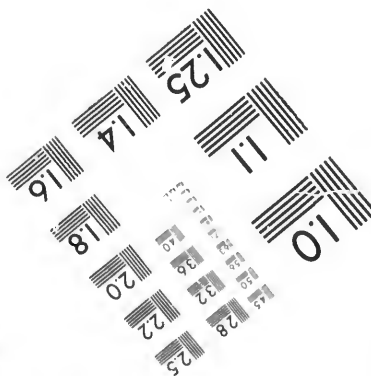
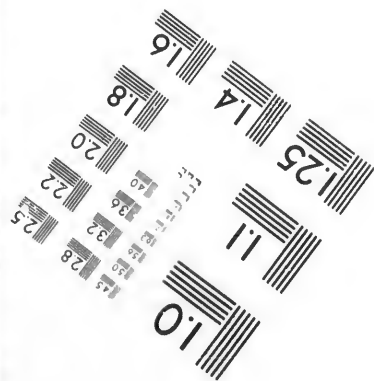
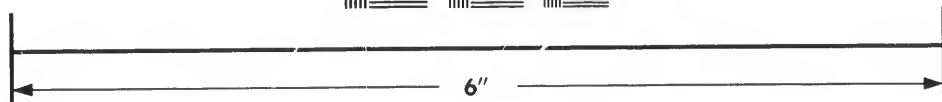
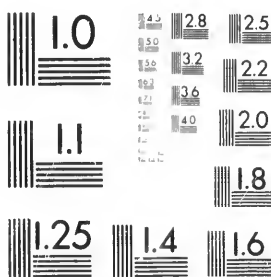


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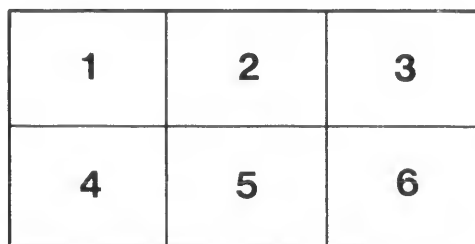
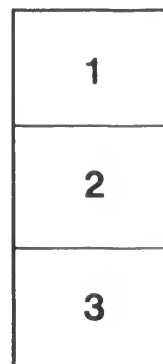
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SPEECH
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F. W. GLEN, M. P.,
ON THE
SYNDICATE CONTRACT,
DELIVERED IN THE
HOUSE OF COMMONS,
OTTAWA,
ON
TUESDAY, JANUARY 25TH, 1881.

ALSO, THE TEXT OF THE CONTRACT: THE TENDER
OF HON. SIR W. P. HOWLAND AND ASSOCIATES,
HON. MR. BLAKE'S AMENDMENT, & THE VOTE.

WHITBY:

"CHRONICLE" STEAM PRINTING ESTABLISHMENT, BROCK STREET.

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THE many enquiries made at the office of the WHITBY CHRONICLE for copies of the speech delivered in the House of Commons by Mr. Glen, the member for South Ontario, on the Syndicate Contract, have induced the publisher to present it in the following form.

Proper corrections have been made where inaccuracies appeared in the figures in the hasty reports of the daily press.

The text of the Contract : the Tender of Sir W. P. Howland and associates : Hon. Mr. Blake's Amendment, seconded by Mr. Glen, and the vote on the division, are also supplied.

THE PUBLISHER.

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SPEECH OF MR. GLEN, M. P.

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MR. SPEAKER: Although a new member of the House, I cannot allow this discussion to close without entering my protest against the confirmation of the contract for the construction of the Canada Pacific Railway, now upon the table—believing as I do that its confirmation will seriously impede the development and settlement of the North-West Territories, and that the contract grants privileges and exemptions which will tend to destroy the peace, well-being, and prosperity of those who may settle in that vast region. I assume, Sir, that the statements made by the Honorable Minister of Railways, and the Right Honorable leader of the Government, as to the character and quantity of the agricultural lands of the North-West are correct. I also assume that the Right Honorable leader of the Government was justified in giving his official sanction to the land regulations issued during the year 1879, fixing the price of the lands lying near the line of the proposed railway at five dollars per acre. If the Right Honorable gentleman was justified in demanding from new settlers five dollars an acre for the lands, prior to the construction of the railway, it is the best possible evidence we can have that these lands are of very great value for agricultural purposes or, in other words, agricultural lands of a very high order, and of very great commercial value, provided the produce of these lands can be transported to market upon such terms as to secure to the producers a fair and just reward for their labor and capital. The cost of railway transportation is of *vital* importance to those who intend to settle in the North-West territories. The commercial value of the land for settlement is wholly and entirely dependent upon the cost of transporting agricultural products from the North-West to Liverpool, which is the ultimate market for the surplus of this continent. If the cost of transporting a bushel of wheat from Winnipeg to Liverpool had been as much in 1880 as it was in 1873, wheat could not have been profitably grown in the North-West territories, and, therefore, the commercial value of the land in 1880 would not have been greater than in 1873. Since 1873, however, a great revolution has taken place in the cost of building railways, the cost of maintaining the road-bed, in the cost of operating railways, and in the value of money. Such a reduction has been made, that, commercially speaking, so far as distance is concerned, Winnipeg is nearer Liverpool to-day than Chicago was in 1873. In 1873, the average cost for moving a ton of freight 100 miles by the Boston and Albany, New York Central, New York and Erie, Pennsylvania Central, Pittsburgh Fort Mayne and Chicago, Lake Shore and Michigan Southern, Michigan

Central, Chicago and Alton, Chicago, Burlington and Quincy, Chicago, Milwaukee and St. Paul, Chicago and North Western, Chicago, Rock Island and Pacific, and Illinois Central Railways, was one dollar and seventy seven cents, whereas, in 1879, the average cost of moving a ton of freight for 100 miles over these roads, was only one dollar and two cents, or, in other words, in 1879, a ton of freight could be moved one thousand seven hundred and seventy seven miles for the cost of moving the same freight in 1873, one thousand and two miles. The railways I have mentioned represent the leading lines reaching from Minnesota, Nebraska, Kansas, and Missouri, to the Atlantic seaboard. Returns for a number of the same railways for the year 1880, show a marked decrease in the rate of transportation, as compared with the year 1879, and I feel justified in asserting that for the year 1880, freight was transported over these roads a distance of 2000 miles as cheaply as the same freight was carried in 1873 one thousand miles. I have a letter from the best railway authority in the United States—Mr. Henry V. Poor—expressing the opinion that the average rate of freight charged by the various railways *competing* for the trade between Chicago and the seaboard has not exceeded the past year, 5 mills per ton, per mile, and wheat and flour have been carried at rates much below the average, but at this rate wheat can be transported from a point one thousand miles west of Thunder Bay to Montreal, for 33 cents per bushel, whereas the St. Paul and Manitoba Railway Company charge for carrying it from Emerson to St. Paul, a distance of 391 miles, from 30 to 33 cents per bushel. If wheat can be carried at even 5 mills per ton per mile, or 33 cents a bushel for 2000 miles, and it is worth to day in Toronto \$1.15—it would be worth 700 miles west of Winnipeg 82 cents, if there was a surplus over and above the local requirements. This price would yield the producer a fair return for his labor, and would give a high commercial value to lands fairly fit for settlement. If wheat was worth only one dollar in Toronto, it would still be worth 67 cents, 700 miles west of Winnipeg, but at the present rate of freight charged by the St. Paul, Minneapolis and Manitoba Railway Company, wheat at \$1.15 per bushel in Toronto, grown 700 miles west of Winnipeg, would not return to the producer the bare cost of production—let alone giving him any return for his own labor and capital, and \$1.15 per bushel is much above the average price of wheat in Toronto for the past fifteen years. The great reduction in the cost of railway transportation which has taken place since 1873, is one of the commercial wonders of the age. It is largely this astounding fact which has overcome the commercial depression which existed in the United States during the years 1873-4-5 and '76, increasing the exportation of agricultural products by more than one hundred per cent. It is this fact that is threatening to create a revolution in the relations existing between landlord and tenant in England, Ireland, and Scotland. It is this fact which has enabled

the farmers of the west to raise cattle upon the plains of Texas, and while securing to themselves a fair return for their labor and capital, undersell the English farmer in his own market. It is this fact which has secured to the farmers of the Western States a fair return for their labor and capital, and enables them to become large consumers of the manufactures of the Eastern States. It is this fact, and not the protective policy of the United States, which has caused a revival in the manufacturing industries of that country. It is this fact, chiefly, which has restored the credit of the United States and enables them to borrow money in the European market as cheaply as any other nation in the world. And, it is this fact, largely, which is now attracting a greater number of immigrants to the United States than at any other time in the history of that country. It is this fact which has changed the balance of trade, which for the past half century has been almost continuously against the United States, to a large balance in their favor, the exports having exceeded the imports during the past three years, by more than 600 millions of dollars. It is this fact which has enabled the people of the United States not only to retain the gold and silver they produce, but to draw gold from other countries; whereas, since the discovery of gold in California, the United States have been constant exporters of gold. It is this fact that has so enormously increased the population of the extreme Western States during the past few years, as compared with the older states. The average increase in population during the past ten years in the United States has been 30 per cent.; the increase in Minnesota has been eighty per cent.; the increase in Dakota nearly 900 per cent.; Kansas, 160 per cent.; Nebraska, 400 per cent.; Texas, nearly 100 per cent.; and I am quite safe in asserting that the greater part of this increase has taken place within the past three years. It is this fact, chiefly, which has, within the past few years, entirely changed the commercial aspect of the American continent, as compared with England, Ireland and Scotland, and the continent of Europe—increasing to an enormous extent the commercial value of American securities of all kinds, and attracting European capital to this continent to an extent hitherto unknown for investment. It is this fact, largely, which enabled the American Government to resume specie payment in 1879. It is this fact which has made the United States the most prosperous nation in the world to-day. The wheat crop of the United States for the year 1880, is estimated at 400 million bushels. As the foreign market for wheat controls the price in the home market, if one cent per bushel is saved in the cost of transportation, it ensures the farmers of the United States four million dollars increase in the profit upon their wheat crop alone, and, consequently, if 5 cents per bushel is saved in the cost of transportation, it is a clear gain to the producers of wheat in the

United States of 20 million dollars for a single year. Now, if we expect to people our North-West territories—if we expect that our public lands will have any commercial value, we must show to intending emigrants that the products of our farms can be, and *will be* transported to Liverpool as cheaply as grain grown in the United States. Unless we can do so, the enormous expenditure we are making in opening up that territory will be lost—will be so much capital thrown away. Unless we can do so, American railway emigrant agents will point out the fact to intending emigrants, and surely divert them from coming to this country. The American emigrant agent will require no better argument against the advisability of settling in Canada, than a copy of the contract with Act of incorporation now upon the table. And I have no doubt but that if we confirm this contract, tens of thousands of copies will be printed in various languages, and sent broadcast throughout Europe by the agents of American Railway Companies, and, I can conceive of no better argument which they can possibly have to induce emigrants to settle in the United States in preference to settling in the Dominion of Canada. If we confirm this contract we shall place in the hands of the American emigration agent, reasons sanctioned by the Canadian Parliament for attracting to a greater extent than ever before, the immigration from England, Ireland, Scotland, and European countries, to the United States, rather than to Canada. The American emigration agent will certainly point out to intending emigrants the clause preventing the construction of any railway for 20 years which can in the slightest degree create competition in railway freights. And they will also point out the fact to intending emigrants that the Government of Canada have voluntarily relinquished their right to regulate the tolls of the Canada Pacific Railway Company, until after the net profits upon the cost of construction exceed 10 per cent. per annum. They will also point out the clause exempting the lands of the Railway Company from taxation for 20 years after the grant from the Crown. They will likewise point out the clause exempting the railway depots, workshops, yards, elevators, harbors, telegraphs, telephones, and rolling stock, forever; casting upon the settler the burden—not only of opening roads and building school houses—but of protecting the Company's property towards which the Company will not contribute one farthing. They will also point out to the intending emigrant the fact that the Canadian Government have provided for the construction of only 1000 miles of railway in the fertile belt, containing, as they declare, 250 million acres of land fairly fit for settlement, and have granted such privileges and exemptions to the Canada Pacific Railway Company as will practically give them a monopoly of railway building throughout that vast region forever. They will also point out to intending emigrants that the three North-Western American states—with an

are of less than one-half of the number of acres of land fairly fit for settlement in the North-West territories—have already 10,683 miles of railway, and that railways are now being constructed in the same States more rapidly than ever before, that, upon the same basis we should have in the territory lying between the western boundary of Manitoba and Rocky Mountains, not less than 24 thousand miles of railway within the next 24 years, if the farmers of that country are to be enabled to compete with farmers in the North-Western States in shipping their grain to the European market. The contract contains within itself elements which will destroy any and every emigration policy which can be proposed or adopted. On the contrary, the offer made by Sir Wm. P. Howland and his associates, does not contain a single clause which can be used by American emigration agents to defeat the emigration policy of this country. And, finally, the American emigration agent will point out to intending emigrants the statement of the Honorable Minister of Railways, that the only possible relief from the monopoly created by this contract, if confirmed, will be a railway to Hudson Bay and an outlet for 3 or 4 months during the year through the icebergs of the north to Liverpool. Assuming that Thunder Bay is as near tide water as Chicago, or, in other words that these two points, each of them is about one thousand miles from the seaboard, a ton of freight can be moved at the rates paid to leading American railways in 1880, from a point 1000 miles west of Thunder bay, or Chicago, as cheaply as the same freight could have been moved from Thunder Bay or Chicago to the seaboard in 1873. Taking into consideration that there has been a marked reduction in terminal charges in seaboard cities, and also, a reduction in ocean freights,—that the risks of transportation have been materially lessened, and the length of time required to transport freight from the interior of the continent to Liverpool very much shortened, I am more than justified in asserting that Winnipeg, so far as the actual cost of transportation is concerned, is commercially nearer Liverpool to-day than Chicago was in 1873. And, there is reason to believe, that, within the next ten years, such further reduction will be made in the cost of transporting freight on railways and by steamships, as will, commercially speaking, bring the productions of the territory at the western end of the central section of the Canada Pacific Railway as near Liverpool as Chicago was in 1873. If this statement is correct,—and I challenge honorable gentlemen opposite to prove that it is not correct—if the Right Honorable leader of the Government was justified in issuing his regulations for the sale of public lands in the North-West territories—prior to the construction of the road—the lands between Manitoba and the Rocky Mountains are of as great commercial value as the wild lands of Illinois, Missouri, Iowa, Kansas, Wisconsin and Minnesota,

provided the people who settle in the North-West territories are left free to secure such competition in the transportation of freight, as will compel railway companies to carry the freight for a just and reasonable profit upon the actual cost of transportation. As I have said, the cost of building railways; the cost of maintaining the road-bed; the cost of operating railways, and the value of money, has been very much reduced since 1873, and these causes have made it possible for railway companies to enormously reduce the cost of transporting freight. But, had there not been a great struggle among railway companies to secure business; had there not been great competition among railway companies for freights, the reduced cost of transportation would have simply increased the profits of the railway companies, and not the profits of the farmer. Competition among railway companies has been the means of securing to the producers and consumers of the Western States a share of the profits growing out of the reduction in the cost of transportation, and, therefore, the reduction in the cost of building, maintaining and operating railways, is not of any commercial value to the producers and consumers, unless they are left free to compel the railway companies by constructing competing lines, to accept for the services they render a fair and reasonable profit upon the cost of such services, and unless the people who may settle in the North-West are left free to secure for themselves competition among railways, for carrying their surplus products to market, the great reduction in the cost of building, maintaining, and operating railways; the reduction in the value of money, and the reduction in the cost of ocean transportation, will have no effect upon the commercial value of the 250 million acres of land fairly fit for settlement—it is said by the Honorable Minister of Railways, by the Honorable Minister of Public Works, and by the Right Honorable leader of the Government,—we have in the North-West territories lying between Manitoba and the Rocky Mountains, 250 million acres of land fairly fit for settlement may not be of any commercial value, for the simple reason, that it may be so located that the products of the soil cannot be transported to market at such a cost as will secure to the producer a fair and just return for his labor and capital. The same lands, provided with the means for transporting the produce to market, at such a cost as will secure to the railway companies only a just and fair reward for the services they render, may be worth in their wild state five dollars per acre, or a difference in their commercial value of 1250 million dollars. We are, therefore, called upon to decide whether we will create such a railway monopoly as will practically destroy the commercial value of the lands of the North-West, or whether we shall refuse to grant to a private irresponsible corporation absolute control over the commercial value of our public lands. The contract on the table of the House, creates just such a railway monopoly

as I have described, for 20 years—completely ties the hands of the people who may settle in that country, and prevents them from securing to themselves and their children a just reward for their labor. The offer which has been made by Sir William P. Howland and his associates, for the construction of the main line of the Canada Pacific Railway does not create such a monopoly, but leaves the people free to develop competition in the carrying trade, thereby securing to themselves the benefits of the reduced cost of building, maintaining, and operating railways, thus increasing the present commercial value of the lands of that vast region; also leaving the people free to secure to themselves all the benefits of a further reduction in the cost of transportation, which must and will take place during the next twenty years, which will still further increase the commercial value of the lands occupied by settlers, as well as the lands held by the Government. Had the Railway Companies of the United States charged the same rates in 1879 as they charged in 1873, it would have increased the cost of transportation to the producers and the consumers of the United States by 550 millions of dollars for a single year, or by enough to have paid their entire national debt with interest, in four years—an amount equal to nearly double the entire revenue of the Government, or equal to an annual charge of eleven dollars per head for the entire population, or, for the Dominion of Canada, forty-four millions of dollars annually, assuming the population to be four millions. You will readily see, Mr. Speaker, that there is no form of direct or indirect taxation so important, or so oppressive, to the producers and consumers of the country as the cost of railway transportation, and there is no influence, no power, so potent to regulate and reduce the cost of transportation as the construction of competing lines. The three states, Iowa, Wisconsin, and Minnesota, have an area of 122 million acres of land, including lakes, rivers, and waste lands, or a little less than one-half of the number of acres of land fairly fit for settlement in the North-West territories, between the western boundary of Manitoba and the Rocky Mountains, according to the statement of the Honorable Minister of Railways, the Honorable Minister of Public Works, and the Right Honorable the leader of the Government. In 1850, the population of Iowa was 191,881; of Wisconsin, 304,756; Minnesota, 6,038, or a total population for the 3 states of 502,675. In 1870, Iowa had a population of 1,188,207; Wisconsin, 1,051,351; Minnesota, 438,257. A population for the 3 states of 2,676,815, so that, in 20 years, the population of these three states increased 2,175,250. In 1850, the three states just named produced 21,686,216 bushels of grain. In 1860, they produced 99,566,000 bushels of grain. In 1870, they produced, 219,000,000 bushels of grain. Now, Sir, if my statement is correct, that Winnipeg—so far as the cost of transportation is concerned—is as near Liverpool as Chicago was

in 1873, and if our lands are as valuable for agricultural purposes—if they are as productive as the lands of Wisconsin, Minnesota and Iowa,—there is no reason why the settlement and agricultural development of that region should not be as great and as rapid as it has been in the States named. In 1855 Wisconsin had 187 miles of railway, Minnesota not any, Iowa, 68, or a total for the three states of 255 miles of railway. In 1863, Wisconsin had 905 miles of railway, Minnesota 31, Iowa 792, or a total for the three states of 1728 miles of railway. In 1870, Wisconsin had 1525, Minnesota, 1092, Iowa, 2683, or a total of 5300 miles of railway for the three states. In 1879, Wisconsin had 2896, Minnesota, 3008, Iowa, 4779, or a total of 10,683 miles of railway for the three states. Or, in 24 years, the increased railway mileage of these three states, (with a total area equal to less than one-half of the land fairly fit for settlement, contained in the district lying between Manitoba and the Rocky Mountains), was 10,428 miles. If we desire that our territories should develop as rapidly as these three states have developed, we must provide for the construction of at least an equal number of miles of railway in proportion to the area, or at least 24,000 miles within the next 24 years. To secure the construction of such a number of miles of railway, we must not put any stumbling blocks in the way of the building of railways by private enterprise, assisted by municipal or provincial subsidies. There are quite difficulties enough to overcome to prevent the opening up of the country by railways without the Dominion Government interfering, and, by law, declaring that no railways shall be constructed for 20 years, except by and with the consent of an irresponsible corporation, whose interests are opposed to the construction of competing lines. I have said that to insure the rapid settlement of the North-West territories, it will be necessary to construct at least as many miles of railway per square mile of area as has already been constructed in the states of Iowa, Wisconsin, and Minnesota. This means, as I have said, the construction, within the next 24 years, of at least 24,000 miles of railway. And the construction of this enormous number of miles of railway will still leave us at a disadvantage as compared to the three states named. But, supposing that the Canada Pacific Railway Company, under the contract now upon the table, construct one-half of the amount, or 12 thousand miles of railway during the next 24 years, and even this large amount will not secure the rapid settlement of that country—let us estimate the value of the clause,—exempting the company from duty upon steel rails, and all material used in the construction of the main lines and branches, telegraph lines, telephone lines, &c. Twelve thousand miles of railway means, including the average number of miles of switches reported by the railways of the United States—at least 14,000 miles of single track. Estimating rails, fish plates, spikes, bolts and nuts, at 200 tons per mile.

it will require 2,800,000 tons of iron and steel to construct the road bed alone, not including iron for bridges, which, at an average price of \$40 per ton, gives a value of \$112,000,000. A duty of ten per cent. on this amount is equal to \$11,200,000, which is the value of the clause "exempting the company from duty upon steel rails, fish plates, spikes, bolts and nuts," alone—even if they only construct one-half as many miles of railway per square mile as have already been constructed in the three North-Western States during the past 24 years. If, on the one hand, Sir, they do construct as many miles of railway in the North-West in proportion to the area, as have already been constructed in the three states named, the exemption from duty upon the steel rails, fish plates, spikes, bolts and nuts, alone would be worth \$22,400,000. Supposing only 12,000 miles of railway is constructed under the contract now upon the table, exemption from duty upon steel rails, fish plates, spikes, bolts, nuts, wire, material for bridges, telegraphic apparatus, &c., will be worth at least, \$12,500,000. I cannot help calling the attention of the House to the fact that, if it be true that the producer pays the duty, we are losing a splendid opportunity of making the producers of iron and steel in the United States and England pay at least the enormous cash bonus we are under this contract giving the Syndicate for the construction of this road. A duty of 25 per cent., (and farmers are compelled to pay a duty of 30 per cent. upon the implements they require to gather their crops), upon \$12,000,000, which is the value of the iron and steel which will be required in the construction of only 12,000 miles of railway, would give us the magnificent sum of \$28,000,000,—enough to pay not only the cash bonus we are giving the Syndicate under this contract, but, also, a sufficient sum to secure the construction of the Sault Ste Marie branch. If, on the other hand, it be true that the consumers pay the duty, what a monstrous fraud the National Policy is upon the consumers of this country. I desire to call the attention of the House to the grand opportunity which the Government has to secure by a protective duty upon steel and iron, the early and rapid developement of the iron mines of this country. Here is a sure market, including the iron required for the construction of cars, locomotives, bridges, &c., for not less than four million tons of iron within the next 24 years. Adding to this the amount required for railways in the older provinces, and the amount used in the ordinary business of the country—namely, about 200 tons per annum, and we shall have a home market for ten million tons of iron and steel, the average value of which may be safely estimated at \$40 per ton, or a total of \$400,000,000, which immense sum must otherwise be sent abroad, to the great grief of honorable gentlemen opposite, to employ English and American capital and labor. The developement of the iron industry in Canada would give employment to tens of thousand of skilled

workmen. Enlarging the home market for our various manufacturing industries, and creating a demand for a very large number of immigrants. Compared with this, the construction of one or more Sugar Refineries, or Cotton Mills, or Woolen Mills, which have been such a source of gratification to honorable gentlemen opposite, fades into utter insignificance. If this opportunity to secure the development of our iron industry is lost, I fear that it will be many, many years before we shall do little more than export our iron ores to other countries, taking in return for it manufactured iron and steel. It may be said, that we shall not require 12,000 miles of railway to develop the territory lying between the western boundary of Manitoba and the Rocky Mountains, but, let us see what has been our experience in the Province of Ontario. At the close of 1879 we had in actual operation, south of the Georgian Bay and the city of Ottawa, 4,000 miles of railway, and it is safe to say that, including the construction of the Canada Central, the line connecting Lake Nipissing with Sault Ste Marie, the Ontario and Pacific Junction Railway, the Ottawa and Toronto, and various other roads which must be constructed at a very early day, we shall have before the year 1890 at least, 6,000 miles of railway in the Province of Ontario, south of Lake Nipissing. The total number of acres of land under cultivation, including pasture lands, does not exceed 15 million acres, or about one-sixteenth as many acres as the Honorable Minister of Railways says we have of lands "fairly fit for settlement in the North-West territories." We must not overlook the fact that fully one-half of the produce of Ontario is grown within forty miles of the Georgian Bay, Detroit River, Lake Erie, Lake Ontario, or the St. Lawrence and Ottawa Rivers, and can be transported to the seaboard without the aid of railways. We must also consider the fact that the great bulk of the fuel consumed in Ontario, is produced within 10 or 15 miles of the place where it is consumed, and the same is true of lumber consumed in Ontario. Taking these facts into consideration, it will be seen that railways are more necessary in the North-West territories than in the Province of Ontario, and yet, if we build as many miles of railway in the North-West as we shall in all probability have in Ontario in 1890, in proportion to the area of lands "fairly fit for settlement," it will require 96,000 miles of railway to place the North-West territories upon a par with the Province of Ontario, or eight times as many miles as I have assumed would be constructed in that region under the contract now upon the table. In estimating the value of the exemption from taxation upon road bed, rolling stock, freight houses, passenger stations, harbors, elevators, telegraph and telephone lines, we will assume, as before, that only 12 thousand miles of railway will be constructed. In 1864 there were in operation in England and Wales, 12,592 miles of railway, which paid to the Government an average tax of \$407.54 per mile ;

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in 1874, the average was, \$601.5 per mile ; in 1875, 664.17 ; in 1876, \$721.14 ;
in 1877, \$764.25 ; in 1878, \$809.86, per mile. Or an increase in the rate of
taxation per mile, between 1864 and 1878, of one hundred per cent. In 1879
there were in operation in France 13,871 (English) miles of railway. The
direct taxes paid to the Government was \$19,155,000, or at the rate of
\$1380.93 per mile. The indirect taxes, such as the free conveyance of the
mails, troops, munitions of war, Government servants, Government bullion,
&c., &c., amounted in value to 16 million dollars. The Paris, Lyons and
Mediterranean Railway returned to the Government nearly eleven per cent.
per annum in taxes, on the cash subsidy granted by the Government to aid
in the construction of the railway, and at the end of seventy years the road
reverts to the state. I have the opinion of Mr. Charles Francis Adams,
junior, that the 94,000 miles of railway, now in operation in the United
States—which is equal to one-half the railway mileage of the world—48,000
miles of which have been constructed since the beginning of the year 1870—
pays upon the average \$300 per mile, or an aggregate of \$28,200,000 per
annum. We have here the actual policy of the three most enlightened
nations of the world respecting the taxation of railways, showing that in
England in the year 1878, the Government received a revenue of \$10,200,000
from 12,592 miles of railway. That in France, for the year 1879, from
13,871 miles of railway, the French Government received nearly 36 million
dollars in revenue. That the revenue derived from taxation of railways in
the United States was \$28,200,000, or a total for the three countries of \$74,
400,000, an amount three times as great as the entire revenue of the
Dominion. English and French Government returns, and the returns of
Railway Companies in the United States, show that the rate of taxation per
mile is regularly and constantly increasing. Therefore, taking into con-
sideration that more than one-half of the railways of the United States have
been constructed since the beginning of the year 1870—it is not unreasonable
to value for a period of fifty years—exemption from taxation for the 12
thousand miles of railway I assume will be built in the North West terri-
tories under this contract, at \$500 per mile per annum, or a total of six
million dollars. Capitalized at 5 per cent. the exemption would be worth
125 million dollars. The taxation of railways is so important a question
that the Government of the United States, during the past year, obtained
through its foreign ministers a statement of the policy pursued by England
and continental nations, towards railways in this respect, and the manner
in which the tax was collected. Reports were received from Austria,
Belgium, England, France, Germany, Holland, Hungary, Russia, and
Switzerland. The only Government exempting railways from taxation, is
that of Hungary, and in that country concessions are granted railway

companies for 90 years, with the condition that at the end of that period the whole franchise and property, with an equipment equal to the original amount should revert to the state. Of the 36 States of the American Union, all of them, without a single exception, tax railway property, rolling stock, road bed, &c , &c., and I have not been able to find a single instance in the history of American or European Railway Companies in which a perpetual exemption from taxation has ever been granted. Exemption from taxation for a few years only, has been granted in some states of the American Union for special reasons, but the general policy of all nations is to treat railway property the same as that of a private individual. The manner of collecting the tax varies somewhat in different states and countries, but the fact remains that all countries collect in one way or another a very large revenue from railway corporations.

