National Disgrace

Mr. Bennett further criticized the agreement and finishing stated:

This partnership will not do. Since when did the loyalty of this country, since when did the intelligence of this country, permit the Crown to enter into partnership with men guilty of the mis-representation of which we were the victims last session and which I have mentioned. Something was said of national disgrace. Certainly, it would be a national disgrace for the Crown to enter into partnership with the men from whom we have obtained \$7,000,000 of watered stock ground out by the printing press. That was taken at two hundred cents on the dollar. It had a high value last year. This year, of course, the price is less. We get the \$33,000,000 more and are giving a guarantee to pay \$45,000,000 and putting ourselves behind over \$200,000,000 besides. I guess the stock is going down, or up—but nobody can tell unless it were a receiver or mortgagee in possession. But are we warranted in going into such partnership? I say, nay.

In conclusion:

1. We have been in times past the victims of base deception;
2. The reports published abroad by this company of its undertakings, its payments and receipts are apparently untrue, because the payments alleged are not shown to have been made, and moneys claimed to be on hand are now said not to be there.
3. The stocks of the companies it is proposed to bring into this system are in many cases already partially held by the Canadian Northern Railway, and the securities are now held in their entirety. These things are plain and obvious.
4. By the alleged reduction of capital, it is proposed to give life and vitality so far as can be given to water by this legislative action—to exchange stock that has no value for that which, according to the eminent authority whom we heard last evening will shortly reach par value. Imagine for instance, \$1,395,000 par value, of Bay of Quinte stock being exchanged for shares of an equal value in the Canadian Northern Railway to be, in a few years, worth par;
5. We become mortgagee, receivers in possession, with out any adequate provision for immediate foreclosure.
6. We become mortgagee-receivers and the people of the West will secure better or cheaper transportation facilities.
7. And lastly, it means a partnership which, for the reasons I have given, we cannot tolerate.

Then, you say, what do you offer in place of this arrangement? I answer at once; Instead of what is here proposed, first, the stock of this company should be vested in a trust

company. Second, these men should be removed from their position of direction of an enterprise they have made insolvent. Third, a statute should be passed to enable the Governor in Council to advance money to pay the artisans, the contractors, the equipment builders—the men whose money and labour are in the enterprise and to subrogate us to the rights they have against the men with whom they have contracted—the Mackenzie and Mann Company, Limited.

Then I ask that we should make the fullest possible inquiry as to the condition of this road. There is a difference of opinion on that subject. The enterprise of these men may be surrounded with the halo which was pictured for us this afternoon. They may be the most slandered men in the world; they may be angels in disguise. They are said to be poor men who left their native towns with little and are now worth millions and it may be that these millions came to them even as the manna came from Heaven. It may be that this represents their honest toil as railway contractors to which for eighteen years they have given their time. This may all be. If so there are no men so much interested in having it known as they. And it is necessary that the people of this country should know and understand, for we are to put ourselves as fourth mortgagees behind an enterprise of waterlogged securities and watered stock, and we demand that we should know what the end will be before we enter upon an undertaking so vast, a policy so hazardous.

PUT HIS HAND TO THE PLOUGH, BUT LOOKED BACK.

Concluding his speech Mr. Bennett promised to speak again, but failed to do so.

W. F. NICKLE, M.P., KINGSTON, ONT.

Another Conservative member, Mr. W. F. Nickle of Kingston, Ontario, also assailed all the Nationalist-Conservative Government's proposals of aid to the Canadian Northern Railway Company. Mr. Nickle was for some years a member of the Legislative Assembly for the Province of Ontario as a young and strong supporter of the late Sir James P. Whitney. In 1911 he decided to enter a larger field of politics and succeeded in redeeming for his party the seat which had been held by Sir John A. Macdonald for many years but subsequently was represented by a Liberal at Ottawa.

AID GIVEN TO C.N.R.

Mr. Nickle, in his speech of nineteen pages of Hansard, May 13th, 1914, reviewed the propositions of the Nationalist-Conservative Government and made the following synopsis of the aid given from various quarters to the Canadian Northern Railway Company and its interests:

What I want to say, however is that the Dominion is behind this undertaking. Here is the recapitulation of the whole statement:

Land Grants:			
Dominion.....	\$	29,392,404	
Ontario.....		10,000,000	
Quebec.....		3,000,000	
Bond guarantees:			
Dominion.....		60,940,539	
Manitoba.....		24,059,446	
Alberta.....		35,349,000	
Saskatchewan.....		18,590,000	
Ontario.....		7,860,000	
British Columbia.....		47,965,000	
Subsidies granted:			
Dominion and municipalities		31,318,420	
Ontario.....		2,001,413	
Manitoba.....		641,575	
Quebec.....		3,413,541	
Total.....	\$	274,531,338	
Loan given by the Nova Scotia legislature to the Halifax and Southwestern of \$13,500 per mile, for 372 miles.....		5,022,000	
Subsidies granted to Bay of Quinte.....		159,228	
Central Ontario.....		219,018	
Irondale, Bancroft and Ottawa.....		250,569	
James Bay.....		27,612	656,427
Sum total.....	\$		280,209,765

That shows that the Dominion of Canada is behind this undertaking to the extent of \$280,209,765.