THE LAW IN ALABAMA.

Returns are made to a State Board of the whole length of track and of the length in each county and town ; also of the value of the road and of all real estate used for operating it, and of the rolling stock. The board finds the value of each mile of road, and notifies the assessors of counties and towns of the amount assessable by them, depending upon the number of miles in their limits. They add the value of other real estate, and of tools and machinery, and assess on the aggregate as on the estate of an individual. The value of real estate is to be assessed as if owned in fee, simple without any deduction for mortgages or other cause. There is no appeal from the decision of the State Board. The penalty for not making returns is double taxation—obtained by adding one hundred per cent. to the assessable value as found.

IN ARKANSAS.

The County Clerks of the several counties through which a railroad runs are constituted a Board, to annually "ascertain the value of all personal property, moneys and credits of such company, and appraise the same at its true value in money." They may require detailed statements under oath, and in ascertaining values,—road-bed, stations and other realty, necessary to the daily running operations of the road, are to be estimated as personal property. The fundamental principle is that of a property tax, levied upon an arbitrary valuation and paid directly by the corporation.

IN CALIFORNIA—

Railroad corporations are taxed as holders of realty, on the land occupied as right of way, with the track and all structures thereon as a whole, at a certain sum per mile. On land not used as track, railroads are taxed like other property holders, on "the cash value of real estate," and separately on the "cash value of improvements" thereon. The personal property is assessed

wherever it is found, except the rolling stock, which is assessed in each county through which the road runs, in proportion to road in each county. The assessment of each county is sent to the Board of Supervisors, thence it goes through the county auditor to the State Board of Equalization, consisting of the Governor and two other officials, who levied a sufficient rate to raise the amount directed by legislation. Each County Board, having received a state rate, collected the state tax and both fixed the county rate and collected it. Municipal authorities assessed and collected taxes on property found within each town or city. Under the new constitution the property to be taxed includes credits, bonds, stocks, dues, and franchises; a State Board of Equalization and County Boards are provided for. The State Board is to assess the franchises, right of way, road-bed, rails, and rolling stock of all railways running through more than one county at their actual value, and apportion it to each county and municipality in proportion to the length of road therein. All other property is assessed in the place in which it is situated.

IN COLORADO—

The State Board finds the value of all property, real and personal, used for railroad purposes, considering all the circumstances of the road; and transmits to the County Board for assessment the amount assessable by them in proportion to the number of miles of main track in each county.

IN CONNECTICUT—

Railroad companies are assessed one per cent. on such proportion of their stock and debt at market value, less cash assets as the length of the road in the state bears to the whole length thereof—deducting the amount of local taxes paid on land not used for railroad purposes. The amount of municipal railway bonds of which the avails have been used for the road; is included as part of the debt on which taxes are assessed. This is paid to the State Treasurer, and is in lieu of all taxes on the property or roads of the Company. The state tax is assessed on the amount as returned by the railways, and is corrected by the State Board of Equalization, whose decision is final.

IN DELAWARE—

Railroad corporations are taxed on land just as other owners of land are taxed. A yearly of one-half of one per cent. is laid on actual cash value. A tax is laid of 10 per cent. on net income, and when the road extends to other states both these taxes are laid in proportion to length within Delaware to the whole length of the road. There is also a tax of ten cents on each passenger carried within the state. An annual tax is laid of \$100 on each engine; \$25 on each passenger car, and \$10 on each freight car used during the year by any railroad company incorporated by, or doing business in the state. The right to levy this tax is being contested in the United States Supreme Court.

IN FLORIDA—

Each road returns to the State Comptroller the length and value of the road, including the right of way and rolling stock. The comptroller apportions the amount to each mile, and informs the county officers who add to their counties, share the other property in said county and levy a tax on the aggregate as on the property of an individual.

IN GEORGIA—

The railway companies are taxed like individuals on the value of the road bed track, stations, rolling stock, and all other property, real and personal. The rate has been one-half of one per cent. County taxes are levied at a per cent. on the state tax, and on the same valuation.

IN ILLINOIS—

Taxes are levied on railroad corporations as on other corporations and on individuals, according to the value of their property. The right of way, all tracks, stations, and improvements on the right of way are assessed by the State Board of Equalization. All other real estate is assessed as the land of individuals is. All personal property, except rolling stock is assessed wherever it is found on May 1st. If the value of the capital stock exceeds the value of the real and personal estate the increase is assessed as capital stock. The value of rolling stock is fixed by the State Board, and distributed for taxation among the counties and municipalities, in proportion to the length of road therein. The value of right of way, after being assessed by the State Board, is distributed in like manner, except that side and second tracks and buildings on the right of way are taxed where they are situated. There is no appeal from the State Board.

IN INDIANA—

The law of taxation is the same as in Illinois, except in three particulars. The whole capital stock is liable by law to be valued by the State Board and distributed for taxation to the counties and towns in proportion to the length of road in each. Railroad stock in the hands of individuals is taxed to them as other stocks are taxed. There is no appeal from excessive valuation.

IN IOWA—

The general principle is equality of taxation for all property. Assessments are made on the value of the entire railway, at the estimated value of each mile, including in the estimate right of way, bridges, rolling stock, stations, and all other property exclusively used for railroad purposes. Shares are taxed at their market value to the holders thereof.

IN KANSAS—

The general principle of taxation is assessment on all property at its value in money. "Railroad property" is assessed by a State Board who estimate the value of the real estate connected with the right of way, and used in

the daily operation of the road, including rails, ties, "franchises" and buildings. To this is added all moneys, credits, and profits, all rolling stock owned or used by the company. And the taxable value as ascertained by this addition is apportioned among the counties and municipalities in proportion to the length of road therein. Real estate, not included in the above description—that is real estate not used in the daily operation of the road, is taxed like the land of individuals, in the locality where it lies.

LOUISIANA—

In this state the capital of all corporations is taxed, and property "over the capital," and property held in trust for business purposes for non-residents.

IN MAINE—

Railway corporations are taxed for real estate in each town, just as individuals are taxed for town purposes. They are subject to a franchise tax of one and one-half per cent. on the value of the franchise. This value is found by ascertaining the market value of the stock of each road and deducting the value of the property subject to local taxation. When roads extend beyond the state the value is proportioned to the length of line within the state. This is done by the Governor and Council. Railway stocks are taxed to the owners thereof. Local taxes are laid by each town on real estate outside of the location. In case of over-valuation by the Governor and Council there is no appeal.

IN MARYLAND—

In this state all taxation of railways for state purposes is on gross receipts. County and municipal taxes are laid on property as the declaration of rights requires all taxes to be. Real estate is taxed for county and municipal purposes where it lies. Personal property is taxed where the home office is established. The tax on gross receipts is one-half of one per cent. paid directly to the state treasurer. Rolling stock is taxed at the home office.

IN MASSACHUSETTS—

The assessor of each place annually report to the tax commissioner the names of corporations established or owning real estate therein, with an account of the real estate and machinery in said place and the amount at which it is assessed, and also the amount of taxes laid every year in said place. Each corporation returns a list of stockholders with the number of shares held by each; the amount of capital stock; the par value and market value thereof, and also the real estate structures and machinery. Railway companies in addition return the whole length of their lines and the length lying without the state. The tax commissioner ascertains the market value of the shares on May 1st preceding, and this is the taxable value of the franchise. The rate is determined by an apportionment of the whole amount to be raised, by property taxed in the state during the year, as returned by the assessors, upon

the aggregate valuation of all the towns and cities for the preceding year. From the valuation for railroad companies is deducted an amount proportioned to that portion of their length lying beyond the state limits,—the value of real estate and machinery located and subject to local taxes within the state. Taxes are paid by the railroad corporations to the state treasurer, who is nominally tax commissioner, and who, with the auditor and one member of the council, constitute a Board of Appeal for correction of all errors, and their decision is final.

IN MICHIGAN—

In lieu of all taxes except that on real estate not used for railroad purposes, a tax is laid of two per cent. on gross earnings, not exceeding \$2,000 per mile, and three per cent. on gross earnings exceeding that sum. There is also a tax of three per cent. on receipts from passengers carried in any place or sleeping car, or any car for which an extra price is paid; and a tax of two per cent. on gross receipts derived from leasing or hiring of cars by any "special," "fast," "colored," or other freight line. Real estate not used for railroad purposes is subject to local taxes where it lies.

IN MINNESOTA—

A tax of three per cent. on gross earnings is laid in lieu of all other taxes, but by special legislation the amount of taxes has been reduced for a term of years, including the Northern Pacific. Taxes for each year are assessed on the earnings for the year preceeding.

MISSISSIPPI—

A tax of \$80 per mile is laid in full, of all state, county, and municipal taxes on railway property. Real estate, not used for railroad purposes, is taxed locally like the land of individuals. And the same is true of personal property not used for railroad purposes. Stock is taxed to its whole, or at its market value. One-half of the franchise taxes goes to the counties through which the road runs—the balance to the state.

IN MISSOURI—

The constitution of Missouri provides that all corporations in the state, or doing business therein, shall be subject to taxation on all property owned or used by them, and on gross or net earnings, and on franchise or capital stock. The law provides that, for purposes of taxation, each road shall furnish the state auditor a statement of the length of the road and of extra tracks with depots, water tanks and turn-tables; the length in each county and municipality; the number of engines and cars, and all other moveable property owned and used by them, and the value thereof. Like statements are sent to each county. The State Board of assessment and equalization revise the estimates. The State Board apportions the value of the property above named to each county and municipality in proportion to the ratio of miles of each road

preceding year. Tax is apportioned on the value of real property within the state. The treasurer, who is one member of the board, is liable for errors, and their

for railroad purposes, \$2,000 per mile. There is also a tax on any place or sleeping car of two per cent. "special," "fast," and "road" purposes is

on all other taxes. Tax is levied for a term of years assessed on the

and municipal taxes for road purposes, is assessed on the value of personal property, or at its full value through

in the state, or on property owned or on the capital stock. All companies furnish the value of the tracks with the tax and municipal property owned is sent to each county. The estimates are forwarded to each county of each road

therein, to the whole length of the road in the state, and taxes are assessed on such apportionment. Local taxes are assessed on all property not specified above, including lands, workshops, round houses and other buildings, furniture and other personal property, by local assessors in the county or municipality where such property is. The assessment is certified to the county court with the rate of levy, and that court levies the taxes on railway property as on other estates. Lands and other property not taxed under the general provision for railroad property, are taxed in the school districts where they are situated. No appeal lies from the decision of the State Board.

IN NEBRASKA—

Railway officials list road-bed, right of way, rolling stock, fixtures, and personal property, stating also, the whole number of miles in the state and in each county. This list is sent to the State Auditor. The State Board of Equalization assesses the property of the corporations at the cash value for each mile, and divides the whole amount by the number of miles to get the value of each. In doing this they use the report and any other information that they can get. The Board does not assess the value of any machine shop or any building or grounds, or of any other real estate; but the assessors of "each city or ward or precinct" assesses these. The county commissioners adjust the number of miles and amount among the various municipalities, adding 50 per cent. when a report has not been made by the railroad company.

IN NEVADA—

Railway taxes are assessed on the cash value of the property in each county, by the county assessors, both of real and personal estate. Rolling stock is taxed in each county in proportion to the length of road therein.

IN NEW HAMPSHIRE—

Railways are taxed on all their property, including road bed, buildings, rolling stock and equipments, at the average rate of taxation in all the towns and cities of the state.

IN NEW JERSEY—

Railway companies are taxed one-half per cent. on the true value of the road used by them, equipments and appendages. The company makes returns of this value—the railroad tax commissioners have power to revise it. Upon all real estate owned or used for a road, except the main track 100 feet in width, railway companies pay county and town taxes where it is stated, at one per cent. on the value. Railway stock is taxed in the hands of the owners thereof. Valuation for county and municipal purposes is made once in three years by the commissioner of railway taxation. Personal property not connected with the road is taxed as it is to individuals. Special provisions are made, whereby the United New Jersey Railroad and Canal

Company pay a fixed sum of \$298,128 annually in full, of all state taxes on its roads, on certain conditions.

IN NEW YORK—

There are no taxes except local ones, and these are laid on the real and personal estate in each municipality according to its value, as taxes are laid on individuals. No special rule is followed as to the tax on rolling stock. The valuation of the local assessors, if regularly made, is final. The New York Central Railway paid taxes at the rate of nearly \$1000 per mile in 1879.

IN OHIO—

All property is taxed on a basis of its true value in money. The real estate of each railroad is taxed in the place where it lies; but personal property is held to include the road-bed, water and wood stations, and all other such realty as is necessary for the daily running operations of the road. A board consisting of county auditors of the counties through which any railroad runs, estimates the value of all the personal property of the railroad company, including the above named items, and apportions it among the counties and municipalities through which it runs, so that to each shall be apportioned such part thereof as shall equalize the relative value of the real estate, structures and stationary personal property of such railroad company in the state and so that the rolling stock (including that hired or run under control of the company), shall be apportioned to each county and place, in proportion to its part of the whole road in the state. The county boards report to a State Board of Equalization, from whose decision there is no appeal.

IN OREGON—

The only provision peculiar to railroads seems to be that rolling stock is taxed in the county where the principal depot or business is done, but if either terminus or any depot is in the county where the principal office is, it shall be taxed there.

IN PENNSYLVANIA—

All railroad companies paying dividends of six per cent. or more, pay a state tax of one-half mill on each dollar of capital stock. When the dividend is less than six per cent., the tax is three mills upon each dollar of appraised value of capital stock. In addition to this all railroad companies (and also telegraph, palace-car and sleeping-car companies), pay a tax of eight tenths of one per cent. on gross receipts.

IN RHODE ISLAND—

Railway corporations are taxed like other corporations and like individuals, on the value of their estate. Each town taxes the roads running through it on the value of its track and other real estate. Holders of stock are taxed according to its value.

IN SOUTH CAROLINA—

The constitution requires equal taxation of all property according to its value. By law, the road-bed, right of way and stations, are regarded as per-

sonal property. An annual return is made of the length of tracks, main and side, the value of all buildings, stationary engines, implements, rolling stock, moneys and credits; also of the value of the whole road and equipments in and out of the state, and the value of the part within the state. The return also states how much of the track and of each item of property is in each county and in each town. A State Board finds the value of the road-bed, right of way, rolling stock, moneys and credits, and apportions it to each mile of the main track in or out of South Carolina. This valuation per mile is multiplied by the number of miles in the state and in each county and town, and the product is the taxable valuation therefor. To this is added for the state the value of all the real estate, fixtures, stationary engines, machinery and stationary property, and for each county and town the value of such property situated therein. And on this amount is assessed the rate provided by law for the three classes of taxes. There is no appeal unless it should be sought by injunction from the courts.

IN TENNESSEE—

In this state the whole value of each railroad is taxed by assessors chosen for that purpose, who take into view the worth of the property, the gross and net earnings, with all other facts bearing on the true value. Real and personal estate is of course included and rolling stock as part of the personalty. When the valuation of each road has been fixed the state tax is laid thereon as on other property, and the amount is divided for local taxation according to the number of miles in each municipality.

IN TEXAS—

Real and personal property are taxed by each county, and municipalities on the valuation of such property therein. The road-bed and rolling stock are taxed in such localities according to the mileage therein. The holders of stock are taxed thereon as on other personal property. The companies make returns as to property and value; assessors have power to change the valuation, and an appeal lies to a County Board of Equalization whose decision seems to be final.

IN VERMONT—

Railroad companies are taxed on real and personal estate, on the same principle with individuals, except that the road-bed and real estate used for railway purposes are taxable in each town at their valuation, not exceeding \$2,000 per mile of main line, but such roads are exempt from taxation on their realty for five years from the time when each begins to run regularly into or through any town in the state, and after eight years it is subject to the general laws of taxation. As owners of personalty, including rolling stock, railways are liable to the general law. Holders of stock are taxed therefore as for other property. As to the assessment of road-bed no appeal is allowed.

IN VIRGINIA—

Each railway company reports the value of all its real estate, specifying road-bed, stations and shops, and of all its personal property, specifying rolling stock and equipment, and also specifying the value in each county. The amount of gross and net earnings is also reported, and the amount of interest and dividends paid, payable and declared to residents and non-residents. The constitution provides for equal taxation of all property according to its value. A tax of one-eighth of one per cent. is laid on the real and personal property of each road. Holders of stock pay taxes according to its market value. Counties and towns receive the report made by the companies through the state auditors, and levy taxes on real and personal estate at the same valuation that is used by the state.

IN WEST VIRGINIA—

Each company reports all its property in the state and the proportionate value of rolling stock, depending on the number of miles in the state as compared with the whole length of the road. This proportionate value and the value of all personal property, money, credits and investments, is added to the real estate, and apportioned to each county in proportion to the amount of real estate and fixed property therein, as a basis for assessment. But all property, real and personal, used for railway purposes, and all real estate which the company is allowed to hold, is to be assessed at its actual value, without regard to cost. Real estate used for any purpose not immediately connected with the road, is taxed like the property of individuals.

IN WISCONSIN—

A state license tax takes the place of all state and local taxes, on all real and personal property used for railway purposes, except special assessment for local improvements in towns and villages. The annual license fees for the operation of such railways is as follows:—1st. Four per centum of gross earnings of all railroads, except those operated on pile and pontoon, or pontoon bridges, whose gross earnings equal or exceed 3000 dollars per mile, per annum, of operated road. 2nd. Five dollars per mile of operated railway of all roads whose gross earnings exceed 1500 dollars per mile, per annum, and are less than 3000 dollars per mile, per annum, of operated road, and in addition, two per centum of their gross earnings in excess of 1500 dollars per mile, per annum. 3rd. Five dollars per mile, of operated road, by all companies whose gross earnings are less than 1500 dollars, per mile, per annum. 4th. Two per centum of the gross earnings of all railroads which are operated upon pile or pontoon, or pontoon bridges, which gross earnings shall be returned to such parts thereof as are within the state.

Assuming that four cents per acre, per annum, would be a fair average rate of taxation upon the railway companies' lands

for the next twenty years, and assuming that the whole number of acres will be held by the company for an average of twelve years, the value of exemption from taxation upon their lands is worth twelve million dollars. In 1860, the states of Iowa, Wisconsin and Minnesota, produced 100 million bushels of grain from eight million acres of improved lands. In 1870, the same state produced 220 million bushels of grain from seventeen and a half million acres of land. Suppose that for the next twenty years we produce upon the average, one hundred million bushels of grain in the district lying between the western boundary of Manitoba and the Rocky Mountains,—a territory more than twice as large as the three states named,—we certainly ought to produce much more than this; and suppose the Canada Pacific Railway Company charge only ten cents per bushels more than they ought to charge to convey this grain to market, or only one-half the rates now being charged by the same gentlemen who own the St. Paul, Minneapolis and Manitoba Railway, it will be seen that they will take from the pockets of the farmers on the grain produced, no less a sum than ten million dollars annually. It will be fair to assume that for the transportation of fuel, lumber, machinery, merchandize of all kinds, and other agricultural products, that must be shipped into or out of the North-West territories, they will exact an equal amount over and above a fair and reasonable profit upon the cost of services they render, making a total of twenty million dollars, per annum, as the value of the monopoly clause in the contract for twenty years to come, even if only eight million acres of land are brought under cultivation, or about one thirtieth part of the land said to be "fairly fit for settlement" by the Honorable Minister of Railways. The privileges and exemptions granted by the contract, now upon the table, are so valuable, and extend over so long a period, that it will be almost impossible for private capital to compete with the Canada Pacific Railway Company, in the construction of railways in that territory after the twenty years shall have expired, so that for all practical purposes the monopoly of railway construction in that vast region, granted under the contract now before us, will be almost perpetual. Clause No. 20 of the Act of Incorporation, prevents the Government from interfering with the tolls of the railway company until the net profits over and above the working expenses shall exceed ten per cent. upon the capital actually expended in the construction of the railway. It does not determine how the actual cost of construction shall be arrived at. The cost of construction to the Canada Pacific Railway Company may be a different amount from the actual cost of building the road. As is well known, railways are constantly being constructed by what is known as Construction Companies, which are generally composed of the leading capitalists who control the railway, and the road sold to the railway company proper, at an enormous increase upon the actual cost of

construction. This was notoriously the case in the construction of the Union Pacific Railway, which has been chosen by the Government as a model for the construction of this railway. There is nothing to prevent leading capitalists with whom the contract on the table has been made, from organizing themselves into a construction company, building the road and transferring it to the Canada Pacific Railway Company at an enormous increase upon the cost and in this way secure unlimited control over the freights to be charged by the railway company. In this way the capital stock and bonds of the Union Pacific Railway Company and the Central Pacific Railway Company—composing the line from Omaha to San Francisco, has been increased to \$268,000,000, ten per cent. upon which would be \$26,800,000. Whereas the actual cost of construction did not exceed one-half the sum. The Canada Pacific Railway Company may purchase the Ottawa, Montreal, Quebec and Occidental Railway, for the sum of 14 million dollars, and under the contract exact ten per cent upon that sum before the Government could interfere to regulate the tolls. As is well known the leading members of the Syndicate purchased the St. Paul and Manitoba Railway for a sum not exceeding ten million dollars. The road is now said to be worth thirty-two million dollars. There is nothing to prevent the Canada Pacific Railway Company from buying this road at 32 million dollars or even a greater sum, and under the contract the Government could not interfere with the tolls of the Canada Pacific Railway Company, until a net profit of ten per cent. upon 32 million dollars had been earned. The Canada Pacific Railway Company have power to construct or purchase lines from Nipissing to Montreal, Quebec, St. John or Halifax, or any other branch lines they may choose to purchase, and can demand ten per cent. upon the cost of these roads to the Canada Pacific Railway Company before the Government can interfere to regulate the tolls. With the power given the company to construct or purchase lines leading to tidewater or branches, the cost of construction can be fixed at such a sum as to give the Canada Pacific Railway Company unlimited control over the rates which they may charge for the services they render to the public for generations to come. As I said in my opening remarks, I assume that the statements made by honorable ministers, as to the character and quantity of agricultural lands in the North-West territories, lying between the western boundary of Manitoba and the Rocky Mountains, are correct—that is to say, that there is 250 million acres of lands fairly fit for settlement—that they are of so high a quality that the the Right Honorable leader of the Government was justified in issuing his land regulations in 1879, charging at the rate of five dollars per acre for lands lying near the railway prior to the construction of the road. It is preposterous to suppose that 1000 miles of railway, extending from Winnipeg to the Rocky Mountains, will develop that vast territory. You might as well

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undertake to do the carrying trade between Montreal and Liverpool with one steamship. The value of the clause exempting from duty steel rails, bolts, nuts, spikes, fish-plates, iron for bridges, wire for telegraphs and telephones, telegraphic apparatus, &c., &c., is worth at the lowest calculation, one thousand dollars per mile, and perpetual exemption from taxation cannot be considered worth less than five hundred dollars per mile, per annum, or, capitalized at five per cent., \$10,000 per mile. So that it is plainly evident that no railways can be built by private capital and compete with the Canada Pacific Railway Company—even after the twenty years monopoly has expired. It is evident that the object of the Syndicate in insisting upon a monopoly of railway building for twenty years, was for the purpose of preventing the construction of competing lines. It is idle to suppose that private capital will construct branch lines which are simply feeders to a main line, which absolutely controls and can dictate the price which the branch lines shall be allowed for transporting freights. We are forced to conclude, therefore, that the construction of railways in that vast territory must be, and will be, under the control of the Canada Pacific Railway Company. They will have in their hands the absolute control of the commercial value of the 225 million acres, "fairly fit for settlement," which, it is said, will still belong to the Government after they shall have selected the 25 million acres granted under this contract. If we expect to induce emigrants to any extent to settle in that country, we must satisfy them that the cost of transportation to and from the seaboard to the North-West territories *will not exceed* the prices charged by roads in the United States—that is to say, a fair and reasonable profit upon the actual cost of transportation. I can conceive of no other way in which we can give intending emigrants ample security that their interests will be protected, except by having the tolls of the railways entirely under the control of the people, or the people free to secure the construction of competing lines—or that the Government shall build the road as a government work and operate it in the interests of the producers and consumers of the country. With regard to the construction of the line connecting Lake Nipissing with Sault Ste Marie, permit me to say that I was one of a deputation who waited upon the Honorable Minister of Railways at the Inspector's office in the Post Office of Toronto, on December 21st, 1879. There were present among others, the honorable member for West Toronto, the honorable member for Centre Toronto, the honorable member for East Toronto, the honorable member for Welland, the honorable member for Hamilton, the honorable member for Muskoka, the honorable Frank Smith, the honorable John Beverley Robinson, the honorable Alexander Morris, M.P.P. Letters of apology were received from the honorable member for East Durham, the honorable member for East York, the honorable member for Hamilton, and the honorable member for North Simcoe, regretting their

unavoidable absence, and expressing their strong sympathy with the object of the deputation. The honorable Minister of Railways made a speech upon that occasion which gave me very great satisfaction. I thought it was a good speech then and I think so now—so good that I propose to read it to the House.

SIR CHARLES TUPPER.—I am inclined to believe that if a connection were made with the Sault Ste Marie by a line of railway extending from here by Gravenhurst and Nipissing, and from Montreal by the Canada Central and the line to the Sault Ste Marie, it would not only have the effect of bringing a great volume of traffic from the Western States—from Minnesota, Dakota, and the countries in the neighborhood of St. Paul and Minneapolis—down through our country, but that it is not fraught with the danger that I at first apprehended, because, I believe we should be enabled by a line of steam communication from Sault Ste Marie to Thunder Bay, and by the Government road from the North-West to the latter point, which we are now constructing as rapidly as possible, to make our lines of communication so much cheaper, and bring at the same time the great North-West into so much more rapid communication with the centres of population in the older and more settled portions of Canada—with Montreal and Toronto—as would render it, instead of any injury to the country, a great advantage. I go further, gentlemen, than any person here has gone to day in relation to the provincial character of this project which you have in hand. I believe it is not only not a Toronto, or a Hamilton, or a Belleville project—I believe it is not only not merely a project in which the interests of Ontario are concerned, but a project in which the interest of the whole Dominion are concerned. I look upon it as of the greatest possible consequence to the success of our efforts in developing the great North-West. There is nothing that can so much contribute to the opening up of the rapid settlement, and the trade conveniences of that immense fertile territory, as the most easy and rapid communications with the great centres of trade and manufactures in the older provinces, and anything that can facilitate the rapidity and the cheapness with which the manufactures of Toronto, Hamilton, Montreal, or any other part of Canada can be thrown into the North-West, is going to facilitate the settlement of that country, and by facilitating its settlement and development is going to hasten very considerably the day when we can take up the more important project of building a through line north of Lake Superior. I have no hesitation therefore, in saying that I regard this measure as one of great importance—not only to the Province of Ontario, but to Canada as a whole—a very large portion of which will depend upon it. Now, with the importance with which this question has recently assumed, and which will in consequence of the attention that is being directed to it in the United States—at St. Paul Minne-

apolis, and the surrounding country—the advantage which the people living in that section of the country find they will derive from reaching the seaboard by a much shorter, easier, and cheaper route than any other, (namely one constructed to Sault Ste Marie), must result in the construction of that road at an early day.”

Speaking of the construction of the Sault Ste Marie Railway, the honorable Minister of Railways remarked further:—

“I had an opportunity of discussing this matter a few days ago with Mr. Dawson, the member for Algoma. I asked that gentleman what would be the prospect of keeping up a winter water communication between Sault Ste Marie and Thunder Bay. He stated that there was a good harbor at Sault Ste Marie, that the lake would be entirely open during the winter, and that the navigation would not be interrupted for more than five or six weeks.”

The honorable Minister of Railways met a deputation from the Montreal Board of Trade, January 8th., 1880. I read from the *Toronto Mail* report of January 9th., 1880:—

Sir Charles Tupper, spoke as follows:—“The Government having provided for the extension of the Canada Central to Lake Nipissing, it had naturally attracted a great deal of attention to the scheme, and the project to carry on that road from Nipissing direct to Sault Ste Marie, had received an additional impetus from the attention which had been given to the question by the railway magnates and persons interested in the development of the North western States. They found on looking at the map that it was almost an air line running from St. Paul and Minneapolis—the great centres of commerce in the North-West—to the city of Montreal. They found that wheat could be placed in the harbor of Montreal by that route and sent to Liverpool much more cheaply and easily than by the existing routes—that it was not at all surprising that attention should have been directed to the project. The more he examined the subject the more satisfied he was that independent altogether of the great importance to Canadian interests, of the construction of a line from St. Paul, or from Duluth, or from both, to Sault Ste. Marie—looking to a connection with the Ocean traffic at Montreal, independent of the great additional volume of traffic Canada might fairly anticipate would flow from that route; we had a very great interest in establishing communications between Nipissing and the Sault at as early a day as practicable. The development of our great North-West depended to a large extent upon the ease, cheapness and rapidity with which we could send people into that country, and bring the produce of the west to the seaboard. The fact that the extension of the Canada Central to Nipissing would be accomplished at an early day, the fact that the Government were pushing with all the energy and vigor that they possessed, the line from Thunder Bay

to Red River, the fact that the extension of the line from Nipissing to the Sault would bring Montreal within sixty hours of Red River, settled the question as to the great importance of carrying out this project at the earliest practicable day. The road from Thunder Bay to Red River the Government fully expected would be completed by the first of July, 1882, and there would be no difficulty, from what he could learn of the character of the country, in having the extension from Nipissing to the Sault completed at the same time. Assuming that no movement would be made towards the construction from Minneapolis or Duluth to the Sault, it would not in the slightest degree affect his anxiety to see our own line extended to that point. While it would not secure the trade of the North-western States, it would give our own North-West a vast advantage over the adjoining territory, from the facility with which they could send their produce to the sea. I can, therefore, see nothing to prevent the Government and the country from being interested in this project."

I also desire to call the attention of House, and particularly, the honorable member for Welland, to an editorial in the *Toronto Mail* of November 22nd, 1879, as follows:—

"It can hardly be said, as a result of the interview held on Friday last, that the Government is committed to a positive promise of subsidizing a line of railway via Gravenhurst and Nipissing to the Sault Ste Marie, but it certainly may be said that as no public work was ever presented to a Minister by so impartial and powerful a deputation, so no deputation had ever a more explicit and satisfactory adoption of their policy by a Minister. The commercial necessities and possibilities of the country have increased, and pending the completion of railway connection between Nipissing and Thunder Bay, the Sault Ste. Marie line becomes of pressing importance in the eyes of men too much devoted to great public objects to be moved by selfish motives, and too various in political colour to be suspected of partizan strategy. The earlier opinion was that the Sault Ste Marie line would place us at the disposal of the Americans. The present opinion appears to be reverting to a great extent to Sir Hugh Allan's old idea, that it would enable us to offer a shorter route to the seaboard to American commerce, and enable us to rival their older and hitherto unrivalled commercial routes. The future of this new line is now in the hands of three powerful combinations. It is in the hands of the Ontario Government, so far as the Provincial subsidy is concerned; it is in the hands of the Dominion Government, so far as the aid to be expected from that quarter is concerned; and it is in the hands of the gentlemen who formed the deputation, and of those whom they represented on the occasion. Public opinion, the opinion of the press, commercial opinion, and official opinion, all combine to approve of the connection with the Sault.

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and it will be a strange thing if, in these days of great confidence and of rapid growth, we do not witness the speedy accomplishment of so heavily endorsed an undertaking."

Mr. Speaker, I approved of this editorial when I first read it, and I approve of it now. I do not think that my honorable friend from West Durham presented the desirability of the immediate construction of the Sault Ste Marie road very much better than the honorable Minister of Railways did in his speeches at Toronto and Montreal, or than the Government organ, the *Toronto Mail*. The reasons which a year ago justified and demanded the early construction of that road are stronger to-day than they were then. The immediate completion of the Northern Pacific Railway is assured; the construction of the line between Sault Ste Marie and Duluth is now being pushed forward; the trade of the North-western States has developed greatly within the past year, and we all appreciate more than ever before the desirability of directing the trade of the North-western States to our seaboard towns. Since that time the Grand Trunk have completed the line between Port Huron and Chicago, and during the first year received 29 per cent. of its entire traffic through its Chicago connection. The census of the United States has been taken, showing an enormous increase in the population of the states and territories, which would be tributary to the Northern Pacific Railway, and whose trade would find the shortest, cheapest, and most direct route to the seaboard over the Sault Ste Marie route. The population of Minnesota, Wisconsin, Washington, Oregon, Montana, Dakota, Idaho and Northern Michigan, states and territories through which the Northern Pacific Railway passes, already have a population of three millions, according to the census of 1880—increasing at the rate of more than one hundred per cent. in ten years, so that within ten years it will be within bounds to say that the North-western States, whose easiest, cheapest, and most direct outlet to the seaboard will be via Sault Ste Marie, will have a population of six millions, which will probably be as great as the entire population of the Dominion at that time. Under the pooling arrangements of the Trunk lines, the Grand Trunk was allowed only seven per cent. of the traffic centreing at Chicago, and yet its earnings from its Chicago connections amounted to five million dollars the first year after the road was opened from Port Huron direct to Chicago. This will enable us to estimate the value to Canada of another direct connection with the trade of the North-western States. The gross receipts of the Union Pacific and Central Pacific Railway Companies for the year 1880 exceeded forty-five million dollars, and it is estimated that for the year 1881 they will exceed fifty millions. Assuming that a portion of the through traffic of this line will be secured by the Northern Pacific Railway Company, and that its cheapest, most direct and natural course will be via Sault Ste Marie to Montreal, I think I am

justified in saying that the trade of the North-western States, to be secured by the Sault Ste Marie connection, will be of far greater value than the trade now secured by the Chicago connection of the Grand Trunk Railway, and, I am inclined to believe that, at an early day, it will exceed in value—not only the trade of the North-western states which we obtain through the Grand Trunk, but also, the trade which comes from the States to Montreal through the Welland and St. Lawrence Canals. But throwing aside the value of the American trade which must flow to Montreal over the Sault Ste Marie line, I desire to call the attention of the House to two or three statements made by the honorable Minister of Railways in his reply to the deputations who waited upon him at Montreal and Toronto. He distinctly states that the Government will complete the line from Thunder Bay to the Red River by July 1st, 1882, and that the line can be completed from Nipissing to Sault Ste Marie by that time. If this be true, there will be no difficulty in securing the construction of the Sault Ste Marie Branch and having it open for traffic by the first day of May, 1883—thereby securing, as the honorable Minister says, a cheaper route for the traffic with our own North-West than via St. Paul and Duluth or Chicago. I also desire to call the attention of the House to the statement made by the honorable Minister of Railways, that there is a good harbor at Sault Ste Marie, and that the honorable member for Algoma informed him that “the lake would be entirely open during the winter and that navigation would not be interrupted for more than five or six weeks.” Now, Sir, we have the authority of the honorable Minister of Railways for stating that the most direct and cheapest route to the North-West territories, can be constructed within two years from the first of July next; that it will give a route through our own territory for at least ten months and a half in each year—statements, which, if they were true when made by the honorable Minister of Railways in Toronto and Montreal, are true to-day, and are good and sufficient reasons for the immediate construction of the Sault Ste Marie road. The honorable Minister of Agriculture has admitted that the great majority of the emigrants arrived in this country during the period of navigation, and that the great majority of emigrants go to Manitoba during the season of navigation. If this be true, within two years we can have the shortest, most direct and cheapest route—not only for freight but for emigrants—through our own territory, if we construct the Sault Ste Marie branch—whereas if we do not construct this line we must continue for ten years to send our emigrants through the United States where, it is said by honorable ministers, a large proportion of them are induced to settle. We are asked to proceed with the immediate construction of the Eastern, or Lake Superior section, for the purpose of securing a route through our own territory for about five or six weeks in each year, and that six weeks at a time when the traffic

es, to be secured between the older and the newer provinces is at the lowest point. We have heard, Mr. Speaker, much sympathy expressed for the poor Syndicate. I think a little sympathy for the poor farmers who are invited and encouraged to settle in the North-West territories would not be misplaced. The farmers of this country rise early and toil late. They honorably earn their bread by the sweat of their brow. They bear the burden and heat of the day and are the real producers of the wealth of the country. It is by the strictest economy and most persistent effort through a life time that they are enabled to purchase and improve upon the average a farm of 100 acres, worth, when they have arrived at the age of three score and ten, from three to ten thousand dollars. As a rule they spend no money upon the comforts and luxuries of life, and are compelled to accept for their labor and capital smaller average returns than any other class in the community. On the other hand, the gentlemen of the Syndicate are millionaires, as is the case with the great majority of the railway managers of this continent. No class of men have been more successful in amassing immense fortunes than those who have had the control of the construction and management of railways. And there are no business investments which have paid a better dividend upon the actual cost of the investment than railways. It is perfectly well known that the capital stock and funded debt of the railways of this continent represent a sum more than twice as great as the actual cost of construction and equipment, or, in other words, whereas the capital stock and funded debt amounts to over five thousand million dollars, the actual cost of construction and equipment does not exceed 2500 million dollars. Assuming that the 86 thousand miles of railway in operation in the United States, in the year 1879, cost upon the average thirty thousand dollars per mile, or 2580 million dollars, the net earnings were equal to eight and a half per cent. It must not be forgotten that more than one-half of the railways have been constructed within ten years, and therefore, a very large proportion of them have been but a short time in operation and their business has not been fully developed. We must not overlook the fact, also, that over twenty-six thousand miles lay west of the Mississippi River in the new states and territories. There is no business on this continent employing so large an amount of capital which has paid as large net returns upon the average as constructing and operating railways. The net profits to the National Banks of the United States, employing 2000 million dollars of capital, did not exceed five per cent. during the year 1879. It is notoriously the fact that there has been, and is great extravagance in the construction and management of railways. Presidents and managers have received greater salaries than in any other line of business. It is very doubtful whether or not farming pays, over and above a fair reward for the services of the farmer and his family, four per cent. upon the capital invested,

and yet we are exempting the Canada Pacific Railway Company from taxation upon its lands, road-bed, rolling stock, &c., and compelling the farmer to not only pay the cost of opening roads and building school houses, &c., but actually to pay the entire cost of protecting the property of the railway company. The 900 miles through the prairie section can undoubtedly be built and equipped for ten million dollars. The construction of the Sault Ste Marie branch can be secured for three million dollars, in all thirteen million dollars, which at four per cent. per annum would be equal to an annual tax upon the country of 520 thousand dollars. Under this contract the Government are to complete the line from Thunder Bay to Winnipeg, and now own the line from Pembina to Winnipeg. The honorable Minister of Railways has said that the prairie section would immediately pay working expenses and a fair and reasonable interest upon the cost of construction. The Government can borrow money at four per cent. per annum. Now, suppose the Government were to announce that they would construct the prairie section as a Government work, and so arrange the tolls on the prairie section and the Thunder Bay and Pembina branches as to pay the Government only four per cent. net upon the actual outlay for the next 25 years, and that private corporations would be allowed to build as many branches as the development of the country demanded, that the freights received from the branch lines would be transported over the main line upon as favorable terms as any other traffic, and the lands offered to actual settlers, and to such only, at a fair price, we should then have a policy which would induce emigrants to settle in that country. Whereas if we confirm this contract we create monopolies and grant privileges and exemptions which will tend to divert emigration to the United States. I am opposed to the confirmation of the contract now upon the table, because it creates a practical monopoly in the construction of railways throughout the fertile section for twenty years, and grants privileges and exemptions which will tend to perpetuate that monopoly. Secondly, because it exempts the lands and property of the railway company from taxation, thereby unjustly increasing the taxation of the farmers whom we hope to induce to settle in that country. Thirdly, because the material used in the construction of the road-bed is exempt from the ordinary and regular custom duties imposed upon other branches of business. Fourthly, because under the contract the Government surrender their right to control the tolls of the railway company until after the net profits of the company exceed ten per cent.—thereby transferring to an irresponsible corporation a control over the carrying trade of the entire country, north and west of Lake Superior, and, fifthly, because the Government have now in their possession from thoroughly responsible parties an offer to construct the road for a less consideration and upon much better terms and conditions. Sixthly. For the reason that the Government in granting

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as a subsidy so large a proportion of the entire cost of constructing the railway, should have reserved the right to resume the road for a reasonable profit over and above the capital, if any, invested by the company in its construction. Seventhly. For the reason that the contract has been made in direct violation of the Canada Pacific Railway Act of 1874, requiring that public tenders when received should be submitted to Parliament for its approval. For these reasons and many others which I might mention, I reaffirm, that the confirmation of the contract will seriously impede the development and settlement of the North-West territories, and that it grants privileges and exemptions which will tend to destroy the peace, well-being and prosperity of those who may settle in that vast region.— (Applause.)

ERRATA.—For \$12,000,000, on p. 11, line 22, read \$112,000,000.
On p. 11, sixth line from the bottom, for 200 tons, read 200,000 tons.



Contract made by the Government with George Stephens and associates, for the construction of the Canada Pacific Railway, October 21st, 1850.

This Contract and Agreement made between Her Majesty the Queen, acting in respect of the Dominion of Canada, and herein represented and acting by the Honorable Sir Charles Tupper K.C.M.G., Minister of Railways and Canals, and George Stephen and Duncan McIntyre, of Montreal, in Canada; John S. Kennedy of New York, in the State of New York; Richard B. Angus and James J. Hill, of St. Paul, in the State of Minnesota; Morton, Rose & Co., of London, England, and Konh Reinach & Co., of Paris, France.

Witness: That the parties hereto have contracted and agreed with each other as follows, namely:

1. For the better interpretation of this contract, it is hereby declared that the portion of railway hereinafter called the eastern section, shall comprise that part of the Canada Pacific Railway to be constructed, extending from the western terminus of the Canada Central Railway, near the east end of Lake Nipissing, known as Callender Station, to a point of junction with that portion of the said Canada Pacific Railway now in course of construction extending from Lake Superior to Selkirk on the east side of the Red River; which latter portion is hereinafter called the Lake Superior section. That the portion of said railway now partially in course of construction, extending from Selkirk to Kamloops, is hereinafter called the central section: and the portion of said railway now in course of construction, extending from Kamloops to Port Moody, is hereinafter called the western section. And that the words "the Canadian Pacific Railway," are intended to mean the entire railway as described in the Act 37th Victoria, cap 14. The individual parties hereto, are hereinafter described as the company: and the Government of Canada is hereinafter called the Government.

2. The contractors immediately after the organization of the said company, shall deposit with the Government \$1,000,000 in cash or approved securities, as a security for the construction of the railway hereby contracted for. The Government shall pay to the company interest on the cash deposited at the rate of four per cent. per annum, half-yearly and shall pay over to the company the interest received upon securities deposited, the whole until default in the performance of the conditions hereof, or until the repayment of the deposit, and shall return the deposit to the company on the completion of the railway, according to the terms hereof, with any interest accrued thereon.

3. The company shall lay out, construct and equip the said eastern section, and the said central section, of a uniform gauge of 4 feet 8½ inches, and in order to establish an approximate standard whereby the quality and the character of the railway and of the materials used in the construction thereof, and the equipment thereof may be regulated, the Union Pacific Railway of the United States as the same was when first constructed, is hereby selected and fixed as such standard. And if the Government and the company should be unable to agree as to whether or not any work done or materials furnished under the contract are in fair conformity with such standard, or as to any other question of fact, excluding questions of law, the subject of disagreement shall

be from time to time referred to the determination of three referees, one of whom shall be chosen by the Government, one by the company, and one by the two referees so chosen, and such referees shall decide as to the party by whom the expense of such reference shall be defrayed. And if such two referees should be unable to agree upon a third referee, he shall be appointed at the instance of either party hereto, after notice to the other, by the Chief Justice of the Supreme Court of Canada. And the decision of such referees, or of the majority of them, shall be final.

4. The work of construction shall be commenced at the eastern section not later than the first day of July next, and the work upon the central section shall be commenced by the company at such point towards the eastern end thereof on the portion of the line now under construction as shall be found convenient and as shall be approved by the Government, at a date not later than the first May next. And the work upon the eastern and central sections, shall be vigorously and continuously carried on at such rate of annual progress on each section as shall enable the company to complete and equip the same and each of them, in running order, on or before the first day of May, 1891, by which date the company hereby agree to complete and equip the said sections in conformity with this contract, unless prevented by the act of God, the Queen's enemies, intestine disturbances, epidemics, floods, or other causes beyond the control of the company. And in case of the interruption or obstruction of the work of construction from any of the said causes, the time fixed for the completion of the railway shall be extended for a corresponding period.

5. The company shall pay to the Government the cost, according to the contract of the portion of railway, 100 miles in length, extending from the city of Winnipeg westward up to the time at which the work was taken out of the hands of the contractor and the expense since incurred by the Government in the work of construction, but shall have the right to assume the said work at any time and complete the same, paying the cost of construction as aforesaid so far as the same shall then have been incurred by the Government.

6. Unless prevented by the act of God, the Queen's enemies, intestine disturbances, epidemics, floods or other causes beyond the control of the Government, the Government shall cause to be completed the said Lake Superior section, by the dates fixed by the existing contracts for the construction thereof; and shall also cause to be completed the portion of the said western section now under contract, namely, from Kamloops to Yale, within the period fixed by the contracts therefor, namely, by the thirtieth day of June, 1885; and shall also cause to be completed, on or before the first day of May, 1891, the remaining portion of the said western section, lying between Yale and Port Moody, which shall be constructed of equally good quality in every respect with the standard hereby created for the portion hereby contracted for. And the said Lake Superior section, and the portions of the said western section now under contract, shall be completed as nearly as practicable according to the specifications and conditions of the contracts therefor, except in so far as the same have been modified by the Government prior to this contract.

7. The railway constructed under the terms hereof shall be the property of the company; and pending the completion of the eastern and central sections, the Government shall transfer to the company the possession and right to work and run the several portions of the Canada Pacific Railway already constructed or as the same shall be completed. And upon the completion of the eastern and central sections, the Government shall convey to the company, with a suitable number of station buildings and with water service (but without equipment), those portions of the Canadian Pacific Railway constructed or to be constructed by the Government which shall then be completed; and upon

THE SYNDICATE CONTRACT.

completion of the remainder of the portion of railway to be constructed by the Government, that portion shall also be conveyed to the company, and the Canadian Pacific Railway shall become, and be thereafter the absolute property of the company. And the company shall thereafter and forever efficiently maintain, work and run the Canadian Pacific Railway.

8. Upon the reception from the Government of the possession of each of the respective portions of the Canadian Pacific Railway, the company shall equip the same in conformity with the standard herein established for the equipment of the sections hereby contracted for, and shall thereafter maintain and efficiently operate the same.

9. In consideration of the premises, the Government agree to grant to the company a subsidy in money of \$25,000,000, and in land 25,000,000 acres, for which subsidies the construction of the Canadian Pacific Railway shall be completed and the same shall be equipped, maintained and operated, the said subsidies respectively to be paid and granted as the work of construction shall proceed, in manner and upon the conditions following, that is to say:

a. The said subsidy in money is hereby divided and appropriated as follows, namely:—

	CENTRAL SECTION.	
Assumed at 1,350 miles —		
1st.—900 miles, at \$10,000 per mile.....	\$ 9,000,000	
2nd.—450 " " 13,333 " "	6,000,000	\$15,000,000

	EASTERN SECTION.	
Assumed at 650 miles, subsidy equal to \$15,384.61 per mile.....	10,000,000	\$25,000,000

And the said subsidy in land is hereby divided and appropriated as follows, subject to the reserve hereafter provided for.