Sir Robert Borden in 1904 and 1908.

Mr. Nickle then took up further in detail the proposition as it appealed to him and in proceeding said:

I was not a member of this House in 1904 or in 1908, but I was taking some little part in politics in Kingston and the surrounding districts at that time, and there rings in my ears yet the statement of the right hon. leader of the Government and his confreres, that, if Canada were to support the cost of building a railroad, we should own and operate it. The Conservative party, as I understand it, were pledged to Government ownership and Government control. In the debate that took place in this House in 1903, the right hon. leader of the Government of to-day made the remark; I do not shrink from Government ownership and Government operation. He went further and moved a resolution, in the support of which he said that he regretted that the Trans-continental Bill then going through the House would put back Government ownership 50 years. I am not going to discuss the advisability of expediency of Government ownership, that is a matter that may be discussed at another time, but what I do say is that, if my leader turns sharp corners and sees new light, and I do not see that light, I see no reason why I should be held up to the contempt and ridicule of the Conservative party because I go on my way unperturbed, holding my allegiance to the principle that he upheld in 1903.

Does not Trust C.N.R. People.

Mr. Nickle is strongly opposed to going into partnership with the men who controlled the Canadian Northern Railway Company. In this particular he spoke as follows:

I am opposed to going into partnership with Mackenzie and Mann just the same as I am opposed to going into partnership commercially with people I do not trust. I think they will do the Government in the long run, but if they do not do the Government let us see where the Government has placed us. It is admitted that this one hundred million dollars is generally all watered stock.

The Scheme was Tried Before.

After some further remarks in support of his contention Mr. Nickle concluded with this criticism of the whole proposition as follows:

This is not the first time that Canada has experimented in railroad partnerships. In 1852 Upper Canada began to pay the price when it entered into a partnership with the Grand Trunk Railway Company. By the terms of that arrangement Canada had nine directors and the Grand Trunk were to manage, and what was said at the time? The Inspector General, Mr. Hincks, spoke in severe terms of the mis-representation made by the enemies of

this undertaking respecting the effect which it was said to have on the credit of the province. He denied altogether that the Government was interested in the slightest degree in the cost of the undertaking, whatever it might be. The province paid nothing. It would only promise to guarantee the amount of £3,000 per mile, for which it was to have the first mortgage on the road with interest at six per cent. He did not care how much the stockholders laid out on the road; the more they expended the better it was for the province. One thing he was pretty certain of, the Grand Trunk Railway Company would not ask for a single penny from the province, for they could get money in England at a much less rate than six per cent without being subject to the restrictions which were to be imposed upon them if they accepted the Government guarantee, in having directors on the part of the province.

In 1854 the Grand Trunk Railway Company came back again to the Government of the day in Upper Canada. In 1855 they came back again. In 1856 they came back again and they asked to be allowed to issue preferential bonds to the extent of £2,000,000. In 1857 the Government were so disgusted with the whole thing that what did they do? They brought in a measure to sever the connection between the executive and the commercial enterprise. Listen to what Mr. Cayley said in 1857. He was the Inspector General which is practically Minister of Finance.

The first object of this Bill is to dispense with the Government directors in the company. The position of Government directors has been the occasion of casting upon the Government a good deal of reflection. All the management on the part of the Grand Trunk Railway Company has been cast upon or attempted to be cast upon the Government. The position has been an unenviable one. Now we propose to do away with the responsibility of the Government, and to give the entire management into the hands of the company. It has been suggested to have one member of the Government in the board with a view of exercising a supervision over its affairs, but this arrangement in the board only leaves to that member the same responsibility while depriving him of the advice and support of his colleagues.

In the light of the experience of Upper Canada, in the light of the economic conditions that I have laid before this House to-night, the Government ask me to support this measure. All I have to say is that I cannot see eye to eye with them. I have tried to place fairly before the House my reasons for my stand. If they are incorrect, it is open to other gentlemen to refute them, but as I have spoken so I believe.

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