	CENTRAL SECTION.	
1st.—900 miles, at 12,500 acres per mile.....	11,250,000	
2nd.—450 " " 16,666.66 " "	7,500,000	18,750,000

	EASTERN SECTION.	
Assumed at 650 miles, subsidy equal to 9,615.35 acres per mile...	6,250,000	25,000,000

b. Upon the construction of any portion of the railway hereby contracted for, not less than 20 miles in length and the completion thereof so as to admit of the running of regular trains thereon, together with such equipment thereof as shall be required for the traffic thereon, the Government shall pay and grant to the company the money, and land subsidies applicable thereto, according to the division and appropriation thereof made, as hereinbefore provided; the company having the option of receiving in lieu of cash, terminable bonds of the Government, bearing such rate of interest for such period and nominal amount as may be arranged, and which may be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on monies deposited with them.

c. If at any time the company shall cause to be delivered on or near the line of the said railway, at a place satisfactory to the Government, steel rails and fastenings to be used in the construction of the railway, but in advance of the requirements for such construction, the Government, on the requisition of the company, shall, upon such terms and conditions as shall be determined by the Government, advance thereon three-fourths of the value thereof at the place of delivery. And a proportion of the amount so advanced shall be deducted according to such terms and conditions from the subsidy to be there-

after paid, upon the settlement for each section of 20 miles of railway, which proportion shall correspond with the proportion of such rails and fastenings which have been used in the construction of such sections.

d. Until the first day of January, 1882, the company shall have the option, instead of issuing land grant bonds as hereinafter provided, of substituting the payment by the Government of the interest (or part of the interest) on bonds of the company, mortgaging the railway and the lands to be granted by the Government, running over such term of years as may be approved by the the Governor in Council in lieu of the cash subsidy hereby agreed to be granted to the company or any part thereof; such payments of interest to be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on monies deposited with them; and the coupons representing the interest on such bonds shall be guaranteed by the Government to the extent of such equivalent. And the proceeds of the sale of such bonds to the extent of not more than \$25,000,000 shall be deposited with the Government, and the balance of such proceeds shall be placed elsewhere by the company, to the satisfaction, and under the exclusive control of the Government; failing which last condition the bonds in excess of those sold shall remain in the hands of the Government. And from time to time as the work proceeds, the Government shall pay over to the company: firstly, out of the amount so to be placed by the company,—and after the expenditure of that amount, out of the amount deposited with the Government,—sums of money bearing the same proportion to the mileage cash subsidy hereby agreed upon, which the net proceeds of such sale (if the whole of such bonds are sold upon the issue thereof) or, if such bonds be not all then sold, the net proceeds of the issue, calculated at the rate at which the sale of part of them shall have been made, shall bear to the sum of \$25,000,000. But if only a portion of the bond issue be sold, the amount earned by the company according to the proportion aforesaid, shall be paid to the company, partly out of the bonds in the hands of the Government, and partly out of the cash deposited with the Government, in similar proportions to the amount of such bonds sold and remaining unsold respectively; and the company shall receive the bonds so paid as cash at the rate at which the said partial sale thereof shall have been made. And the Government will receive and hold such sum of money towards the creation of a sinking fund for the redemption of such bonds and upon such terms and conditions; as shall be agreed upon between the Government and the company.

e. If the company avail themselves of the option granted by clause d, the sum of \$2,000 per mile for the first eight hundred miles of the central section shall be deducted *pro rata* from the amount payable to the company in respect of the said eight hundred miles, and shall be appropriated to increase the mileage cash subsidy appropriated to the remainder of the said central section.

10. In further consideration of the premises the Government shall also grant to the company the lands required for the road-bed of the railway, and for its stations, station grounds, workshops, dock ground and water frontage at the termini on navigable waters, buildings, yards, and other appurtenances required for the convenient and effectual construction and working of the railway, in so far as such land shall be vested in the Government. And the Government shall also permit the admission free of duty, of all steel rails, fish plates and other fastenings, spikes, bolts and nuts, wire, timber and all material for bridges, to be used in the original construction of the railway, and of a telegraph line in connection therewith, and all telegraphic apparatus required for the first equipment of such telegraph line. And will convey to the company, at cost price, with interest, all rails and fastenings bought in or

constructed by the company, and the the absolute pro- after and forever way.

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since the year 1879, and other material for construction in the possession of or purchased by the Government at a valuation; such rails, fastenings and material not being required by it for the construction of the said Lake Superior and western sections.

11. The grant of land hereby agreed to be made to the company, shall be so made in alternate sections of 640 acres each, extending back 24 miles deep, on each side of the railway, from Winnipeg to Jasper House, in so far as such lands shall be vested in the Government, the company receiving the sections bearing uneven numbers. But should any of such sections consist in a material degree of land not fairly fit for settlement, the company shall not be obliged to receive them as a part of such grant, and the deficiency thereby caused and any further deficiency which may arise from the insufficient quantity of land along the said portion of railway, to complete the said 25,000,000 acres, or from the prevalence of lakes and water stretches in the section granted (which lakes and water stretches shall not be computed in the acreage of such sections), shall be made up from other portions to be selected by the company in the tract known as the fertile belt, that is to say the land lying between parallels 49 and 57 degrees of north latitude or elsewhere at the option of the company by the grant therein of similar alternate sections extending back 24 miles deep on each side of any branch line or lines of railway to be located by the company, and to be shown on a map or plan thereof deposited with the Minister of Railways; or of any common frontline or lines agreed upon between the Government and the company, the conditions hereinbefore stated as to lands not fairly fit for settlement to be applicable to such additional grants. And the company may with the consent of the Government, select in the North-West territories any tract or tracts of land not taken up as a means of supplying or partially supplying such deficiency. But such grants shall be made only from lands remaining vested in the Government.

12. The Government shall extinguish the Indian title affecting the lands herein appropriated, and to be hereinafter granted in aid of the railway.

13. The company shall have the right, subject to the approval of the Governor in Council to lay out and locate the line of the railway hereby contracted for, as they may see fit, preserving the following terminal points, namely: from Callander station to the point of junction with the Lake Superior section; and from Selkirk to the junction with the western section at Kamloops by way of the Yellow Head Pass.

14. The company shall have the right, from time to time, to lay out, construct, equip, maintain and work branch lines of railway from any point or points along their main line of railway, to any point or points within the territory of the Dominion. Provided always that before commencing any branch they shall first deposit a map and plan of such branch in the Department of Railways. And the Government shall grant to the company the lands required for the road bed of such branches, and for the stations, station grounds, buildings, workshops, yards and other appurtenances requisite for the efficient construction and working of such branches in so far as such lands are vested in the Government.

15. From 20 years from the date hereof, no line of railway shall be authorized by the Dominion Parliament to be constructed south of the Canada Pacific Railway, from any point at or near the Canada Pacific Railway except such line as shall run south west, or to the westward of south west: nor to within fifteen miles of latitude 49. And in the establishment of any new Province in the North-West territories, provision shall be made for continuing such prohibition after such establishment until the expiration of the said period.

16. The Canadian Pacific Railway, and all stations and station grounds, work-shops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the company shall be forever free from taxation by the Dominion, or by any Province hereafter to be established or by any Municipal Corporation therein, and the lands of the company, in the North-West territories, until they are either sold or occupied, shall also be free from such taxation for 20 years after the grant thereof from the Crown.

17. The company shall be authorized by their Act of incorporation to issue bonds, secured upon the land granted and to be granted to the company, containing provisions for the use of such bonds in the acquisition of lands, and such other conditions as the company shall see fit, such issue to be for \$25,000,000. And should the company make such issue of land grant bonds, then they shall deposit them in the hands of the Government; and the Government shall retain and hold one-fifth of such bonds as security for the due performance of the present contract in respect of the maintenance and continuous working of the railway by the company, as herein agreed, for ten years after the completion thereof, and the remaining \$20,000,000 of such bonds shall be dealt with as hereinafter provided. And as to the said one-fifth of the said bonds, so long as no default shall occur in the maintenance and working of the said Canadian Pacific Railway, the Government shall not present or demand payment of the coupons of such bonds, nor require payment of any interest thereon. And if any of such bonds so to be retained by the Government shall be paid off in the manner to be provided for the extinction of the whole issue thereof, the Government shall hold the amount received in payment thereof as security for the same purposes as the bonds so paid off, paying interest thereon at four per cent. per annum so long as default is not made by the company in the performance of the conditions hereof. And at the end of the said period of ten years from the completion of the said railway, if no default shall then have occurred in such maintenance and working thereof, the said bonds, or if any of them shall then have been paid off, the remainder of said bonds and the money received for those paid off, with accrued interest shall be delivered back by the Government to the company with all the coupons attached to such bonds. But if such default should occur, the Government may thereafter require payment of interest on the bonds so held, and shall not be obliged to continue to pay interest on the money representing bonds paid off; and while the Government shall retain the right to hold the said portion of the said land grant bonds, other securities satisfactory to the Government may be substituted for them by the company by agreement with the Government.

18. If the company shall find it necessary or expedient to sell the remaining \$20,000,000 of land grant bonds or a larger portion thereof than in the proportion of one dollar for each acre of land then earned by the company, they shall be allowed to do so, but the proceeds thereof, over and above the amount to which the company shall be entitled as herein provided, shall be deposited with the Government. And the Government shall pay interest upon such deposit half-yearly, at the rate of four per cent. per annum, and shall pay over the amount of such deposit to the company from time to time as the work proceeds, in the same proportion, and at the same times and upon the same conditions as the land grant—that is to say: the company shall be entitled to receive from the Government out of the proceeds of the said land grant bonds, the same number of dollars as the number of acres of land subsidy which shall then have been earned by them, less one fifth thereof, that is to say, if the bonds are sold at par, but if they are sold at less than par, then a deduction shall be made therefrom corresponding to the discount at

which such bonds are sold. And such land grant shall be conveyed to them by the Government, subject to the charge created as security for the said land grant bonds, and shall remain subject to such charge till relieved thereof in such manner as shall be provided for at the time of the issue of such bonds.

19. The company shall pay any expenses which shall be incurred by the Government in carrying out the provisions of the two last preceding clauses of this contract.

20. If the company should not issue such land grant bonds, then the Government shall retain from out of each grant to be made from time to time every fifth section of the lands hereby agreed to be granted, such lands to be so retained as security for the purposes, and for the length of time, mentioned in section eighteen hereof. And such lands may be sold in such manner and at such prices as shall be agreed upon between the Government and the company, and in that case the price thereof shall be paid to, and held by the Government for the same period, and for the same purpose as the land itself, the Government paying four per cent. per annum interest thereon. And other securities satisfactory to the Government may be substituted for such lands or money by agreement with the Government.

21. The company to be incorporated, with sufficient powers to enable them to carry out the foregoing contract, and this contract shall only be binding in the event of an Act of incorporation being granted to the company in the form hereby appended as Schedule A.

22. The Railway Act of 1879, in so far as the provisions of the same are applicable to the undertaking referred to in this contract, and in so far as they are not inconsistent herewith or inconsistent with or contrary to the provisions of the Act of incorporation to be granted to the company, shall apply to the Canadian Pacific Railway.

In witness whereof the parties hereto have executed these presents at the City of Ottawa, this twenty-first day of October, 1880.

(Signed)

CHARLES TUPPER,

Minister of Railways and Canals.

“

GEO. STEPHEN,

“

DUNCAN McINTYRE,

“

J. S. KENNEDY,

“

R. B. ANGUS,

“

J. J. HILL,

Per pro. Geo. Stephen.

“

MORTON, ROSE & Co.,

“

KOHN, REINACH & Co.,

By P. Du-P. Grenfell.

Signed in presence of F. BRAUN,
and Seal of the Department
hereto affixed by Sir CHARLES
TUPPER, in presence of

(Signed)

F. BRAUN.

SCHEDULE A, REFERRED TO IN THE FOREGOING CONTRACT.

INCORPORATION.

1. George Stephen, of Montreal, in Canada, Esquire; Duncan McIntyre, of Montreal, aforesaid, Merchant; John S. Kennedy, of New York, in the State of New York, Banker; the firm of Morton, Rose and Company, of London, in England, Merchants; the firm of Kohn, Reinach and Company, of Paris, in France, Bankers; Richard B. Angus and James J. Hill, both of St. Paul, in the State of Minnesota, Esquires; with all such other persons and corporations as shall become shareholders in the company hereby incorporated, shall be and they are hereby constituted a body corporate and politic, by the name of the "Canadian Pacific Railway Company."

2. The capital stock of the company shall be twenty-five million dollars, divided into shares of one hundred dollars each, which shares shall be transferable in such manner and upon such conditions as shall be provided by the by-laws of the company; and such shares, or any part thereof, may be granted and issued as paid-up shares for value *bona fide* received by the company, either in money at par or at such price and upon such conditions as the board of directors may fix; or as part of the consideration of any contract made by the company.

3. As soon as five million dollars of the stock of the company have been subscribed, and thirty per centum thereof paid up, and upon the deposit with the Minister of Finance of the Dominion of one million dollars in money, or in securities approved by the Governor in Council, for the purpose and upon the conditions in the foregoing contract provided, the said contract shall become and be transferred to the company, without the execution of any deed or instrument in that behalf; and the company shall, thereupon, become and be vested with all the rights of the contractors named in the said contract, and shall be subject to, and liable for, all their duties and obligations, to the same extent and in the same manner as if the said contract had been executed by the said company instead of by the said contractors; and thereupon the said contractors, as individuals, shall cease to have any right or interest in the said contract, and shall not be subject to any liability or responsibility under the terms thereof otherwise than as members of the corporation hereby created. And upon the performance of the said conditions respecting the subscription of stock, the partial payment thereof, and the deposit of one million dollars to the satisfaction of the Governor in Council, the publication by the Secretary of State in the *Canada Gazette*, of a notice that the transfer of the contract to the company has been effected and completed shall be conclusive proof of the fact. And the company shall cause to be paid up, on or before the first day of May next, a further instalment of twenty per centum upon the said first subscription of five million dollars, of which call thirty days notice by circular mailed to each shareholder shall be sufficient. And the company shall call in, and cause to be paid up, on or before the 31st day of December, 1882, the remainder of the said first subscription of five million dollars.

4. All the franchises and powers necessary or useful to the company to enable them to carry out, perform, enforce, use and avail themselves of, every condition, stipulation, obligation, duty, right, remedy, privilege, and advantage agreed upon, contained or described in the said contract, are hereby conferred upon the company. And the enactment of the special provisions hereinafter

contained shall not be held to impair or derogate from the generality of the franchises and powers so hereby conferred upon them.

DIRECTORS.

5 The said George Stephen, Duncan McIntyre, John S. Kennedy, Richard B. Angus, James J. Hill, Henry Stafford Northcote, of London, aforesaid, Esquires; Pascoe du P. Grenfell, of London, aforesaid, Merchant, Charles Day Rose, of London, aforesaid, Merchant, and Baron J. de Reinach, of Paris, aforesaid, Banker; are hereby constituted the first directors of the company, with power to add to their number, but so that the directors shall not in all exceed fifteen in number; and the majority of the directors, of whom the president shall be one, shall be British subjects. And the Board of Directors so constituted shall have all the powers hereby conferred upon the directors of the company, and they shall hold office until the first annual meeting of the shareholders of the company.

6. Each of the directors of the company, hereby appointed, or hereafter appointed or elected, shall hold at least two hundred and fifty shares of the stock of the company. But the number of directors to be hereafter elected by the shareholders shall be such, not exceeding fifteen, as shall be fixed by by-law, and subject to the same conditions as the directors appointed by, or under the authority of, the last preceding section the number thereof may be hereafter altered from time to time in like manner. The votes for their election shall be by ballot.

7. A majority of the directors shall form a quorum of the board, and until otherwise provided by by-law, directors may vote and act by proxy, such proxy to be held by a director only; but no director shall hold more than two proxies, and no meeting of directors shall be competent to transact business unless at least three directors are present thereat in person, the remaining number of directors required to form a quorum being represented by proxies.

8. The board of directors may appoint from out of their number an Executive Committee, composed of at least three directors, for the transaction of the ordinary business of the company, with such powers and duties as shall be fixed by the by-laws; and the president shall be *ex officio* a member of such committee.

9. The chief place of business of the company shall be at the city of Montreal, but the company may from time to time, by by-law, appoint and fix other places within or beyond the limits of Canada at which the business of the company may be transacted; and at which the directors or shareholders may meet, when called as shall be determined by the by-laws. And the company shall appoint and fix by by-law, at least one place in each Province or Territory through which the railway shall pass, where service of process may be made upon the Company, in respect of any cause of action arising within such Province or Territory; and may afterwards, from time to time, change such place by By-law. And a copy of any By-law fixing or changing any such place, duly authenticated as herein provided, shall be deposited by the Company in the office, at the seat of Government of the Province or Territory to which such By-law shall apply, of the Clerk or Prothonotary of the highest, or one of the highest, Courts of civil jurisdiction of such Province or Territory. And if any cause of action shall arise against the Company within any Province or Territory, and any writ or process be issued against the Company thereon out of any Court in such Province or Territory, service of such process may be validly made upon the company at the place within such Province or Territory so appointed and fixed; but if the company fail to appoint and fix such place, or to deposit as hereinbefore provided, the by-law made in that behalf, any

such process may be validly served upon the company, at any of the stations of the said railway within such Province or Territory.

SHAREHOLDERS.

10. The first annual meeting of the shareholders of the company, for the appointment of directors, shall be held on the second Wednesday in May, 1882, at the principal office of the company, in Montreal; and the annual general meeting of shareholders, for the election of directors and the transaction of business generally, shall be held on the same day in each year thereafter at the same place unless otherwise provided by the by-laws. And notice of each of such meetings shall be given by the publication thereof in the *Canada Gazette* for four weeks, and by such further means as shall from time to time be directed by the by-laws.

11. Special general meetings of the shareholders may be convened in such manner as shall be provided by the by-laws. And except as hereinafter provided, notice of such meetings shall be given in the same manner as notice of annual general meetings, the purpose for which such meeting is called being mentioned in the notices thereof; and, except as hereinafter provided, all such meetings shall be held at the chief place of business of the company.

12. If at any time before the first annual meeting of the shareholders of the company, it should become expedient that a meeting of the directors of the company, or special general meeting of the shareholders of the company, should be held, before such meeting can conveniently be called, and notice thereof given in the manner provided by this Act, or by the by-laws; or before by-laws in that behalf have been passed; and at a place other than at the chief place of business of the company in Montreal before the enactment of a by-law authorizing the holding of such meeting elsewhere; it shall be lawful for the President or for any three of the directors of the company to call special meetings either of directors or shareholders, or of both, to be held at the city of London in England, and times and places respectively, to be stated in the notice to be given of such meetings respectively. And notices of such meetings may be validly given by a circular mailed to the ordinary address of each director or shareholder as the case may be, in time to enable him to attend such meeting, stating in general terms the purpose of the intended meeting. And in the case of a meeting of shareholders, the proceedings of such meeting shall be held to be valid and sufficient, and to be binding on the company in all respects, if every shareholder of the company be present thereat in person or by proxy: notwithstanding that notice of such meeting shall not have been given in the manner required by this Act.

13. No shareholder holding shares upon which any call is overdue and unpaid shall vote at any meeting of shareholders. And unless otherwise provided by the by-laws, the person holding the proxy of a shareholder shall be himself a shareholder.

14. No call upon unpaid shares shall be made for more than twenty per centum upon the amount thereof.

RAILWAY AND TELEGRAPH LINE.

15. The company may let out, construct, acquire, equip, maintain and work a continuous line of railway, of the gauge of four feet eight and one-half inches; which railway shall extend from the terminus of the Canada Central Railway near Lake Nipissing, known as Callander Station, to Port Moody in the Province of British Columbia; and also, a branch line of railway from some point on the main line of railway to Fort William on Thunder Bay; and also the existing branch line of railway from Selkirk in the province of

Manitoba to Pembina in the said province; and also other branches to be located by the company from time to time as provided by the said contract; the said branches to be of the gauge aforesaid; and the said main line of railway, and the said branch lines of railway, shall be commenced and completed as provided by the said contract; and together with such other branch lines as shall be hereafter constructed by the said company, and any extension of the said main line of railway that shall hereafter be constructed or acquired by the company, shall constitute the line of railway hereinafter called THE CANADIAN PACIFIC RAILWAY.

16. The company may construct, maintain and work a continuous telegraph line and telephone lines throughout and along the whole line of the Canadian Pacific Railway, or any part thereof, and may also construct or acquire by purchase, lease or otherwise, any other line or lines of telegraph connecting with the line so to be constructed along the line of the said railway, and may undertake the transmission of messages for the public by any such line or lines of telegraph or telephone, and collect tolls for so doing; or may lease such line or lines of telegraph or telephone, or any portion thereof; and, if they think proper to undertake the transmission of messages for hire, they shall be subject to the provisions of the fourteenth, fifteenth and sixteenth sections of chapter sixty-seven of the Consolidated Statutes of Canada. And they may use any improvement that may hereafter be invented (subject to the rights of patentees) for telegraphing and telephoning, and any other means of communication that may be deemed expedient by the company at any time hereafter.

POWERS.

17. "The Consolidated Railway Act, 1879," in so far as the provisions of the same are applicable to the undertaking authorized by this charter, and in so far as they are not inconsistent with or contrary to the provisions hereof, and save and except as hereinafter provided, is hereby incorporated herewith.

18. As respects the said railway, the seventh section of "*The Consolidated Railway Act, 1879*," relating to *Powers*, and the eighth section thereof relating to *Plans and Surveys*, shall be subject to the following provisions:—

a. The company shall have the right to take, use and hold the beach and land below high water mark, in any stream, lake, navigable water, gulf or sea, in so far as the same shall be vested in the crown and shall not be required by the crown; to such extent as shall be required by the company for its railway and other works, and as shall be exhibited by a map or plan thereof deposited in the office of the Minister of Railways. But the provisions of this sub-section shall not apply to any beach or land lying East of Lake Nipissing except with the approval of the Governor in Council.

b. It shall be sufficient that the map or plan and book of reference for any portion of the line of the railway, not being within any district or county for which there is a Clerk of the Peace, be deposited in the office of the Minister of Railways of Canada, and any omission, mis-statement or erroneous description of any lands therein may be corrected by the company, with the consent of the Minister and certified by him; and the company may then make the railway in accordance with such certified correction.

c. The eleventh sub-section of the said eighth section of the Railway Act shall not apply to any portion of the railway passing over ungranted lands of the crown, or lands not within any surveyed township in any province; and in such places, deviations not exceeding five miles from the line shown on the map or plan as aforesaid, deposited by the company, shall be allowed without any formal correction or certificate; and any further deviation that may be found

expedient may be authorized by order of the Governor in Council, and the company may then make their railway in accordance with such authorized deviation.

d. The map or plan and book of reference of any part of the main line of the Canadian Pacific Railway made and deposited in accordance with this section, after approval by the Governor in Council, and of any branch of such railway hereafter to be located by the said company in respect of which the approval of the Governor in Council shall not be necessary, shall avail as if made and deposited as required by the said "*Consolidated Railway Act, 1879*," for all the purposes of the said Act, and of this Act; and any copy of, or extract therefrom, certified by the said Minister or his deputy, shall be received as evidence in any court of law in Canada.

e. It shall be sufficient that a map or profile of any part of the completed railway, which shall not lie within any county or district having a registry office, be filed in the office of the Minister of Railways.

19. It shall be lawful for the company to take from any public lands adjacent to or near the line of the said railway, all stone, timber, gravel and other materials which may be necessary or useful for the construction of the railway; and also to lay out and appropriate to the use of the company, a greater extent of lands, whether public or private, for stations, depots, workshops, buildings, side-tracks, wharves, harbors and road-way, and for establishing screens against snow, than the breadth and quantity mentioned in "*The Consolidated Railway Act, 1879*," such greater extent taken, in any case, being allowed by the Government, and shown on the maps or plans deposited with the Minister of Railways.

20. The limit to the reduction of tolls by the Parliament of Canada provided for by the eleventh sub-section of the 17th section of the *Consolidated Railway Act, 1879*, respecting TOLLS, is hereby extended, so that such reduction may be to such an extent that such tolls when reduced shall not produce less than ten per cent. per annum profit on the capital actually expended in the construction of the railway, instead of not less than fifteen per cent. per annum profit, as provided by the said sub-section; and so also that such reduction shall not be made unless the net income of the company, ascertained as described in said sub-section, shall have exceeded ten per cent. per annum instead of fifteen per cent. per annum as provided by the said sub-section. And the exercise by the Governor in Council of the power of reducing the tolls of the company as provided by the tenth sub-section of said section seventeen is hereby limited to the same extent with relation to the profit of the company, and to its net revenue, as that to which the power of Parliament to reduce tolls is limited by said sub-section eleven as hereby amended.

21. The first and second sub-sections of section 22, of the *Consolidated Railway Act, 1879*, shall not apply to the Canadian Pacific Railway Company; and it is hereby enacted that the transfer of shares in the undertaking shall be made only upon the books of the company in person or by attorney, and shall not be valid unless so made; and the form and mode of transfer shall be such as shall be from time to time regulated by the by-laws of the company. And the funds of the company shall not be used in any advance upon the security of any of the shares or stock of the company.

22. The third and fourth sub-sections of said section 22 of the *Consolidated Railway Act of 1879*, shall be subject to the following provisions, namely, that if before the completion of the railway and works under the said contract, any transfer should purport to be made of any stock or share in the company, or any transmission of any share should be effected under the provisions of said

sub-section four; to a person not already a shareholder in the company; and if in the opinion of the Board it should not be expedient that the person (not being already a shareholder) to whom such transfer or transmission shall be made or effected should be accepted as a shareholder; the directors may by resolution veto such transfer or transmission; and thereafter, and until after the completion of the said railway and works under the said contract, such persons shall not be, or be recognized as a shareholder in the company; and the original shareholder, or his estate, as the case may be, shall remain subject to all the obligations of a shareholder in the company, with all the rights conferred upon a shareholder under this Act. But any firm holding paid-up shares in the company may transfer the whole or any of such shares to any partner in such firm having already an interest as such partner in such shares, without being subject to such veto. And in the event of such veto being exercised, a note shall be taken of the transfer or transmission so vetoed in order that it may be recorded in the books of the company after the completion of the railway and works as aforesaid: But until such completion, the transfer or transmission so vetoed shall not confer any rights, nor have any effect of any nature or kind whatever as respects the company.

23. Sub-section sixteen of section nineteen, relating to PRESIDENT AND DIRECTORS, THEIR ELECTION AND DUTIES; sub section two of section twenty-four, relating to BY-LAWS, NOTICES, &c., sub-sections, five and six of section twenty-seven, relating to GENERAL PROVISIONS, and section ninety-seven, relating to RAILWAY FUND, of the *Consolidated Railway Act, 1879*, shall not, nor shall any of them apply to the Canadian Pacific Railway or to the company hereby incorporated.

24. The said company shall afford all reasonable facilities to the Ontario Pacific Junction Railway Company when their railway shall be completed to a point of junction with the Canada Pacific Railway; and to the Canada Central Railway Company, for the receiving, forwarding and delivering of traffic upon and from the railways of the said companies, respectively; and for the return of carriages, trucks and other vehicles; and no one of the said companies shall give or continue any preference or advantage to, or in favor of either of the others, or of any particular description of traffic, in any respect whatsoever; nor shall any one of the said companies subject any other thereof, or any particular description of traffic, to any prejudice or disadvantage in any respect whatsoever; and any one of said companies which shall have any terminus or station near any terminus or station of either of the others, shall afford all reasonable facilities for receiving and forwarding all the traffic arriving by either of the others, without any unreasonable delay, and without any preference or advantage, or prejudice or disadvantage; and so that no obstruction may be offered in the using of such railway as a continuous line of communication; and so that all reasonable accommodation may at all times, by the means aforesaid, be mutually afforded by and to the said several railway companies; and the said Canadian Pacific Railway Company shall receive and carry all freight and passenger traffic shipped to or from any point on the railway of either of the said above named railway companies passing over the Canadian Pacific Railway or any part thereof, at the same mileage rate and subject to the same charges for similar services; without granting or allowing any preference or advantage to the traffic coming from or going upon one of such railways over such traffic coming from or going upon the other of them, reserving, however, to the said Canadian Pacific railway Company the right of making special rates for purchasers of land, or for emigrants or intending emigrants, which special rates shall not govern or affect the rates of passenger traffic as between the said company and the said two above named companies or either of them. And any agreement made between any two of the said

companies contrary to the foregoing provisions, shall be unlawful, null and void.

25. The company, under the authority of a special general meeting of the shareholders thereof; and as an extension of the railway hereby authorized to be constructed; may purchase or acquire by lease or otherwise, and hold and operate, the Canada Central Railway, or may amalgamate therewith, and may purchase or acquire by lease or otherwise and hold and operate a line or lines of railway from the city of Ottawa to any point at navigable water on the Atlantic seaboard or to any intermediate point, or may acquire running powers over any railway now constructed between Ottawa and any such point or intermediate point. And the company may purchase or acquire any such railway subject to such existing mortgages, charges or liens thereon as shall be agreed upon; and shall possess with regard to any lines of railway so purchased, or acquired, and becoming the property of the company, the same powers as to the issue of bonds thereon, or on any of them, to an amount not exceeding twenty thousand dollars per mile; and as to the security for such bonds, as are conferred upon the company by the twenty-seventh section hereof, in respect of bonds to be issued upon the Canadian Pacific Railway. But such issue of bonds shall not affect the right of any holder of mortgages or other charges already existing upon any line of railway so purchased or acquired; and the amount of bonds hereby authorized to be issued upon such line of railway shall be diminished by the amount of such existing mortgages or charges thereon.

26. The company shall have power and authority to erect and maintain docks, dockyards, wharves, slips and piers at any point on or in connection with the said Canadian Pacific Railway, and at all the termini thereof on navigable water, for the convenience and accommodation of vessels and elevators; and also to acquire, and work elevators, and to acquire, own, hold, charter, work, and run, steam and other vessels for cargo and passengers upon any navigable water, which the Canadian Pacific Railway may reach or connect with.

BY-LAWS.

27. The by-laws of the company may provide for the remuneration of the president and directors of the company, and of any executive committee of such directors; and for the transfer of stock and shares; the registration and inscription of stock, shares, and bonds, and the transfer of registered bonds; and the payment of dividends and interest; at any place or places within or beyond the limits of Canada; and for all other matters required by the said contract or by this Act to be regulated by by-laws. But the by-laws of the company made as provided by law shall in no case have any force or effect after the next general meeting of shareholders, which shall be held after the passage of such by-laws, unless they are approved by such meeting.

BONDS.

28. The company, under the authority of a special general meeting of the shareholders called for the purpose, may issue mortgage bonds to the extent of ten thousand dollars per mile of the Canadian Pacific Railway for the purpose of the undertaking authorized by the present Act; which issue shall constitute a first mortgage and privilege upon the said railway, constructed or acquired, and to be thereafter constructed, or acquired, and upon its property, real and personal, acquired and to be thereafter acquired including rolling stock, and plant; and upon its tolls and revenues (after deducting from such tolls and revenues of working expenses); and upon the franchises of the company; the whole as shall be declared and described as so mortgaged in any

deed of mortgage as hereinafter provided. Provided always, however, that if the company shall have issued, or shall intend to issue land grant bonds under the provisions of the thirteenth section hereof, the lands granted and to be granted by the Government to the company may be excluded from the operation of such mortgage and privilege; and provided also that such mortgage and privilege shall not attach upon any property which the company are hereby, or by the said contract, authorized to acquire or receive from the Government of Canada until the same shall have been conveyed by the Government to the company; but shall attach upon such property, if so declared in such deed, as soon as the same shall be conveyed to the company. And such mortgage and privilege may be evidenced by a deed or deeds of mortgage executed by the company, with the authority of its shareholders expressed by a resolution passed at such special general meeting; and any such deed may contain such description of the property mortgaged by such deed, and such conditions respecting the payment of the bonds secured thereby and of the interest thereon, and the remedies which shall be enjoyed by the holders of such bonds or by any trustee or trustees for them in default of such payment; and the enforcement of such remedies; and may provide for such forfeitures and penalties, in default of such payment; as may be approved by such meeting; and may also contain, with the approval aforesaid, authority to the trustee or trustees, upon such default, as one of such remedies, to take possession of the railway and property mortgaged, and to hold and run the same for the benefit of the bondholders thereof for a time to be limited by such deed; or to sell the said railway and property, after such delay, and upon such terms and conditions as may be stated in such deed; and with like approval any such deed may contain provisions to the effect that upon such default and upon such other conditions as shall be described in such deed, the right of voting possessed by the shareholders of the company, and by the holders of preferred stock therein, or by either of them, shall cease and determine, and shall thereafter appertain to the bondholders, or to them and to the holders of the whole or of any part of the preferred stock of the company, as shall be declared by such deed; and such deed may also provide for the conditional or absolute cancellation after such sale of any or all of the shares so deprived of voting power; or of any or all of the preferred stock of the company, or both; and may also, either directly by its terms, or indirectly by reference to the by-laws of the company, provided for the mode of enforcing and exercising the powers and authority to be conferred and defined by such deed, under the provisions hereof. And such deed, and the provisions thereof made under the authority hereof; and such other provisions thereof as shall purport (with like approval) to grant such further and other powers and privileges to such trustee or trustees and to such bondholders, as are not contrary to law or to the provisions of this Act, shall be valid and binding. But if any change in the ownership or possession of the said railway and property shall at any time take place under the provisions hereof, or of any such deed, or in any other manner, the said railway and property shall continue to be held and operated under the provisions hereof, and of the Consolidated Railway Act of 1879 as hereby modified. And if the company does not avail itself of the power of issuing bonds secured upon the land grant alone as hereinafter provided, the issue of bonds hereby authorized may be increased to any amount not exceeding twenty thousand dollars per mile of the said Canadian Pacific Railway.

29. If any bond issue be made by the company under the last preceding section before the said railway is completed according to the said contract, a proportion of the proceeds of such bonds, or a proportion of such bonds if they be not sold, corresponding to the proportion of the work contracted for then remaining incomplete, shall be received by the Government, and shall be held,

dealt with and, from time to time, paid over by the Government, to the company upon the same conditions, in the same manner and according to the same proportions as the proceeds of the bonds, the issue of which is contemplated by sub-section d of clause 9 of the said contract, and by the thirty-first section hereof.

30. The company may also issue mortgage bonds to the extent of twenty-five million dollars upon the lands granted in aid of the said railway and of the undertaking authorized by this Act; such issue to be made only upon similar authority to that required by this Act for the issue of bonds upon the railway; and when so made such bonds shall constitute a first mortgage upon such lands, and shall attach upon them when they shall be granted, if they are not actually granted at the time of the issue of such bonds. And such mortgage may be evidenced by a deed or deeds of mortgage to be executed under like authority to the deed securing the issue of bonds on the railway; and such deed or deeds under like authority may contain similar conditions and may confer upon the trustee or trustees named thereunder and upon the holders of the bonds secured thereby, remedies, authority, power and privileges and may provide for forfeitures and penalties, similar to those which may be inserted and provided for under the provisions of this Act in any deed securing the issue of bonds on the railway, together with such other provisions and conditions not inconsistent with law or with this Act as shall be so authorized. And such bonds may be styled Land Grant Bonds, and they and the proceeds thereof shall be dealt with in the manner provided in the said contract.

31. The company may in the place and stead of the said land grant bonds, issue bonds under the twenty-eighth section hereof, to such amount as they shall agree with the Government to issue, with the interest guaranteed by the Government as provided for in the said contract; such bonds to constitute a mortgage upon the property of the company and its franchises acquired and to be thereafter acquired—including the main line of the Canadian Pacific Railway, and the branches thereof hereinbefore described, with the plant and rolling stock thereof acquired and to be thereafter acquired, but exclusive of such other branches thereof and of such personal property as shall be excluded by the deed of mortgage to be executed as security for such issue. And the provisions of the said twenty-eighth section shall apply to such issue of bonds, and to the security which may be given for the payment thereof, and they and the proceeds thereof shall be dealt with as hereby and by the said contract provided.

32. It shall not be necessary to affix the seal of the company to any mortgage bond issued under the authority of this Act: and every such bond issued without such seal shall have the same force and effect: and be held, treated and dealt with by all courts of law and of equity: as if it were sealed with the seal of the company. And if it is provided by the mortgage deed executed to secure the issue of any bonds, that any of the signatures to such bonds or to the coupons thereto appended: may be engraved, stamped or lithographed signatures shall be valid and binding on the company.

33. The phrase "working expenses" shall mean and include all expenses of maintenance of the railway, and of the stations, buildings, works and conveniences belonging thereto, and of the rolling and other stock and moveable plant used in the working thereof, and also all such tolls, rents or annual sums as may be paid in respect of the hire of engines, carriages or waggons let to the company; also, all rent, charges, or interest on the purchase money of lands belonging to the company, purchased but not paid for, or not fully paid for; and also all expenses of and incidental to, working the railway and the traffic thereon, including stores and consumable articles; also rates, taxes,

insurance and compensation for accidents or losses; also all salaries and wages of persons employed in and about the working of the railway and traffic, and all office and management expenses, including directors' fees, agency, legal and other like expenses.

34. The bonds authorized by this Act to be issued upon the railway or upon the lands to be granted to the company, or both, may be so issued in whole or in part in the denomination of dollars, pounds sterling, or francs, or in any or all of them, and the coupons may be for payment in denominations similar to those of the bond to which they are attached. And the whole or any of such bonds, may be pledged negotiated or sold upon such conditions and at such price as the Board of Directors shall from time to time determine. And provisions may be made by the by-laws of the company, that after the issue of any bond, the same may be surrendered to the company by the holder thereof, and the company may, in exchange therefor, issue to such holder inscribed stock of the company, which inscribed stock may be registered or inscribed at the chief place of business of the company or elsewhere, in such manner, with such rights, liens, privileges and preferences; at such place; and upon such conditions; as shall be provided by the by-laws of the company.

35. It shall not be necessary, in order to preserve the priority, lien, charge, mortgage or privilege, purporting to appertain to or be created by any bond issued or mortgage deed executed under the provisions of this Act, that such bond or deed should be enregistered in any manner, or in any place whatever. But every such mortgage deed shall be deposited in the office of the secretary of state: of which deposit notice shall be given in the *Canada Gazette*. And in like manner any agreement entered into by the company, under section thirty-four of this Act, shall also be deposited in the said office. And a copy of any such mortgage deed, or agreement, certified to be a true copy by the Secretary of State or his deputy, shall be received as *prima facie* evidence of the original in all courts of justice, without proof of the signatures or seal upon such original.

36. If, at any time, any agreement be made by the company with any persons intending to become board-holders of the company; or be contained in any mortgage deed executed under the authority of this Act; restricting the issue of bonds by the company, under the powers conferred by this Act; or defining or limiting the mode of exercising such powers; the company, after the deposit thereof with the Secretary of State as hereinbefore provided, shall not act upon such powers otherwise than as defined, restricted and limited by such agreement. And no bond thereafter issued by the company, and no order, resolution or proceeding thereafter made, passed or had by the company, or by the board of directors, contrary to the terms of such agreement, shall be valid or effectual.

37. The company may, from time to time, issue guaranteed or preferred stock at such price, to such amount, not exceeding ten thousand dollars per mile, and upon such conditions as to the preferences and privileges appertaining thereto, or to different issues or classes thereof, and otherwise, as shall be authorized by the majority in value of the shareholders present in person or represented by proxy at any annual meeting or at any special general meeting thereof called for the purpose, notice of the intention to propose such issue at such meeting being given in the notice calling such meeting. But the guarantee or preference according to such stock shall not interfere with the lien, mortgage and privilege attaching to bonds issued under the authority of this Act. And the holders of such preferred stock shall have such power of voting at meetings of shareholders, as shall be conferred upon them by the by-laws of the company.

EXECUTION OF AGREEMENT.

38. Every contract, agreement, engagement, scrip certificate or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, in general accordance with his powers as such under the by-laws of the company, shall be binding upon the company; and in no case shall it be necessary to have the seal of the company affixed to any such bill, note, cheque, contract, agreement, engagement, bargain, or scrip certificate, or to prove that the same was made, drawn, accepted or endorsed, as the case may be, in pursuance of any by-law or special vote or order; nor shall the party so acting as agent, officer or servant of the company be subject individually to any liability, whatsoever, to any third party therefor; provided always, that nothing in this Act shall be construed to authorize the company to issue any note payable to the bearer thereof, or any promissory note intended to be circulated as money, or as the note of a bank, or to engage in the business of banking or insurance.

GENERAL PROVISIONS.

39 The company shall, from time to time, furnish such reports of progress of the work, with such details and plans of the work, as the Government may require.

40. As respects places not within any province, any notice required by the Consolidated Railway Act, 1879, to be given in the "Official Gazette" of a province, may be given in the *Canada Gazette*.

41. Deeds and conveyances of lands to the company for the purpose of this Act, (not being letters patent from the Crown) may, in so far as circumstances will admit, be in the form following, that is to say:—

"Know all men by these presents, that I, A. B., in consideration of paid to me by the Canadian Pacific Railway Company, the receipt whereof is hereby acknowledged, grant, bargain, sell and convey unto the said The Canadian Pacific Railway Company, their successors and assigns, all that tract or parcel of land (*describe the land*) to have and to hold the said land and premises unto the said company, their successors, and assigns for ever.

"Witness my hand and seal, this _____ day of _____
one thousand eight hundred and _____

"Signed, sealed and delivered in }
presence of } A.B [L.S.]

"C. D."

"E. F."

or in any other form to the like effect. And every deed made in accordance herewith shall be held and construed to impose upon the vendor executing the same the obligation of guaranteeing the company and its assigns against all dower and claims for dower and against all hypothecs and mortgages and against all liens and charges whatsoever and also that he has a good, valid and transferable title thereto.

THE CANADIAN TENDER.

1881

OFFER MADE BY SIR WILLIAM P. HOWLAND AND ASSOCIATES
FOR THE CONSTRUCTION OF THE CANADA PACIFIC RAIL-
WAY, JANUARY 12TH 1881.

*To the Honorable SIR CHARLES TUPPER, K.C.M.G., M.P., Minis-
ter of Railways and Canals for the Dominion of Canada, Ottawa.*

SIR, —The undersigned, who, for the purpose hereinafter set out, call them-
selves the Company, have the honor to submit the following propositions for
the construction and operation of the Canadian Pacific Railway:—

1. For the better interpretation hereof, it is hereby declared that the por-
tion of railway hereinafter called the eastern section, shall comprise that part
of the Canadian Pacific Railway to be constructed, extending from the western
terminus of the Canada Central Railway, near the east end of Lake Nipissing,
known as Callander Station, to a point of junction with that portion of the said
Canadian Pacific Railway now in course of construction extending from Lake
Superior to Selkirk on the east side of Red River: which latter portion is
hereinafter called the Lake Superior section. That the portion of said railway,
now partially in course of construction, extending from Selkirk to Kamloops,
is hereinafter called the central section; and the portion of said railway now
in course of construction, extending from Kamloops to Port Moody, is hereinafter
called the western section. And that the words "the Canadian Pacific
Railway," are intended to mean the entire railway, as described in the Act
37th Victoria, cap. 14. The individual parties who shall sign this offer are
hereinafter described as the company: and the Government of Canada is hereinafter
called the Government.

2. The contractors, immediately after the organization of the company,
will deposit with the Government \$1,000,000 in cash or approved securities, as
a security for the construction of the railway. The Government shall pay to
the company interest on the cash deposited at the rate of four per cent. per
annum, half-yearly, and shall pay over to the company the interest received
upon securities deposited, the whole until default in the performance of the
conditions hereof, or until the repayment of the deposit, and shall return the
deposit to the company on the completion of the railway, according to the
terms hereof, with any interest accrued thereon.

3. The company will lay out, construct and equip the said eastern section,
and the said central section, of a uniform gauge of 4 feet 8½ inches, and in
order to establish an approximate standard whereby the quality and the char-
acter of the railway and of the materials used in the construction thereof, and
of the equipment thereof may be regulated, the Union Pacific Railway of the
United States, as the same was in 1873, is hereby selected and fixed as such
standard. And if the Government and the company should be unable to agree
as to whether or not any work done or materials furnished are in fair con-
formity with such standard, or as to any other question of fact, excluding

questions of law, the subject of disagreement shall be from time to time referred to the determination of three referees, one of whom shall be chosen by the Government, one by the company, and one by the two referees so chosen, and such referees shall decide as to the party by whom the expenses of such reference shall be defrayed. And if such two referees should be unable to agree upon a third referee, he shall be appointed at the instance of either party hereto, after notice to the other, by the Chief Justice of the Supreme Court of Canada. And the decision of such referees, or of the majority of them, shall be final.

4. The work of construction shall be commenced at the eastern extremity of the eastern section not later than the first day of July next, and the work upon the central section shall be commenced by the company at such point towards the eastern end thereof on the portion of the line now under construction as shall be found convenient and as shall be approved by the Government, at a date not later than the 1st May next. And the work upon the eastern and central sections, shall be vigorously and continuously carried on at such rate of annual progress on each section as shall enable the company to complete and equip the same and each of them, in running order, on or before the first day of May, 1891, by which date the company shall complete and equip the said sections in conformity with this proposal, unless prevented by the act of God, the Queen's enemies, intestine disturbances, epidemics, floods, or other causes beyond the control of the company. And in case of the interruption or obstruction of the work of construction from any of the said causes, the time fixed for the completion of the railway shall be extended for a corresponding period.

5. The company shall pay to the Government the cost, according to the contract of the portion of railway, 100 miles in length, extending from the City of Winnipeg westward up to the time at which the work was taken out of the hands of the contractor and the expenses since incurred by the Government in the work of construction, but shall have the right to assume the said work at any time and complete the same, paying the cost of construction as aforesaid so far as the same shall then have been incurred by the Government.

6. Unless prevented by the act of God, the Queen's enemies, intestine disturbances, epidemics, floods or other causes beyond the control of the Government, the Government shall cause to be completed the said Lake Superior section, by the dates fixed by the existing contracts for the construction thereof; and shall also cause to be completed the portion of the said western section now under contract, namely, from Kamloops to Yale, within the period fixed by the contracts therefor, namely, by the thirtieth day of June, 1885; and shall also cause to be completed, on or before the first day of May, 1891, the remaining portion of the said western section, lying between Yale and Port Moody, which shall be constructed of equally good quality in every respect with the standard hereby created for the portion hereby tendered for. And the said Lake Superior section, and the portions of the said western section now under contract, shall be completed as nearly as practicable according to the specifications and conditions of the contracts therefor except in so far as the same have been modified by the Government prior to the 21st day of October, 1880.

7. The railway constructed under the terms hereof shall be the property of the company; and pending the completion of the eastern and central sections, the Government shall transfer to the company the possession and right to work and run the several portions of the Canadian Pacific Railway already constructed or as the same shall be completed. And upon the completion of the eastern and central sections, the Government shall convey to the company.

with a suitable number of station buildings and with water service (but without equipment), those portions of the Canadian Pacific Railway constructed or to be constructed by the Government, that portion which shall then be completed; and upon completion of the remainder of the portion of railway to be constructed by the Government, that portion shall also be conveyed to the company, and the Canadian Pacific Railway shall become and be thereafter the absolute property of the company. And the company shall thereafter and forever efficiently maintain, work and run the Canadian Pacific Railway.

8. Upon the reception from the Government of the possession of each of the respective portions of the Canadian Pacific Railway, the company shall equip the same in conformity with the standard herein established, and shall thereafter maintain and efficiently operate the same.

9. In consideration of the premises, the Government shall grant to the company a subsidy in money of \$22,000,000, and in land of 22,000,000 acres, for which subsidies the construction of the Canadian Pacific Railway shall be completed and the same shall be equipped, maintained and operated, the said subsidies respectively to be paid and granted as the work of construction shall proceed, in manner and upon the conditions following, that is to say:—

a. The said subsidy in money is hereby divided and appropriated as follows, namely:—

CENTRAL SECTION.

Assumed at 1,350 miles—		
1st.—900 miles, at \$7,333.33 per mile.....	\$6,600,000	
2nd.—450 miles, at \$12,000 per mile.....	5,400,000	
		<u>\$12,000,000</u>

EASTERN SECTION.

Assumed at 650 miles, subsidy equal to \$15,384.61 per mile.....	10,000,000	
		<u>\$22,000,000</u>

And the said subsidy in land is hereby divided and appropriated as follows, subject to the reserve hereafter provided for:

CENTRAL SECTION.

1st.—900 miles at 10,000 acres per mile.....	9,000,000	
2nd.—450 miles at 15,000 acres per mile.....	6,750,000	
		<u>15,750,000</u>

EASTERN SECTION.

Assumed at 650 miles, subsidy equal to 9,615.35 acres per mile.....	6,250,000	
		<u>22,000,000</u>

b. Upon the construction of any portion of the railway not less than 20 miles in length, and the completion thereof so as to admit of the running of regular trains thereon, together with such equipment thereof as shall be required for the traffic thereon, the Government shall pay and grant to the company the money and land subsidies applicable thereto, according to the division and appropriation thereof made, as hereinbefore provided; the company having the option of receiving in lieu of cash, terminable bonds of the Government, bearing such rate of interest for such period and nominal amount as may be arranged, and which may be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on money deposited with them.

c. If at any time the company shall cause to be delivered on or near the line of the said railway, at a place satisfactory to the Government, steel rails and fastenings to be used in the construction of the railway, but in advance of

the requirements for such construction, the Government, on the requisition of the company, shall, upon such terms and conditions as shall be determined by the Government, advance thereon three-fourths of the value thereof at the place of delivery. And a proportion of the amount so advanced shall be deducted according to such terms and conditions from the subsidy to be thereafter paid, upon the settlement for each section of 20 miles of railway, which proportion shall correspond with the proportion of such rails and fastenings which have been used in the construction of such sections.

d. Until the first day of January, 1882, the company shall have the option, instead of issuing land grant bonds as hereinafter provided, of substituting the payment by the Government of the interest (or part of the interest) on bonds of the company, mortgaging the railway and the lands to be granted by Government, running over such term of years as may be approved by the Governor in Council in lieu of the cash subsidy to be granted to the company or any part thereof under the terms hereof; such payments of interest to be equivalent according to actuarial calculation to the corresponding cash payment, the Government allowing four per cent. interest on the moneys deposited with them; and the coupons representing the interest on such bonds shall be guaranteed by the Government to the extent of such equivalent. And the proceeds of the sale of such bonds, to the extent of not more than \$25,000,000, shall be deposited with the Government, and the balance of such proceeds shall be placed elsewhere by the company, to the satisfaction, and under the exclusive control of the Government; failing which last condition the bonds in excess of those sold shall remain in the hands of the Government. And from time to time as the work proceeds, the Government shall pay over to the company—and, after the expenditure of the amount, out of the amount deposited with the Government—sums of money bearing the same proportion of the mileage cash subsidy hereby agreed upon, which the net proceeds of such sale (if the whole of such bonds are sold upon the issue thereof or, if such bonds be not all then sold, the net proceeds of the issue, calculated at the rate at which the sale of part of them shall have been made, shall bear the sum of \$25,000,000. But if only a portion of the bond issue be sold, the amount earned by the company, according to the proportion aforesaid, shall be paid to the company, partly out of the bonds in the hands of the Government, and partly out of the cash deposited with the Government, in similar proportions to the amount of such bonds sold and remaining unsold respectively: and the company shall receive the bonds so paid as cash at the rate as which the said partial sale thereof shall have been made. And the Government will receive and hold such sum of money towards the creation of a sinking fund for the redemption of such bonds and upon such terms and conditions as shall be agreed upon between the Government and the company.

e. If the company avail themselves of the option granted by clause d, the sum of \$2,000 per mile for the first eight hundred miles of the central section shall be deducted *pro rata* from the amount payable to the company in respect of the said eight hundred miles, and shall be appropriated to increase the mileage cash subsidy appropriated to the remainder of the said central section.

10. In further consideration of the premises the Government shall also grant to the company the lands required for the road bed of the railway, and for its stations, station grounds, workshops, dock ground and water frontage at the termini on navigable waters, buildings, yards, and other appurtenances required for the convenient and effectual construction and working of the railway, in so far as such land shall be vested in the Government. And will convey to the company, at cost price, with interest, all rails and fastenings bought

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in or since the year 1879, and other materials for construction in the possession of or purchased by the Government at a valuation; such rails, fastenings and materials not being required by it for the construction of the said Lake Superior and western sections.

11. The grant of land as herein mentioned to be made to the company, shall be so made in alternate sections of 640 acres each, extending back 24 miles deep on each side of the railway, from Winnipeg to Jasper House, in so far as such lands shall be vested in the Government, the company receiving the sections bearing uneven numbers. But should any of such sections consist in a material degree of land not fairly fit for settlement, the company shall not be obliged to receive them as part of such grant, and the deficiency thereby caused, and any further deficiency which may arise from the insufficient quantity of land along the said portion of railway, to complete the said 22,000,000 acres, or from the prevalence of lakes and water stretches in the sections granted (which lakes and water stretches shall not be computed in the acreage of such sections), shall be made up from other portions to be selected by the company in the tract known as the fertile belt, that is to say, the land lying between parallels 49 and 57 degrees north latitude, or elsewhere at the option of the company, by the grant therein of similar alternate sections extending back 25 miles deep on each side of any branch line or lines of railway to be located by the company, and to be shown on a map or plan thereof deposited with the Minister of Railways; or of any common front-line or lines agreed upon between the Government and the company, the conditions hereinbefore stated as to lands not fairly fit for settlement to be applicable to such additional grants. And the company may, with the consent of the Government, select in the North-West territories any tract or tracts of land not taken up as a means of supplying such deficiency. But such grants shall be made only from lands remaining vested in the Government.

12. The Government shall extinguish the Indian title to the lands herein appropriated, and to be hereafter granted in aid of the railway.

13. The company shall have the right, subject to the approval of the Governor in Council, to lay out and locate the line of railway hereby contracted for as they may see fit, preserving the following terminal points, namely: from Callander station to the point of junction with the Lake Superior section; and from Selkirk to the junction with the western section at Kamloops by way of the Yellow Head Pass.

14. The company shall have the right, from time to time, to lay out, construct, equip, maintain and work branch lines of railway, from any point or points along their main line of railway, to any point or points within the territory of the Dominion. Provided always, the before commencing any branch, they shall first deposit a map of such branch in the Department of Railways. And the Government shall grant to the company the lands required for the road bed of such branches, and for the stations, station grounds, buildings, workshops, yards and other appurtenances requisite for the efficient construction and working of such branches in so far as such lands are vested in the Government.

15. The company shall be authorized by their Act of incorporation to issue bonds, secured upon the land granted and to be granted to the company, containing provisions for the use of such bonds in the acquisition of such lands, and such other conditions as the company shall see fit; such issue to be for \$25,000,000. And should the company make such issue of land grant bonds, then they shall deposit them in the hands of the Government; and the Government shall retain and hold one-fifth of such bonds as security for the due performance of the present contract in respect of the maintenance and continuous working

of the railway by the company, as herein mentioned, for ten years after the completion thereof, and the remaining \$20,000,000 of such bonds shall be dealt with as hereinafter provided. And as to the said one-fifth of the said bonds, so long as no default shall occur in the maintenance and working of the said Canadian Pacific Railway, the Government shall not present or demand payment of the coupons of such bonds, nor require payment of any interest thereon. And if any of such bonds so to be retained by the Government shall be paid off in the manner to be provided for the extinction of the whole issue thereof, the Government shall hold the amount received in payment thereof as security for the same purposes as the bonds so paid off, paying interest thereon at four per cent per annum so long as default is not made by the company in the performance of the conditions hereof. And at the end of the said period of ten years from the completion of the said railway, if no default shall then have occurred in such maintenance and working thereof, the said bonds, or if any of them shall then have been paid off, the remainder of said bonds and the money received for those paid off, with accrued interest, shall be delivered back by the Government to the company with all the coupons attached to such bonds. But if such default should occur, the Government may thereafter require payment of interest on the bonds so held, and shall not be obliged to continue to pay interest on the money representing bonds paid off; and while the Government shall retain the right to hold the said portion of the said land grant bonds, other securities satisfactory to the Government may be substituted for them by the company by agreement with the Government.

16. If the company shall find it necessary or expedient to sell the remaining \$20,000,000 of land grant bonds, or a large portion thereof than in the proportion of one dollar for each acre of land then earned by the company, they shall be allowed to do so but the proceeds thereof, over and above the amount to which the company shall be entitled as herein provided, shall be deposited with the Government. And the Government shall pay interest upon such deposit half-yearly, at the rate of four per cent. per annum, and shall pay over the amount of such deposit to the company from time to time as the work proceeds, in the same conditions as the land grant—that is to say: the company shall be entitled to receive from the Government out of the proceeds of the said land grant bonds, the same number of dollars as the number of acres of the land subsidy which shall then have been earned by them, less one-fifth thereof, that is to say, if the bonds are sold at par, but if they are sold at less than par, then a deduction shall be made therefrom corresponding to the discount at which such bonds are sold. And such land grant shall be conveyed to them by the Government, subject to the charge created as security for the said land grant bonds, and shall remain subject to such charge till relieved thereof in such manner as shall be provided for at the time of the issue of such bonds.

17. The company shall pay any expenses which shall be incurred by the Government in carrying out the provision of the two last preceding clauses of this contract.

18. If the company should not issue such land grant bonds, then the Government shall retain from out of each grant to be made from time to time, every fifth section of the lands hereby agreed to be granted, such lands to be so retained as security for the purposes, and for the length of time, mentioned in section eighteen hereof. And such lands may be sold in such manner and at such prices as shall be agreed upon between the Government and the company, and in that case the price thereof shall be paid to and held by the Government for the same period, and for the same purpose as the land itself, the Government paying four per cent. per annum interest thereon. And other securities satisfactory to the Government may be substituted for such lands or money by agreement with the Government.

19. The company also hereby offers, in the event of the Government desiring to withdraw from the proposed construction of the eastern section of the said railway, that the company shall reduce the said subsidy in money and land by the amount apportioned to the said eastern section of the railway under the 9th paragraph of this proposal, that is to say by \$10,000,000 and 6,250,000 acres of land, and this proposal shall stand in all other respects, and in so far as the same shall not exclusively apply to the construction, equipment, or operating of the eastern section.

20. In the event of the Government desiring to withdraw the said eastern section from construction hereunder, the company hereby offers to construct within three years, and equip, own and operate as a part of the Canadian Pacific Railway, a branch line from South-east Bay, Lake Nipissing, to Sault Ste Marie and Goulais Bay, Lake Superior, estimated at 294 miles, at and for a sum of \$3,500,000: and in all other respects the provisions of this proposal shall apply to the said branch line so far as applicable thereto.

21. In the event of the Government desiring to postpone or withdraw from construction the western section of the said railway, extending from Kamloops to Port Moody, they shall be at liberty to do so, and in that event the Government shall not be at liberty to do so, and in that event the Government shall not be bound to complete and hand over to the company the said western section under the 6th and 7th clause hereof; but except so far as it relates and is applicable to the construction of the said western section by the Government, this proposal shall stand good and be binding upon the company.

22. In the event of the Government desiring to postpone or withdraw from construction by the company hereunder the westerly portion of the central section of said railway, being the westerly 450 miles thereof, as mentioned in the 9th clause of this proposal, the company offers to reduce the subsidy in money and land by the amount apportioned to the said westerly 450 miles of the central section under the said 9th clause hereof—that is to say, \$5,400,000 and 6,750,000 acres of land; and in the event of such postponement or withdrawal by the Government of the said westerly 450 miles of the central section, then this proposal shall stand in all other respects, and in so far as the same shall not exclusively relate to the constructing, equipment, or operating of said 450 miles.

23. At any time after the completion of the Canadian Pacific Railway, or of the parts thereof that are to be completed hereunder, the Government shall be entitled to acquire the same and all the property and assets of the company, paying therefor such compensation as may be agreed upon; or in case of disagreement, such compensation shall be settled by the decision of the majority of three arbitrators, one to be chosen by the Government, one by the company, and the third by the two so appointed.

24. The company to be incorporated, with sufficient powers to enable them to carry out the foregoing offer, and this proposal, shall only be binding in the event of an Act of incorporation being granted to the company, substantially as set out in Schedule A, hereto.

25. The Railway Act of 1869, in so far as the provisions of the same are applicable to the undertaking referred to in this proposal, and in so far as they are not inconsistent herewith or inconsistent with or contrary to the provisions of the Act of incorporation to be granted to the company, shall apply to the Canadian Pacific Railway:

Signed, W. P. HOWLAND, Toronto.
“ A. R. McMASTER, Toronto.
“ H. H. COOK, Toronto.

Signed, JAMES McLAFEN, Ottawa.
 " WILLIAM HENDRIE, Hamilton.
 " JOHN STUART, Hamilton.
 " JOHN WALKER, London.
 " D. MACFIE, London.
 " K. CHISHOLM, Brampton.
 " JOHN PROCTOR, Hamilton.
 " P. S. STEVENSON, Montreal.
 " A. T. WOOD, Hamilton.
 " A. W. ROSS, Winnipeg.
 " GEORGE A. COX, Peterborough.
 " P. HOWLAND, Toronto.
 " P. LARKIN, St. Catherines.
 " ALLAN GILMOUR, Ottawa.
 " JOHN CARRUTHERS, Kingston.
 " WILLIAM D. LOVITT, Yarmouth, per F. Killam.
 " ALEX. GIBSON, Fredericton.
 " BARNET & MCKAY, Renfrew.

Witness

(Signed) JOHN LEYS,
 Solicitor.

SCHEDULE A, REFERRED TO IN THE FOREGOING PRO- POSAL OF CONTRACT.

INCORPORATION.

1. Sir William P. Howland, A. R. McMaster, H. H. Cook, James McLaren, William Hendrie, John Stuart, John Walker, D. MacFie, K. Chisholm, John Proctor, P. S. Stevenson, A. T. Wood, A. W. Ross, George A. Cox, Peleg Howland, P. Larkin, Allan Gilmour, John Carruthers, William D. Lovitt and Alexander Gibson, all of the Dominion of Canada, with all such other persons and corporations as shall become shareholders in the company hereby incorporated, shall be and they are hereby constituted a body corporate and politic, by the name of the "Canadian Pacific Railway Company."

2. The capital stock of the company shall be twenty-five million dollars, divided into shares of one hundred dollars each, which shares shall be transferable in such manner and upon such conditions as shall be provided by the by-laws of the company; and such shares, or any part thereof, may be granted and issued as paid-up shares for value *bona fide* received by the company, either in money at par or at such price and upon such conditions as the board

of directors may fix; or as part of the consideration of any contract made by the company.

(a) With a view to give an opportunity of subscribing for stock in the company, stock books shall be opened in Montreal, Toronto, Halifax, St. John, N.B., Charlottetown, Winnipeg, and Victoria, B.C.; provided always, that the directors shall have power to reject any proposed subscription which it shall seem to them inexpedient to accept.

3 As soon as five million dollars of the stock of the company have been subscribed, and thirty per centum thereof paid up, and upon the deposit with the Minister of Finance of the Dominion of one million dollars in money, or in securities approved by the Governor in Council, for the purpose and upon the conditions in the foregoing contract provided, the said contract shall become and be transferred to the company, without the execution of any deed or instrument in that behalf; and the company shall, thereupon, become and be vested with all the rights of the contractors named in the said contract, and shall be subject to, and liable for, all their duties and obligations, to the same extent and in the same manner as if the said contract had been executed by the said company instead of by the said contractors; and thereupon the said contractors, as individuals, shall cease to have any right or interest in the said contract, and shall not be subject to any liability or responsibility under the terms thereof otherwise than as members of the corporation hereby created. And upon the performance of the said conditions, respecting the subscription of stock, the partial payment thereof, and the deposit of one million dollars, to the satisfaction of the Governor in Council, the publication by the Secretary of State in the *Canada Gazette*, of a notice that the transfer of the contract to the company has been effected and completed, shall be conclusive proof of the fact. And the company shall cease to be paid up, on or before the first day of May next, a further instalment of twenty per centum upon the said first subscription of five million dollars, of which call thirty days notice by circular, mailed to each shareholder, shall be sufficient. And the company shall call in, and cause to be paid up, on or before the 31st day of December 1882, the remainder of the said first subscription of five million dollars.

4. All the franchises and powers necessary or useful to the company to enable them to carry out, perform, enforce, use and avail themselves of, every condition, stipulation, obligation, duty, right, remedy, privilege and advantage agreed upon, contained or described in the said contract, are hereby conferred upon the company. And the enactment of the special provisions hereinafter contained shall not be held to impair or derogate from the generality of the franchises and powers so hereby conferred upon them.

DIRECTORS.

5. The said Sir William P. Howland, James McLaren, John Carruthers, William Hendrie, D. Macfie, K. Chisholm, P. Larkin, William D. Lovitt, George A. Cox, and Alexander Gibson, are hereby constituted the first directors of the company, with power to add to their number, but so that the directors shall not in all exceed fifteen in number; and the majority of the directors, of whom the president shall be one, shall be British subjects. And the Board of Directors so constituted shall have all the powers hereby conferred upon the directors of the company, and they shall hold office until the first annual meeting of the shareholders of the company.

6. Each of the directors of the company, hereby appointed, or hereafter appointed or elected, shall hold at least two hundred and fifty shares of the stock of the company. But the number of directors to be hereafter elected by the shareholders shall be such, not exceeding fifteen, as shall be fixed by by-

law, and subject to the same conditions as the directors appointed by, or under the authority of, the last preceding section; the number thereof may be hereafter altered from time to time in like manner. The votes for their election shall be by ballot.

7. A majority of the directors shall form a quorum of the board, and until otherwise provided by by-law, directors may vote and act by proxy, such proxy to be held by a director only; but no director shall hold more than two proxies, and no meeting of directors shall be competent to transact business unless at least three directors are present thereat in person, the remaining number of directors required to form a quorum being represented by proxies.

8. The board of directors may appoint from out of their number an Executive Committee, composed of at least three directors, for the transaction of the ordinary business of the company, with such powers and duties as shall be fixed by the by-laws; and the president shall be *ex officio* a member of such committee.

9. The chief place of business of the company shall be at the city of Montreal, but the company may, from time to time, by by-law, appoint and fix other places within or beyond the limits of Canada at which the business of the company may be transacted; and at which the directors or shareholders may meet, when called as shall be determined by the by-laws. And the company shall appoint and fix by by-law, at least one place in each province or territory through which the railway shall pass, where service of the process may be made, upon the company, in respect of any cause of action arising within such province or territory; and may afterwards, from time to time, change such place by by-law. And a copy of any by-law fixing or changing any such place, duly authenticated as herein provided, shall be deposited by the company in the office, at the seat of Government of the province or territory to which such by-law shall apply, of the clerk or prothonotary of the highest, or one of the highest, courts of civil jurisdiction of such province or territory. And if any cause of action shall arise against the company within any province or territory, and any writ or process be issued against the company thereon out of any court in such province or territory, service of such process may be validly made upon the company at the place within such province or territory so appointed and fixed; but if the company fail to appoint and fix such place, or to deposit as hereinbefore provided, the by-law made in that behalf, any such process may be validly served upon the company, at any of the stations of the said railway within such province or territory.

SHAREHOLDERS.

10. The first annual meeting of the shareholders of the company, for the appointment of directors, shall be held on the second Wednesday in May, 1882, at the principal office of the company, in Montreal; and the annual general meeting of shareholders, for the election of directors and the transaction of business generally, shall be held on the same day in each year thereafter at the same place unless otherwise provided by the by-laws. And notice of each of such meetings shall be given by the publication thereof in the *Canada Gazette* for four weeks, and by such further means as shall from time to time be directed by the by-laws.

11. Special general meetings of the shareholders may be convened in such manner as shall be provided by the by-laws. And except as hereinafter provided, notice of such meetings shall be given in the same manner as notices of annual general meetings, the purpose for which such meeting is called being mentioned in the notices thereof; and, except as hereinafter provided, all such meetings shall be held at the chief place of business of the company.

12. If at any time before the first annual meeting of the shareholders of the company, it should become expedient that a meeting of the directors of the company, or a special general meeting of the shareholders of the company, should be held, before such meeting can conveniently be called, and notice thereof given in the manner provided by this Act, or by the by-laws; or before by-laws in that behalf have been passed; and at a place other than at the chief place of business of the company in Montreal before the enactment of a by-law authorising the holding of such meeting elsewhere; it shall be lawful for the president or for any three of the directors of the company to call special meetings either of directors or of shareholders, or of both, to be held at the city of London in England, at times and places respectively, to be stated in the notices to be given of such meetings respectively. And notices of such meetings may be validly given by a circular mailed to the ordinary address of each shareholder as the case may be, in time to enable him to attend such meeting, stating in general terms the purpose of the intended meeting. And in the case of a meeting of shareholders, the proceedings of such meeting shall be held to be valid and sufficient, and to be binding on the company in all respects, if every shareholder of the company be present thereat in person or by proxy notwithstanding that notice of such meeting shall not have been given in the manner required by this Act.

13. No shareholder holding shares upon which any call is overdue and unpaid shall vote at any meeting of shareholders. And unless otherwise provided by the by-laws, the person holding the proxy of a shareholder shall be himself a shareholder.

14. No call upon unpaid shares shall be made for more than twenty per centum upon the amount thereof.

RAILWAY AND TELEGRAPH LINE.

15. The company may lay out, construct, acquire, equip, maintain and work a continuous line of railway, of the gauge of four feet eight and one-half inches; which railway shall extend from the terminus of the Canada Central Railway near Lake Nipissing, known as Callander Station, to Port Moody in the province of British Columbia; and also, a branch line of railway from some point on the main line of railway to Port William on Thunder Bay; and also the existing branch line of railway from Selkirk in the Province of Manitoba to Pembina in the said province; and also other branches to be located by the company from time to time as provided by the said contract; the said branches to be of the gauge aforesaid; and the said main line of railway, shall be commenced and completed as provided by the said contract; and together with such other branch lines as shall hereafter be constructed by the said company, and any extension of the said main line of railway that shall hereafter be constructed or acquired by the company, shall constitute the line of railway hereinafter called THE CANADIAN PACIFIC RAILWAY.

16. The company may construct, maintain and work a continuous telegraph line and telephone lines throughout and along the whole line of the Canada Pacific Railway, or any part thereof, and may also construct or acquire by purchase, lease or otherwise, any other line or lines of telegraph connecting with the line so to be constructed along the line of the said railway, and may undertake the transmission of messages for the public by any such line or lines of telegraph or telephone, and collect tolls for so doing; or may lease such line or lines of telegraph or telephone, or any portion thereof; and, if they think proper to undertake the transmission of messages for the public by any such line or lines of telegraph or telephone, and collect tolls for so doing; or may lease such line or lines of telegraph or telephone, or any portion thereof; and, if they think proper to undertake the transmission of messages for hire,

they shall be subject to the provisions of the fourteenth and sixteenth sections of chapter sixty-seven of the Consolidated Statutes of Canada. And they may use any improvement that may hereafter be invented (subject to the right of patentees) for telegraphing or telephoning, and any other means of communication that may be deemed expedient by the company at any time hereafter.

POWERS.

17. "The Consolidated Railway Act, 1879," in so far as the provisions of the same are applicable to the undertaking authorized by this charter, and in so far as they are not inconsistent with or contrary to the provisions hereof, and save and except as hereinafter provided, is hereby incorporated herewith.

18. As respects the said railway, the seventh section of "*The Consolidated Railway Act, 1879*," relating to *Powers*, and the eight section thereof relating to *Plans and Surveys*, shall be subject to the following provisions:

a. The company shall have the right to take, use and hold the beach and land below high water mark, in any stream, lake, navigable water, gulf or sea, in so far as the same shall be vested in the Crown and shall not be required by the Crown; to such extent as shall be required by the company for its railway and other works, and as shall be exhibited by a map or plan thereof deposited in the office of the Minister of Railways. But the provisions of this sub-section shall not apply to any beach or land lying east of Lake Nipissing except with the approval of the Governor in Council.

b. It shall be sufficient that the map or plan and book of reference for any portion of the line of the railway, not being within any district or county for which there is a clerk of the peace, be deposited in the office of the Minister of Railways of Canada, and any omission, mis-statement or erroneous description of any lands therein may be corrected by the company, with the consent of the Minister and certified by him; and the company may then make the railway in accordance with such certified correction.

c. The eleventh sub-section of the said eighth section of the Railway Act shall not apply to any portion of the railway passing over ungranted lands of the Crown, or lands not within any surveyed township in any province; and in such places, deviations not exceeding five miles from the line shown on the map or plan as aforesaid, deposited by the company, shall be allowed, without any formal correction or certificate; and any further deviation that may be found expedient may be authorized by order of the Governor in Council, and the company may then make their railway in accordance with such authorized deviation.

d. The map or plan and book of reference of any part of the main line of the Canadian Pacific Railway made and deposited in accordance with this section, after approval by the Governor in Council, and of any branch of such railway hereafter to be located by the said company in respect of which the approval of the Governor in Council shall not be necessary, shall avail as if made and deposited as required by the said "*Consolidated Railway Act, 1879*," for all the purposes of the said Act, and of this Act; and any copy of or extract therefrom, certified by the said Minister or his deputy, shall be received as evidence in any court of law in Canada.

e. It shall be sufficient that a map or profile of any part of the completed railway, which shall not lie within any county or district having a registry office, be filed in the office of the Minister of Railways.

19. It shall be lawful for the company to take from any public lands adjacent to or near the line of the said railway, all stone, timber, gravel and other materials which may be necessary or useful for the construction of the

railway; and also to lay out and appropriate to the use of the company, a greater extent of lands, whether public or private, for stations, depots, workshops, buildings, side-tracks, wharves, harbors and roadway, and for establishing screens against snow, than the breadth and quantity mentioned in "The Consolidated Railway Act, 1879," such greater extent taken, in any case, being allowed by the Government, and shown on the maps or plans deposited with the Minister of Railways.

20. The limit to the reduction of tolls by the Parliament of Canada provided for by the eleventh sub-section of the 17th section of the *Consolidated Railway Act, 1879*, respecting TOLLS, is hereby extended, so that such reduction may be to such an extent that such tolls when reduced shall not produce less than ten per cent. per annum profit on the capital actually expended in the construction of the Railway, instead of not less than fifteen per cent. per annum profit, as provided by the said sub-section; and so also that such reduction shall not be made unless the net income of the company, ascertained as described in said sub-section, shall have exceeded ten per cent. per annum instead of fifteen per cent. per annum as provided by the said sub-section.

21. The first and second sub-sections of section 22, of the *Consolidated Railway Act, 1879*, shall not apply to the Canadian Pacific Railway Company; and it is hereby enacted that the transfer of shares in the undertaking shall be made only upon the books of the company in person or by attorney, and shall not be valid unless so made; and the form and mode of transfer shall be such as shall be from time to time regulated by the By-laws of the company. And the funds of the company shall not be used in any advance upon the security of any of the shares or stock of the company.

22. The third and fourth sub-sections of said section 22 of the *Consolidated Railway Act of 1879* shall be subject to the following provisions, namely, that if before the completion of the railway and works under the said contract, any transfer should purport to be made of any stock or share in the company, or any transmission of any share should be effected under the provisions of said sub-section four; to a person not a shareholder in the company; and if in the opinion of the Board it should not be expedient that the person (not being already a shareholder) to whom such transfer or transmission shall be made or effected should be accepted as a shareholder; the Directors may by resolution veto such transfer or transmission; and thereafter, and until the completion of the said railway and works under the said contract, such person shall not be, or be recognized as a shareholder in the company; and the original shareholder, or his estate, as the case may be, shall remain subject to all the obligations of a shareholder in the company, with all the rights conferred upon a shareholder under this Act. But any firm holding paid-up shares in the company may transfer the whole or any of such shares to any partner in such firm having already an interest as such partner in such shares, without being subject to such veto. And in the event of such veto being exercised, a note shall be taken of the transfer or transmission so vetoed in order that it may be recorded in the books of the company after the completion of the railway and works as aforesaid: But until such completion, the transfer or transmission so vetoed shall not confer any rights, nor have any effect of any nature or kind whatever as respects the company.

23. Sub-section sixteen of section nineteen, relating to PRESIDENT AND DIRECTORS, THEIR ELECTION AND DUTIES; sub-section two of section twenty-four, relating to BY-LAWS, NOTICES, &c.; sub-sections five and six of section twenty-eight, relating to GENERAL PROVISIONS; and section ninety-seven, relating to RAILWAY FUND, of the *Consolidated Railway Act, 1879*, shall not, nor shall any of them apply to the Canadian Pacific Railway or to the company hereby

incorporated.

24. The said company shall afford all reasonable facilities to the Ontario Pacific Junction Railway Company when their railway shall be completed to a point of junction, with the Canadian Pacific Railway; and to the Canada Central Railway Company, for the receiving, forwarding and delivering of traffic upon and from the railways of the said companies, respectively; and for the return of carriages, trucks, and other vehicles; and no one of the said companies shall give or continue any preference or advantage to, or in favor of either of the others, or of any particular description of traffic, in any respect whatsoever; nor shall any one of the said companies subject any other thereof, or any particular description of traffic, to any prejudice or disadvantage in any respect whatever; and any one of said companies which shall have any terminus or station near any terminus or station of either of the others, shall afford all reasonable facilities for receiving and forwarding all the traffic arriving by either of the others, without any unreasonable delay, and without any preference or advantage, or prejudice or disadvantage; and so that no obstruction may be offered in the using of such railway as a continuous line of communication; and so that all reasonable accommodation may, at all times, by the means aforesaid, be mutually afforded by and to the said several railway companies; and the said Canadian Pacific Railway Company shall receive and carry all freight and passenger traffic shipped to or from any point on the railway of either of the said above named railway companies passing over the Canada Pacific Railway or any part thereof, at the same mileage rate and subject to the same charges for similar services; without granting or allowing any preference or advantage to the traffic coming from or going upon one of such railways over such traffic coming from or going upon the other of them, reserving, however, to the said Canadian Pacific Railway Company the right of making special rates for purchasers of land, or for emigrants or intending emigrants, which special rates shall not govern or affect the rates of passenger traffic as between the said company and the said two above named companies or either of them. And any agreement made between any two of the said companies contrary to the foregoing provisions, shall be unlawful, null and void.

25. The company, under the authority of a special general meeting of the shareholders thereof, and as an extension of the railway hereby authorized to be constructed; may purchase or acquire by lease or otherwise, and hold and operate the Canada Central Railway, or may amalgamate therewith, and may purchase or acquire by lease or otherwise and hold and operate a line or lines of railway from the city of Ottawa to any point or navigable water on the Atlantic seaboard or to any intermediate point, or may acquire running powers over any railway now constructed between Ottawa and any such point or intermediate point. And the company may purchase or acquire any such railway subject to such existing mortgages, charges or liens thereon as shall be agreed upon; and shall possess with regard to any lines of railway so purchased, or acquired, and becoming the property of the company, the same powers as to the issue of bonds thereon, or on any of them, to an amount not exceeding twenty thousand dollars per mile; and as to the security of such bonds, as are conferred upon the company by the twenty-seventh section hereof, in respect of bonds to be issued upon the Canadian Pacific Railway. But such issue of bonds shall not affect the right of any holder of mortgages or other charges already existing upon any time of railway so purchased or acquired; and the amount of bonds hereby authorized to be issued upon such lines of railway shall be diminished by the amount of such existing mortgages or charges thereon.

26. The company shall have power and authority to erect and maintain docks, dockyards, wharves, slips and piers at any point on or in connection

with the said Canadian Pacific Railway, and at all the termini thereof on navigable water, for the convenience and accommodation of vessels and elevators; and also to acquire and work elevators, and to acquire, own, hold, charter, work, and run, steam and other vessels for cargo and passengers upon navigable water, which the Canadian Pacific Railway may reach or connect with.

BY-LAWS.

27. The by-laws of the company may provide for the remuneration of the president and directors of the company, and of any executive committee of such directors; and for the transfer of stock on shares: the registration and inscription of stock, shares and bonds, and the transfer of registered bonds; and the payment of dividends and interest; at any place or places within or beyond the limits of Canada; and for all other matters required by the said contract or by this Act to be regulated by by-laws. But the by-laws of the company made as provided by law shall in no case have any force or effect after the next general meeting of the shareholders, which shall be held after the passage of such by-laws, unless they are approved by such meeting.

BONDS.

28. The company under the authority of a special general meeting of the shareholders called for the purpose, may issue mortgage bonds to the extent of ten thousand dollars per mile of the Canadian Pacific Railway for the purposes of the undertaking authorized by the present Act; which issue shall constitute a first mortgage and privilege upon the said railway, constructed or acquired, and to be thereafter constructed, or acquired, and upon its property, real and personal, acquired and to be thereafter acquired including rolling stock, and plant; and upon its tolls and revenues (after deduction from such tolls and revenues of working expenses); and upon the franchises of the company; the whole as shall be declared and described as so mortgaged in any deed of mortgage as hereinafter provided. Provided always, however, that if the company shall have issued, or shall intend to issue land grant bonds under the provisions of the thirtieth section hereof, the land granted and to be granted by the Government to the company may be excluded from the operation of such mortgage and privilege; and provided also that such mortgage and privilege shall not attach upon any property which the company are hereby, or by the said contract, authorized to acquire or receive from the Government of Canada until the same shall be conveyed by the Government to the company; but shall attach upon such property, if so declared in such deed, as soon as the same shall be conveyed to the company. And such mortgage and privilege may be evidenced by a deed or deeds of mortgage executed by the company, with the authority of its shareholders expressed by a resolution passed at such special general meeting; and any such deed may contain such description of the property mortgaged by such deed, and such conditions respecting the payment of the bonds secured thereby and of the interest thereon, and the remedies which shall be enjoyed by the holders of such bonds or by any trustee or trustees for them in default of such payment; and the enforcement of such remedies; and may provide for such forfeitures and penalties in default of such payment; and as may be approved by such meeting; and may also contain, with the approval aforesaid, authority to the trustee or trustees, upon such default, as one of such remedies, to take possession of the railway and property mortgaged, and to hold and run the same for the benefit of the bondholders thereof for a time to be limited by such deed; or to sell the said railway and property, after such delay, and upon such terms and conditions as may be stated in such deed; and with like approval any such deed may contain provisions to the effect that

upon such default and upon such other conditions as shall be described in such deed, the right of voting possessed by the shareholders of the company, and by the holders of preferred stock therein, or by either of them, shall cease and determine, and shall thereafter appertain to the bondholders, or to them and to the holders of the whole or of any part of the preferred stock of the company, as shall be declared by such deed; and such deed may also provide for the conditional or absolute cancellation after such sale of any or all of the shares so deprived of voting power; or of any or all of the preferred stock of the company, or both; and may also, either directly by its terms, or indirectly by reference to the by-laws of the company, provide for the mode of enforcing and exercising the powers and authority to be conferred and defined by such deed, under the provisions hereof. And such deed, and the provisions thereof made under the authority hereof; and such other provisions thereof as shall purport (with like approval) to grant such further and other powers and privileges to such trustee or trustees and to such bondholders, as are not contrary to law or to the provisions of this Act, shall be valid and binding. But if any change in the ownership or possession of the said railway and property shall at any time take place under the provisions hereof, or of any such deed, or in any other manner, the said railway and property shall continue to be held and operated under the provisions hereof, and of the Consolidated Railway Act of 1879 as hereby modified. And if the company does not avail itself of the power of issuing bonds secured upon the land grant alone as hereinafter provided, the issue of bonds hereby authorized may be increased to any amount not exceeding twenty thousand dollars per mile of the said Canadian Pacific Railway.

29. If any bond issue made by the company under the last preceding section before the said railway is completed according to the said Contract, a proportion of the proceeds of such bonds, or a proportion of such bonds if they be not sold, corresponding to the proportion of the work contracted for the remaining incomplete, shall be received by the Government, and shall be held, dealt with and, from time to time, paid over by the Government to the company upon the same conditions, in the same manner and according to the same proportions as the proceeds of the bonds, the issue of which is contemplated by sub-section *d* of clause 9 of the said Contract, and by the thirty-first section hereof.

30. The company may also issue mortgage bonds to the extent of twenty-five million dollars upon the lauds granted in aid of the said railway and of the undertaking authorized by this Act; such issue to be made only upon similar authority to that required by this Act for the issue of bonds upon the railway; and when so made such bonds shall constitute a first mortgage upon such lands, and shall attach upon them when they shall be granted, if they are not actually granted at the time of the issue of such bonds. And such mortgage may be evidenced by a deed or deeds of mortgage to be executed under like authority to the deed securing the issue of bonds on the railway; and such deed or deeds under like authority may contain similar conditions and may confer upon the trustee or trustees named thereunder and upon the holders of the bonds secured thereby, remedies, authority, power and privilege and may provide for forfeitures and penalties, similar to those which may be inserted and provided for under the provisions of this Act in any deed securing the issue of bonds on the railway, together with such other provisions and conditions not inconsistent with law or with this Act as shall be so authorized. And such bonds may be styled Land Grant Bonds, and they and the proceeds thereof shall be dealt with in the manner provided in the said contract.

31. The company may in the place and stead of the said land grant bonds, issue bonds under the twenty-eighth section hereof, to such amount as they shall

agree with the Government to issue, with the interest guaranteed by the Government as provided for in the said contract ; such bonds to constitute a mortgage upon the property of the company and its franchises acquired and to be thereafter acquired—including the main line of the Canadian Pacific Railway, and the branches thereof hereinbefore described, with the plant and rolling stock thereof acquired and to be thereafter acquired, but exclusive of such other branches thereof and of such personal property as shall be excluded by the deed of mortgage to be executed as security for such issue. And the provisions of the said twenty-eighth section shall apply to such issue of bonds, and to the security which may be given for the payment thereof, and they and the proceeds thereof shall be dealt with as hereby and by the said contract provided.

32. It shall not be necessary to affix the seal of the company to any mortgage bond issued under the authority of this Act ; and every such bond issued without such seal shall have the same force and effect ; and be held, treated and dealt with by all courts of law and equity, as if it were sealed with the seal of the company. And if it is provided by the mortgage deed executed to secure the issue of any bonds, that any of the signatures to such bonds or to the coupons thereto appended, may be engraved, stamped or lithographed thereon, such engraved, stamped or lithographed signatures shall be valid and binding on the company.

33. The phrase "working expenses" shall mean and include all expenses of maintenance of the railway, and of the stations, buildings, works and conveniences belonging thereto, and of the rolling and other stock and moveable plant used in the working thereof, and also all such tolls, rents or annual sums as may be paid in respect of the hire of engines, carriages or waggons let to the company ; also, all rent, charges, or interest on the purchase money of lands belonging to the company, purchased but not paid for, or not fully paid for ; and also all expenses of and incidental to, working the railway and the traffic thereon, including stores and consumable articles ; also rates, taxes, insurance and compensation for accidents or losses ; also all salaries and wages of persons employed in and about the working of the railway and traffic, and all office and management expenses, including directors' fee, agency, legal and other like expenses.

34. The bonds authorized by this Act to be issued upon the railway or upon the lands to be granted to the company, or both, may be so issued in whole or in part in the denomination of dollars, pounds sterling or francs, or in any or all of them, and the coupons may be for payment in denominations similar to those of the bond to which they are attached. And the whole or any of such bonds may be pledged, negotiated or sold upon such conditions and at such price as the Board of Directors shall from time to time determine. And provision may be made by the by-laws of the company, that after the issue of any bond, the same may be surrendered to the company by the holder thereof, and the company may, in exchange therefor, issue to such holder inscribed stock of the company which inscribed stock may be registered or inscribed at the chief place of business of the company or elsewhere, in such manner, with such rights, liens, privileges and preferences ; at such place ; and upon such conditions ; as shall be provided by the by-laws of the company.

35. It shall not be necessary, in order to preserve the priority, lien, charge, mortgage or privilege, purporting to appertain to or to be created by any bond issued or mortgage deed executed under the provisions of this Act, that such bond or deed should be enregistered in any manner, or in any place whatever. But every such mortgage deed shall be deposited in the office of the Secretary of State : of which deposit notice shall be given in the *Canada Gazette*. And in like manner any agreement entered into by the company, under section

thirty-four of this Act, shall also be deposited in the said office. And a copy of any such mortgage deed, or agreement, certified to be a true copy by the Secretary of State or his deputy, shall be received as *prima facie* evidence of the original in all courts of justice, without proof of the signatures or seal upon such original.

36. If, at any time, any agreement be made by the company with any persons intending to become bondholders of the company; or be contained in any mortgage deed executed under the authority of this Act; restricting the issue of bonds by the company, under the powers conferred by this Act; or defining or limiting the mode of exercising such powers; the company, after the deposit thereof with the Secretary of State as hereinbefore provided, shall not act upon such powers otherwise than as defined, restricted and limited by such agreement. And no bond thereafter issued by the company, and no order, resolution or proceeding thereafter made, passed or had by the company, or by the board of directors, contrary to the terms of such agreement, shall be valid or effectual.

37. The company may, from time to time, issue guaranteed or preferred stock at any price, to such amount, not exceeding ten thousand dollars per mile, and upon such conditions as to the preferences and privileges appertaining thereto, or to different issues or classes thereof, and otherwise as shall be authorized by the majority in value of the shareholders present in person, or represented by proxy at any annual meeting or at any special general meeting thereof called for the purpose, notice of the intention to propose such issue at such meeting being given in the notice calling such meeting. But the guarantee or preference accorded to such stock shall not interfere with the lien, mortgage and privilege attaching to bonds issued under the authority of this Act. And the holders of such preferred stock shall have such power of voting at meetings of shareholders, as shall be conferred upon them by the by-laws of the company.

EXECUTION OF AGREEMENTS.

38. Every contract, agreement, engagement, scrip certificate or bargain made, and every bill of exchange drawn, accepted or endorsed, and every promissory note and cheque made, drawn or endorsed on behalf of the company, by any agent, officer or servant of the company, in general accordance with his powers as such under the by-laws of the company, shall be binding upon the company; and in no case shall it be necessary to have the seal of the company affixed to any such bill, note, cheque, contract, agreement, engagement, bargain, or scrip certificate, or to prove that the same was made, drawn, accepted or endorsed as the case may be, in pursuance of any by-law or special vote or order; nor shall the party so acting as agent, officer or servant of the company be subjected individually to any liability, whatsoever, to any third party therefor; Provided always, that nothing in this Act shall be construed to authorize the company to issue any note payable to the bearer thereof, or any promissory note intended to be circulated as money, or as the note of a bank, or to engage in the business of banking or insurance.

GENERAL PROVISIONS.

38. The company shall, from time to time, furnish such reports of the progress of the work, with such details and plans of the work, as the Government may require.

40. As respects places not within any Province, any notice required by the Consolidated Railway Act, 1879, to be given in the "Official Gazette" of a Province, may be given in the *Canada Gazette*.

AMENDMENT MOVED BY THE HON. EDWARD BLAKE.

JANUARY 20TH, 1881.

That the said resolutions be not now read a second time, but that it be *Resolved*,—That the late Government invited tenders for the construction and working of the Canadian Pacific Railway, under the Act of 1874.

That no tenders were received in answer to those invitations.

That the policy of the present Government approved by this House in the Session of 1879 was to obtain Imperial aid towards the work.

That the policy of the present Government approved by this House in the Session of 1880 was to construct the railway as a Government work.

That it appears that during the recess the Government determined to attempt to make a contract for the construction and working of the railway on wholly new conditions.

That the Canadian Pacific Railway Act provides that the works on any section or sub-section of the railway shall not be given out to any contractor except after tenders shall have been obtained therefor.

That the Government did not invite tenders on the basis of the said new conditions or at all.

That such new conditions were not made known by the Government at any time prior to the making of the contract nor until the night of the 10th of December last, when the contract was laid on the table.

That the said new conditions not authorized or contemplated by the Canadian Pacific Railway Act are of the most vital importance and amongst the same are the following:—

1. By the Act no power is given to the Government to agree with the contractors to construct for the benefit of the contractors sections of the work to be handed over to the contractors.

By the contract the Government binds itself to complete the unfinished sections, to begin and finish the heaviest section now unlet and to hand over to the contractors for their own benefit the works, including those now in operation, and comprising over 700 miles of railway, of which the Pembina Branch alone is yielding nearly \$70,000 a year net revenue.

2. By the Act the cash expenditure of the Government, as principal money to be paid to the contractors, is to be \$10,000 a mile, or about \$27,000,000 for the whole line; apart from the cost of surveys which might or might not form part thereof.

By the contract the cash expenditure of the Government, as principal money of which the contractors receive the benefit, is to be in cash and works to be handed over to the contractors, at least \$53,000,000, apart from the cost of surveys which do not form part thereof.

3. By the Act the land grant is to be taken so far as obtainable along or in the immediate vicinity of the whole line of railway to the Pacific Ocean, and is to be of fair average quality, thus embracing a large proportion of land not fit for settlement.

By the contract the land is all to be taken in the North-West Territories, between Selkirk and Jasper, and is not to include any land not fairly fit for settlement.

4. By the Act the land not to be found near the railway is to be appropriated at other places, to be determined by the Government.

By the contract the contractors are given large powers of selection of the land.

5. By the Act the Government is to have control of the sales of two-thirds of the land grant.

By the contract this power is taken away.

6. By the Act the subsidy and land grant are to be payable in proportion to the value of the work done as compared with the estimated value of the whole work contracted for.

By the contract the subsidy and land grant are to be payable in amounts wholly disproportionate on the prairie section, which is the easiest and most profitable and is intended to be the earliest completed.

7. Under the Act the property and capital stock of the company remain liable to Dominion, Provincial and municipal taxation.

By the contract such property and capital stock are perpetually exempted from taxation by the Dominion, new Provinces or municipalities therein.

8. Under the Act the land grant of the company remains subject to taxation.

By the contract the land grant is exempted from the Dominion, Provincial and municipal taxation here mentioned until sold or occupied for twenty years from the date of the grant.

9. Under the Act all the materials required by the contractors remain subject to import duties.

By the contract a large part of such materials is exempted from import duties.

10. Under the Act Parliament and any new Provinces are in no wise hindered from authorizing the construction of other railways as the public interest may require.

By the contract it is agreed that Parliament and any new Provinces shall not for twenty years authorize the construction of any railways running in certain directions which might interfere with the Canadian Pacific Railway.

11. By the Act, the Government has unrestricted power to regulate from time to time the tariff of tolls.

By the contract, the power of the Government to reduce an established tariff is limited to the case in which the company is making a net revenue exceeding 10 per cent. on the capital invested in the construction of the railway.

12. Under the Act the Government would have power to prescribe from time to time the accommodation and the trains to be provided by the company.

By the contract such power is not given to the Government.

13. Under the Act the Government would have power to acquire the railway at any time the public interest might demand.

By the contract the Government has no such power.

14. By the Act the grades of the railway and the materials and manner of construction and the mode of working, including the description and capacity of the rolling stock are to be such as may be determined by the Governor in Council; and it was formerly the declared policy of Governments and Parliament that the grades should be very low.

By the contract the Union Pacific Railway as first constructed is fixed as the approximate standard; and its grades are very high.

15. By the Act no power is given to the company to build branch railways, save one to Georgian Bay and one to Pembina.

By the contract power is given to the company forever to build branch lines in various parts of the Dominion.

16. By the contract divers other important privileges and powers are given to the company not authorized or contemplated by the Act.

That such new conditions wholly alter the basis for tendering.

That no opportunity was given to Canadian capitalists or to the public to tender for the work on the basis of any such new conditions.

That by the Canadian Pacific Railway Act it is provided that no contract made under the authority of that Act for the construction of any portion of the main line of the railway shall be binding until it shall have been laid before the House of Commons for one month without being disapproved, unless sooner approved by a resolution of the House

That the contract now on the table does not come within the provisions of the said Act; and is of no force unless legalized by Parliament.

That the said contract expressly provides that the same shall be binding only in the event of an Act of incorporation being granted to the projected company as set out in Schedule A to the contract.

That Parliament is free to reject such a Bill.

That it is now proposed that Parliament shall legalize the contract.

That this House is under no obligation to do so, and it is its duty to refuse to do so, unless satisfied that the public interest requires such a step.

That the conditions of the contract are extremely onerous and disadvantageous to the country.

That it now appears that terms much more favorable to the country can be obtained.

That on the 14th day of January instant, only five weeks after the said new conditions were made public, an offer, which is now on the table, was made to the Government by Canadian capitalists of high standing and ample means, credit, and business ability, comprising Sir *W. P. Howland*, *H. H. Cook*, *A. R. McMaster*, *Wm. Hendrie*, *John Stuart*, *John Proctor*, *P. S. Stephenson*, *John Walker*, *D. Macfie*, *Peleg Howland*, *A. T. Wood*, *Allan Gilmour*, *J. Carruthers*, *K. Chisholm*, *A. W. Ross*, *Geo. A. Cox*, *P. Larkin*, *W. D. Lovitt*, *Barnet & McKay*, *James McLaren*, and *Alexander Gibson*, to complete those parts of the railway to be built by the contractors, and to equip and maintain and work the whole railway from Lake Nipissing to the Pacific Ocean, and to perform all the obligations undertaken by the contractors on terms far less onerous to the country, in the following respects:—

1. The contract provides for a cash subsidy of \$25,000,000, and a land grant of 25,000,000 acres.

The offer proposes to accept \$22,000,000 and 22,000,000 acres, making a saving of \$3,000,000 in cash, and 3,000,000 acres, equal, at the Government estimate of \$3.18 per acre, to \$9,540,000, or a total saving of \$12,540,000 on this head.

2. The contract provides as a standard the Union Pacific Railway as first constructed.

The offer proposes that railway as in 1873.

3. The contract provides for the giving of \$9,000,000 and 11,250,000 acres for the prairie 900 miles.

The offer proposes to accept \$6,600,000 cash and 9,000,000 acres for the same work, making a saving on that part of \$2,400,000 and 2,250,000 acres, or a total saving on that part, at the Government, of \$9,555,000.

4. The contract provides for the giving of \$6,000,000 cash and 7,500,000 acres for the Western four hundred and fifty miles to Kamloops.

The offer proposes to accept \$5,400,000 cash and 6,750,000 acres for the same work, making a saving on that part, of \$600,000 cash and 750,000 acres, or a total saving on that part, at the Government estimate, of \$2,985,000.

5. The contract provides that the Government shall permit the admission free of duty of all steel rails, fish-plates and other fastenings, spikes, bolts and nuts, wire, timber, and all material for bridges to be used in the original construction of the railway, and of a telegraph line in connection therewith and all telegraphic apparatus required for the first equipment of such telegraph line.

The offer proposes to undertake the obligations without any exemptions from duty, thus effecting a further large gain to the country.

6. The contract provides that for twenty years from the date thereof, no line of railway shall be authorized by the Dominion Parliament to be constructed south of the Canadian Pacific Railway from any point, at or near the Canadian Pacific Railway, except such line as shall run south-west or to the westward of south-west; nor to within fifteen miles of latitude 49; and that in the establishment of any new Province in the North-West Territories provision shall be made for continuing such prohibition after such establishment until the expiration of the said period.

The offer proposes to undertake the obligations without any such restrictions, thus preventing the creation of the Legislative monopoly in favor of the company, provided by the contract, and preserving to Parliament and the new Provinces unfettered by the contract, their freedom to charter railways and to create competitive routes as the public interest may require, and by this means blotting out one of the most objectionable features of the contract.

7. The contract provides that the Canadian Pacific Railway and all stations and station grounds, workshops, buildings, yards, and other property, rolling stock and appurtenances, required and used for the construction and working thereof, and the capital stock of the company, shall be forever free from taxation by the Dominion or by any Province hereafter to be established or by any municipal corporation therein.

The offer proposes to undertake the obligations without any such exemption, thereby effecting a great further public gain.

8. The contract provides, that the lands of the company in the North-west Territories until they are either sold or occupied, shall also be free from such taxation for twenty years after the grant from the Crown.

The offer proposes to undertake the obligations without any such exemption, thereby effecting a great further public gain, and removing a most serious hindrance to the development of the North-west.

9. The contract contains no provision giving to the Government power to acquire the railway.

The offer proposes that the Government shall be entitled at any time after completion to acquire the railway on terms to be settled by agreement or arbitration, thus enabling the Government, in case the public interest shall be found at any time to demand that step, to acquire the railway with a view to its being dealt with as those interests may then require.

10. The contract provides for the passing of an Act which would limit the power of the Governor-in-Council to reduce tolls once established to the case in which the company's net profit shall exceed 10 per cent. on the capital invested in the construction of the railway.

The offer proposes that there shall be no such limitation, and that the provisions of the General Railway Act shall apply, giving the Governor-in-Council unrestricted power to regulate established tolls from time to time as the public interest may require.

11. The contract makes no provision for the allotment of stock in the company in the several Provinces.

The offer proposes that the Act to be passed shall provide for the opening of stock books in the principal cities of each Province with a view to such allotment.

That the said offer besides its proposal for the whole line, contains certain alternative proposals in case the Government should desire to withdraw from or postpone the construction of certain parts of the line by the contractors. That the conditions of those alternative proposals are not such as should be accepted, but the refusal to accept the same leaves untouched the offer for the whole line which stands independent of the said alternatives.

That it appears that the said tenderers have deposited in chartered banks of Canada over \$1,400,000, which is held by such banks as security that if the tender is accepted and the charter granted, the million of dollars to be deposited with the Government as security for construction will be deposited as proposed by the tender.

That it is not in the public interest that the contract according to the terms of which the \$25,000,000 and 25,000,000 acres are proposed to be granted should be legalized.

YEAS :

Messieurs

Anglin,
Bain,
Bechard,
Blake,
Bordeu,
Bourassa,
Brown,
Burpee (St. John),
Burpee (Sunbury),
Cameron (Huron),
Cartwright,
Casey,
Casgrain,
Charlton,
Cockburn, (Muskoka),
Dumont,
Fiset,
Fleming,

Geoffrion,
Gillies,
Gillmor,
Glen,
Gunn,
Guthrie,
Haddow,
Holton,
Huntington,
Killam,
King,
LaRue,
Laurier,
Macdonell (Lanark),
Macdonell (Inverness),
McIsaac,
Mulouin,
Mills,

Olivier
Patterson (Brant),
Pickard,
Rinfret,
Robertson (Shelburne),
Rogers,
Ross (Middlesex),
Rymal,
Scriver,
Skinner,
Smith,
Sutherland,
Thompson (Haldimand),
Trow,
Weldon,
Wheler,
Wiser and
Yeo.—54.

NAYS :

Messieurs

Allison,
Arkell,
Baker,
Bauman,
Baruard,
Beaty,
Beauchesne,
Benoit,
Bergeron,
Bergin,
Bill,
Bolduc,
Boulbee,
Bonbeau,
Bowell,
Brecken,
Brooks,
Bunster,
Bunting,
Burnham,
Carling,
Caron,
Cimou,
Cockburn (Northum'd),
Colby,
Connell,

Gault,
Gigault,
Girouard, (Jacques Cac),
Girouard, (Kent),
Grandbois,
Hackett,
Haggart,
Hay,
Hesson,
Hilliard,
Hooper,
Houde,
Hurteau,
Ives,
Jackson,
Jones,
Kaulbach,
Kilvert,
Kirkpatrick,
Kranz,
Landry,
Lane,
Langevin,
Lantier,
Little,
Longley,

Merner,
Methot,
Montplaisir,
Mousseau,
Muttart,
O'Connor,
Ogden,
Orton,
Quimet,
Patterson (Essex),
Pinsonneault,
Platt,
Plumb,
Pope (Compton),
Pope (Queens),
Poupore,
Richey,
Robertson (Hamilton),
Rochester,
Ross (Dundas),
Rouleau,
Routhier,
Royal,
Ryan (Marquette),
Ryan (Montreal),
Rykert,

Eastgar,	Macdonald (Kings),	Sebultz,
Coughlin,	Macdonald (Sir John),	Scott,
Coupal,	McDonald (Cape Breton),	Shaw,
Cowse,	McDonald (Pictou),	Sproule,
Currier,	McDonald (Victoria, N.S.),	Stephens,
Cuthbert,	Macmillan,	Strange,
Daly,	McCallum,	Tasce,
Doust,	McCarthy,	Tellier,
Dawson,	McConville,	Tilley,
Desautels,	McCraig,	Tupper,
Desjardins,	McDonnell,	Valin,
Donville,	McGreevy,	Vallee,
Doull,	McInnes,	Vanasse,
Drew,	McKay,	Wade,
Dugas,	McLennan,	Wallace (Norfolk),
Elliott,	McLeod,	Wallace (York),
Farrow,	McQuade,	White (Cardwell),
Fergusen,	McRory,	White (Bentley),
Fitzsimmons,	Manson,	Williams and
Fortin,	Masson,	Wright.—140.
Fulton,	Massue,	

Sir ALBERT SMITH moved, in amendment, that the said resolutions be not now read a second time, but that it be resolved, that in the opinion of this House, tenders should be invited for the construction and operation of the railway, before Parliament is asked to ratify any contract for the same.

Mr. BEECHER then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That prior to, and during the last General Election, it was the policy of all parties, that the arrangements for the construction of the Canadian Pacific Railway should be such as the resources of the country would permit, without increasing the former rates of taxation, and that the work, if to be constructed by a company, should be let only after tenders had been obtained therefor, and should be subjected to purchase by the Government at 10 per cent over cost, after deducting the public expenditure; and that the property and stock, and land grant of the company should be subject to taxation, and that the Governor in Council should have the unrestricted right, from time to time, to regulate the tolls to be taken, and to prescribe the accommodation to be given, and that Parliament should be free to charter such other railways as the public interest might require.

That the contract respecting the Canadian Pacific Railway, laid on the table, involves violations, in the above and other particulars of the settled policy, in reference to the Canadian Pacific Railway, and should not be ratified, till after the people have had the opportunity of expressing their opinion through the medium of a General Election; which was negatived.

Sir RICHARD CARTWRIGHT then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway involves a total expenditure by the country in connection with that work of about 60 millions of dollars, exclusive of interest, and the cession of 25 millions of acres of choice lands, worth at the estimate of the Government last year, at least \$70,500,000, making a total con-

sideration of about \$140,000,000, while the railroad itself is estimated by Government to cost not more than \$84,000,000, and that the consideration proposed to be given, is excessive, and that the contract is in the highest respect objectionable;—which was negatived.

Mr. BUEFFE (Sudbury) then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the present construction of the Canadian Pacific Railway in British Columbia is premature and will involve the country in an expense beyond its reasonable capacity, and will result in the maintenance of too high a rate of taxation, while the postponement of that part of the undertaking, till after the completion of the Prairie Section, will enable it to be constructed at much less cost, and within a reasonable time;—which was negatived.

Mr. LAURIER then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway provides for the construction of between 6 and 700 miles of railway to the North of Lake Superior between Lake Nipissing and the junction with the road from Thunder Bay, through a difficult and uninhabited country and at a vast expense, that a mere fraction of the cost of this road would, if applied as a basis of credit, secure the construction of those 63 miles common to the through line and to the Sault Ste. Marie Railway, and also of the remainder of the line to Sault Ste. Marie within 3 years; that the line by Sault Ste. Marie would give Ontario, Quebec and the East, railway connection with the North-west of nearly the same length, and of better quality, than the proposed North Shore line; that it would also give to Canada a great trade from an enormous area of the Western States, extending from the boundary to a point south of St. Paul, and even now inhabited by about 1,200,000 souls; that it would secure a way traffic; that it would thus give within 3 years and at a fraction of the cost of the other line, greater benefit than can be secured by that line in 10 years, which is the period stipulated for its construction; that it would bring both the Western States and the Canadian North-west into connection by rail with the ocean steamers at Montreal and Quebec on a route shorter by about 300 miles, than the existing route to New York; and this advantage together with the further gain of about 250 miles in the ocean voyage to Liverpool, would give this route a commanding position, and secure great benefit to the country at large; that the construction of the line to the Sault or Goulais Bay would also give a first-class rail and water route *via* Sault Ste. Marie and Thunder Bay, within our own limits by the shortest possible line for the transport of emigrants, goods and produce; that the construction of the line from Sturgeon River to or beyond Thunder Bay to the North of Lake Superior, is under the circumstances premature, and should not be now undertaken;—which was negatived.

Mr. MILLS moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract for the construction of the Canadian Pacific Railway, while it gives to the company the absolute and perpetual right to build branch lines of railway from any point or points along their line, to any point or points within the Territories of the Dominion, and cedes to the company free all Government lands required in connection with such branches, provides that for 20 years no line of railway shall be authorized by the Dominion Parliament or by any new Province to be constructed South of the Canadian Pacific Railway from any point at or near that railway, except such as shall run South-west, or to the Westward of South-west, nor to within 15 miles of the boundary between the United States and Canada; the same contract cedes to the company the only existing outlets of the North-west, namely the Pembina branch, being the outlet Southward, and the Thunder

Bay line, being the outlet Eastward ; the company embraces the chief proprietors of the St. Paul and Manitoba Railway, the only present means of railway communication with the North-west ; and thus, not only is there no provision for securing competition, but there is provision securing the company against competition, and they are secured in a monopoly of the trade and traffic of the North-west, for at least 20 years, and the said contract is, in this respect, objectionable ;—which was negatived.

Mr. BORDEN then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway provides, that the company shall not be obliged to receive any section of land, consisting in any material degree of land not fairly fit for settlement, and that lakes and water stretches shall not be computed in the acreage of the company's sections, and gives to the company the right of selecting in alternate blocks anywhere in the fertile belt or elsewhere the amount of the large deficiency in the acreage to be found within 24 miles of the main line, thus including coal, mineral, timber, stone-quarry, petroleum and salt producing lands in their choice, and gives to the company, with the consent of the Government, the right to select in the North West Territories any tracts of land not taken up in order to supply the deficiency, and provides no proper means of deciding whether the alternate sections on the main line and branches should be accepted by the company ; and that the said contract is, in these particulars, unjust and impolitic ;—which was negatived.

Mr. ANGLIS then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway provides for a distribution of the money and land to be given for the work, wholly arbitrary and disproportionate ; that land and money, far in excess of the proportionate cost, is assigned to the prairie part, the easiest and most productive portion of the railway, which it is alleged will be constructed within 3 years, by which time the company will be entitled in cash and lands to a surplus amounting, according to the Government estimate of the lands at \$2.18 an acre, to over \$1 millions, which surplus should have been reserved and applied towards the construction and working of the eastern and western ends, and that the said contract is, in this respect, objectionable ; which was negatived.

Mr. TROW then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway exempts 25 millions of acres of the choice lands of the company from Dominion, Provincial and municipal taxation, until such lands are either sold or occupied for 20 years after the grant thereof from the Crown ; that such exemption is unjust and will impose undue burdens on the settlers on the alternate sections, who will be obliged to make improvements and incur expenses, enhancing the value of the company's lands without receiving their fair share of the cost of such improvements and expenses ; that such exemptions by freeing the company from the burdens of taxation, will reduce the inducements to the company to sell their lands early, and will enable the company free of expense to hold their lands, till their value has been greatly enhanced by the labors of the adjoining settlers, and that the said contract is, in this respect, objectionable ; which was negatived.

Mr. PATERSON (Brant) then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway, laid on the table, does not insure finality as to the public obligations in that regard, but imposes on Canada, besides the grant of large sums of money and acres of land, the construction by the Government for the benefit of the syndicate of the most expensive parts of the rail-

way, which are to be built by Government during the next 10 years, and that the said contract is, in this respect, objectionable ;—which was negatived.

Mr. RINFRET then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway contains provision for ceding to the company 25 millions of acres of choice lands in the North-West, but it does not, as it should, embrace any provision that such lands shall be open to sale to actual settlers at any maximum price ; that the absence of such provision will enable the company to lock up the lands at their pleasure for a long time, and so be injurious to the progress of the country, and add to the labors and difficulties of the early settlers, and that the said contract is, in this respect, objectionable ;—which was negatived.

Mr. CHARLTON then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway exempts perpetually the railway and all stations, and station-grounds, workshops, buildings, yards and other property, rolling stock and appurtenances, required for the construction and working thereof, and the capital stock of the company from taxation by the Dominion, or by any Province to be hereafter established, or by any municipal corporation therein.

That the property of the corporation will be in substance a gift from the public ; and its exemption from taxes is unjust, creates an unfair incidence of taxation, and gives an undue advantage to the company over other railway companies, calculated to prevent the construction of competing lines, and the contract is, in this respect, objectionable ;—which was negatived.

Mr. ROSS (Middlesex) then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway provides, that Parliament shall not have power to interfere with the tolls, charged by the company, unless the same produce, first the working expenses of the whole line, including the British Columbia and Lake Superior sections, which working expenses comprise all expenses of maintenance of the railway and of the stations, buildings, workshops and appurtenances belonging thereto, and the rolling-stock and other stock and moveable plant used in the working thereof, and also hire of engines, rents, charges and interest on lands not paid for, and all expenses incidental to working the railway and the traffic thereon, including stores and all consumable articles, and also rates, taxes, insurance and compensation for accidents or losses, also all salaries and wages of persons employed in connection with the railway or traffic, and all office and management expenses, including directors' fees, agency, legal and other like expenses, and thereafter a profit at least of 10 per cent on the capital expended on the construction of the railway which includes the public money and the proceeds of the public lands so expended, thus restraining Parliament from interfering unless the company receives at least \$8,000,000 a year profit, on a private capital of merely nominal amount ; that Parliament ought to have power to regulate the tolls on the railway from time to time, as and when the public interest requires, and that the contract is, in this respect, objectionable ;—which was negatived.

Mr. SCRIVER then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway permits the company to lay out the line of the railway as they may see fit, subject to the approval of the Governor in Council, preserving only the following terminal points—Calanher station to a point of junction with the Lake Superior section, and Selkirk to the junction with the western section by way of the Yellow Head Pass ; that the latitude thus allowed

would enable the company to deflect the line through the prairie country in such a manner as largely to defeat the main object of establishing a great central road through the North-West, as is proposed by the route now adopted; that no substantial change should be made in the route without the sanction of Parliament, and that the contract is, in this respect, objectionable;—which was negatived.

Mr. GURRIN then moved in amendment, that the said resolutions be not now read the second time, but that it be

Resolved, That by the Consolidated Railway Act, 1879, it is provided that every by-law fixing and regulating the tolls to be taken by a railway company, shall be subject to revision by the Governor in Council from time to time, after approval thereof.

That the exercise by the Governor in Council of the power of reducing tolls under the said Act, is by the contract respecting the Canadian Pacific Railway, limited as regards the said company to such extent, that the tolls when reduced shall not produce less than 10 per cent per annum profit on the capital actually expended in the construction of the railway, and that the net income of the company from all sources shall not be less than 10 per cent on the capital so expended.

That the Governor in Council should have in the case of the Canadian Pacific Railway Company the same unrestricted power which is possessed in the case of such other railways of revising from time to time, as the public interest may require any tariff of tolls, and that the contract is, in this particular, objectionable;—which was negatived.

Mr. CASGRAIN then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway makes no provision for the establishment of an executive commission or other machinery for regulating the tolls and securing proper accommodation to the public on the railway, which is to be built practically at the public cost; that such provision should be made, and that the contract is, in this respect, objectionable;—which was negatived.

Mr. CAMBRON (Huron) then moved in amendment, that the said resolutions be not now read a second time, but that it be

Resolved, That the contract respecting the Canadian Pacific Railway, laid on the table, does not, as it should, provide for the running powers for the Quebec, Montreal, Ottawa and Occidental Railway, and for the Ontario and Pacific Junction Railway, over the 63 miles from Nipissing to Sturgeon River, which form the line common to the through line, and the Sault Ste Marie line.

And that the contract does not make satisfactory provision for securing the traffic to and from Montreal and the East by the Quebec, Montreal, Ottawa and Occidental Railway against preferential charges which the Canadian Pacific Railway may establish in favor of the Canada Central Railway, the St. Lawrence and Ottawa Railway, the Coteau Railway, or other lines of railway to the South and East, nor against the preferential charges which it may be the interest of the Canadian Pacific Railway to establish, in case of the authorized and contemplated acquisition thereof of, or amalgamation with, or of the use of running powers over the Canada Central Railway, nor in the case the Canadian Pacific Railway amalgamates with, or obtains running powers over the St. Lawrence and Ottawa Railway, the Coteau Railway, or any other railway running South or East.

Nor does the said contract make satisfactory provision for securing the traffic to and from Ontario, by the Ontario and Pacific Junction Railway, against the preferential charges which it may be the interest of the Canadian Pacific Railway to establish in the event of the authorized and contemplated

acquisition of, or amalgamation with, or use of running powers over, the Canada Central Railway and other railways South and East of Ottawa; and the said contract is, in these respects, objectionable;—which was negatived.

Mr. KILLAM then moved in amendment, that the said resolutions be not now read the second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway provides for the admission duty free of all steel rails, fish-plates and other fastenings, spikes, bolts and nuts, wire, timber and all materials for bridges to be used in the original construction of the railway, and of a telegraph line in connection therewith, and all telegraphic apparatus required for the first equipment of such telegraph line; that such exemption from duty is unjust, and the contract is, in this respect, objectionable;—which was negatived.

Mr. FISER then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway makes no sufficient or satisfactory provision for the construction of the work in a proper manner, or its efficient operation afterwards, nor does it, as it should, provide that so much of the work, as is done by the company, shall, in case they make default in completing the railway, belong to the Government, and that the contract is, in these respects, objectionable;—which was negatived.

Mr. LARUE then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway makes no provision for the creation or continuance of a substantial Canadian interest in the stock of the company, nor does it guard against the transfer of a controlling interest to foreigners at any time of the incorporation of the company, and it provides that the company may appoint and fix places of business beyond the limits of Canada, where the business of the company may be transacted, and at which the directors and shareholders may meet; that under this provision the important business of the company may be transacted, and its directors and shareholders meetings held in St. Paul, Minnesota, or New York, or elsewhere in the United States; that such power should not be given, and that the contract in this respect, is objectionable;—which was negatived.

Mr. KRUE then moved in amendment, that the said resolutions be not now read a second time, but that it be

Resolved, That the contract respecting the Canadian Pacific Railway provides as a standard whereby the quality and character of the railway and of the material used in the construction thereof, and in the equipment thereof may be regulated, the Union Pacific Railway of the United States as the same was when first constructed.

That by a letter, since laid on the table, some members of the Syndicate have expressed their intention to abide by the standard of the Union Pacific Railway, as it was in February, 1873,—that this letter is not binding on the projected company,—that neither of the said proposed standards is satisfactory,—that there are objectionable details in the construction of the Union Pacific Railway,—that the conformation of the ground on the route of the Canadian Pacific Railway admits of much better alignments and grades than those of the Union Pacific Railway,—that this was recognized in the contract made by the Government with Sir Hugh Allan and others in 1873, which provided in this respect, that the Union Pacific Railway should not be the standard with respect to any minor details in its construction and working, which may be found objectionable, and with respect to its alignments and grades which should be as favorable as the nature of the country will admit without undue expendi-

ture,—that the contract and letter on the table contain no such provision, and provide a standard lower than that of the Allan contract, unsuitable to the country, and calculated to secure an inferior railway.—that the condition of the Union Pacific Railway was very different when first constructed from its condition in February, 1873, and its present condition is also very different from its condition in February, 1873,—that in order to apply its former condition as a standard for the Canadian Pacific Railway, it would be necessary to engage in an inquiry as to what its condition actually was many years ago. And this renders the proposed standard unsatisfactory, and that the contract is, in these respects, objectionable ;—which was negatived.

Mr. MACDONNELL (Inverness) then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway does not preserve to the Government the right to give to other corporations running powers over the Thunder Bay line and the Pembina branch ; but improperly cedes to the company the absolute and exclusive right to these avenues to the North-West, and the said contract is, in this respect, objectionable ;—which was negatived.

Mr. CASEY then moved in amendment, that the said resolutions be not now read a second time, but that it be *Resolved*, That the contract respecting the Canadian Pacific Railway makes no provision for the Government having a right, at its option, to acquire the railway on proper terms, having regard to the amount of public resources invested in the enterprise ; that the public security may require the exercise by the Government of such an option, and that the right should be secured by the contract, which is, in this respect, objectionable ;—which was negatived.

OPINIONS OF THE PRESS.

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Ontario Reformer, February 5th, 1881.

MR. F. W. GLEN'S CANADA PACIFIC RAILWAY SPEECH.

The following letter, published in the *Mail*, was written by Mr. William Lukes, formerly of Newmarket, but now of Toronto, who has been engaged in the produce business for many years—a man who should be well informed on the subject, and, therefore, we are compelled to believe that in writing the letter, he was inspired by a desire to make a point in the interest of his party rather than in the interest of the farmers. He says :

“The utterances of the member for South Ontario, as reported in the *Globe* of to-day, on the syndicate are amazing, and calculated to mislead the public on the question, especially as the same are endorsed in your Parliamentary summary as being replete with valuable statistical information bearing on the question. Mr. Glen says the crop of wheat in the United States was 400,000,000 bushels last year, and that the saving of one cent per bushel on freight insures the farmers of the United States a profit of \$40,000,000, and that the five cents saved in the cost of transportation is a clear gain of \$200,000,000 to the

producer in a single year. These figures need no comment, being so utterly erroneous, but Mr. Glen's argument is so fallacious as to require contradiction. He assumes that the entire crop is being transported, which is far from correct. There are deductions to be fairly made, such as the amount required for seed and home consumption for the farmer and those depending on him, which is never subject to any freight or railroad transportation whatever, being carried to mill by his own teams. Again deducting the amount as used by the above from 250,000,000 bushels, as the consumptive demand of the whole people of the United States, the balance is carried as local freight, only leaving something like 50,000,000 or 60,000,000 bushels to be carried as through freight, on which the calculation should be made. Mr. Glen says that our farmers are paying a duty of thirty per cent. upon the implements required to gather their crops. I think this requires an explanation, as I and many others are not aware that such implements are but little if any dearer than before the era of the N.P. It is certainly due to the public that the hon. member should correct or substantiate the matter referred to."

We have before us Mr. Glen's speech as reported in the *Hansard*, and find that the forty millions above referred to should be four millions, and the two hundred millions should be 20 millions. It is simply a clerical error in telegraphing the speech and needs no further comment. If Mr. Lukes will refer to the present tariff he will find that Mr. Glen is correct in saying that the duty upon agricultural implements is thirty per cent. If he (Mr. Lukes) had examined the statement of the exports from the United States he would have learned that there was exported from that country for the year ending June 30th, 1880, one hundred and sixty million bushels of wheat, allowing five bushels of wheat for each barrel of flour exported; instead of, as he would have us believe, fifty or sixty million bushels. We are surprised that a grain dealer, so ready to rush into print, should show such utter ignorance of the subject he discusses so glibly. But the chief point in Mr. Lukes' letter is his attempt to show that a reduction in freight only affects the value of the wheat actually exported from the country. He (Mr. Lukes) knows perfectly well that the price in Liverpool controls the price in every local market in Ontario, that the price in Liverpool is cabled every day to Montreal and Toronto, and that the buyers throughout the country receive information daily from their correspondents in Toronto and Montreal. If the price falls in Liverpool, it falls promptly in Montreal, Toronto, and the local markets throughout the country. If it rises in Liverpool, a rise takes place in the Canadian markets as well as the markets in the United States. The price in Liverpool, less the cost of transportation, fixes the price in Montreal and Toronto and likewise in the local markets. If there is a fall in freights there will be a rise in prices; if there is an increase in freights there will be a fall in prices in all the markets in the country. When ocean freights on cattle rose to a very high point, last winter, it reduced the price that the buyers were able to pay the farmers for cattle. As there was no corresponding increase in the value in Liverpool of cattle, it was necessary that the price here should be reduced, otherwise the buyers would have lost the increase in rates of freight. If wheat is worth \$1.15 per bushel in Oshawa to ship abroad, it is worth just the same price in Oshawa to buy and grind for local consumption. The miller who buys for local consumption pays no more nor any less than the dealer who buys for exportation, so that the foreign market fixes the price, not only for what is shipped abroad but the price the farmer receives for what is consumed at home, whether he sells it to his neighbor for seed, or to his neighbor, a miller, for local consumption, or to his neighbor, a produce dealer, for exportation. Any reduction in the cost of transportation increases the price the farmer will get, not only for what is exported, but for all the crop he has for sale. This is a fact so well known to all farmers that we wonder a gentle-

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SPEECH.

Mr. William
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man of Mr. Lukes' practical knowledge of the grain business should have written so disingenuous a letter as he addressed to the *Mail*. The cost of transportation includes freights, interest, commissions, risk, and a reasonable profit for the services rendered by the shipper.

Mr. Glen was quite right in saying that, if the wheat crop of the United States was four hundred million bushels over and above the amount consumed by the producers themselves, a reduction of one cent per bushel in the cost of transporting the surplus to Liverpool would be equal to a gain to the farmers of four million dollars, and consequently a reduction of five cents per bushel was equal to a gain of twenty million dollars per year upon the wheat crop alone.

If the farmers of Ontario produce twenty-five million bushels of wheat over and above the amount they themselves consume and one cent per bushel is saved in transporting it to market it is an additional profit of \$250,000 per annum. If five cents per bushel be saved in the cost of transportation it is a clear gain of \$1,250,000.

If all other surplus agricultural produce, animals and their products, the produce of forests and mines, is equal to three times the surplus wheat crop, a saving in the cost of transportation on the whole at the rate of one cent per bushel on wheat would be worth one million dollars per annum to the producers of Ontario alone.

A saving at the rate of five cents per bushel on wheat would be a gain of five million dollars per annum, or one hundred million dollars in twenty years.

Upon the same basis, in addition to this enormous amount there would be almost, if not quite, as much saved by a like reduction in the cost of transportation upon all the goods, merchandise and products consumed in Ontario.

If a farmer in the North-West produces over and above what he consumes products of all kinds equal to two thousand bushels of wheat and in transporting to Liverpool,—its ultimate market,—the cost of transportation is reduced equal to five cents per bushel, he gains one hundred dollars. If this sum is put at interest at seven per cent, and the same amount added each year for thirty-one years, at the end of that period he will have \$10,205, which is far more than the average farmer of the older provinces is worth over and above his liabilities at seventy years of age. So that a sum equal to five cents per bushel on wheat saved in the cost of transporting the surplus agricultural products of the North-West to market is more than the average net savings of all our farmers. If the Syndicate only exact five cents per bushel more than they should exact for transporting the surplus products of the North-West to the seaboard, they will take from the farmers an amount greater than their entire average net earnings.

The St. Paul and Manitoba Railway Company, owned by the most active members of the Syndicate who will control its policy, now exact for transporting wheat from Winnipeg to St. Paul at least twenty cents per bushel over and above a liberal profit upon the cost of transportation.

The offer made by Sir W. P. Howland and his associates gave the Government entire control over the tolls to be charged by the company, and in this respect alone was worth millions annually to those who settle in the North-West, as compared to the contract made by the Government and Mr. Geo. Stephen and his associates.

The more the subject of railway transportation is investigated, the more clearly is it seen to be the most important commercial question of the present day. When counties, cities, towns and villages are granting bonuses upon such

a scale as to largely increase the rate of taxation for generations to come simply to secure competition in railway freights, it seems more than criminal upon the part of the Dominion Government to create by Act of Parliament an almost perpetual monopoly over the carrying trade of so vast a territory as is comprised in our North-West. As Mr. Glen truly says in his speech, the question of railway transportation is more important than that of direct or indirect taxation. We trust it is a subject that will receive the earnest attention of the producers and consumers of the Dominion, and that they will demand of their representatives in Parliament a careful study of the question, and such action as will protect them from the ruinous effect of railway monopolies.



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