Provincial Party

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C. P. R.

vs.

The People of British Columbia.

THE COAST=KOOTENAY RAILWAY.

The History of the Struggle to Obtain a Competitive Railway From the Coast to the Interior, and How the Enterprise Has Been Blocked by the Dunsmuir Government.

The Policy of a "Business Men's Government."

VICTORIA, B.C.
T. R. CUSACK, PRINTER,
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The Coast-Kootenay Railway Question.

INTRODUCTION.

The reasons for publishing the subjoined statement are as follows:—

1. To lay before the people of British Columbia an accurate and connected statement of the facts relating to the legislation in the matter of the Coast-Kootenay Railway;

2. To show——

That the Dunsmuir Government have, in the legislation which they have brought down, disregarded the almost unanimous expression of public opinion throughout the Province, and have not performed the pledges made by the Ministers to their constituents in the general election which returned them to to power.

That the Loan Act which they have passed is beyond all question detrimental to the interests of the Province generally and to the Coast Cities in particular.

That it discloses an undue preference for the Canadian Pacific Railway Company.

3. And——

To warn the public of the very dangerous situation which is now created by the active interference of the Canadian Pacific Railway in, and the undoubted influence which that corporation possesses over, legislative affairs in British Columbia.

MINERAL RESOURCES OF THE COUNTRY IN QUESTION.

In order to properly understand the subject-matter of this statement it is necessary to describe that portion of the Province of British Columbia known as the Boundary Creek District.

This district—as it is commonly known—extends from a point a short distance west of the Columbia River, where it crosses the International Boundary line in British Columbia, westward to a line which would be parallel with the northern portion of the Slocan Mining Division.

It is known to contain a vast amount of very rich mineral. It is expected that its output will very shortly equal that of the district of Kootenay, and there is good ground for the belief that it will eventually produce more ore than both the Kootenay and Slocan Districts combined. While in the Boundary District the ore is not of so rich a quality as that contained in the Slocan or the Kootenay, it is very much greater in bulk; and it is a well known fact that the production of a large quantity of low grade ore requires a much greater population, and is infinitely better for a country from a manufacturing and commercial standpoint than is the production of an equal value of high grade ore.

Mr. Smith Curtis, the member of the Provincial Legislature for that district, in a speech made during the session of 1901, referring to the possibilities of the country, said:—

"Now let me say a few words as to what Nature has done for us in this matter, for I am sure that not all of the members of this House even have a proper conception of the magnitude of our interior resources. At the present time we have a large output of minerals alone. At the end of this year there will be produced in Southeast Kootenay District products of the mines at the rate of 750,000 tons of coal, of the value of $1,500,000; gold, silver, lead and copper of the value of $2,500,000; or a total of $4,000,000. From Nelson, Slocan and Lardeau at the rate of 500,000 tons per year of the value of $7,500,000, which means a million tons of ore from there, or a total production at the rate of $21,500,000 per year. As you must know, the greatest part of the value of this mining output will be paid out in wages and expenses right here in the Province, and the trade which results from that enormous expenditure of money ought to and does belong to the Coast cities if advantage is but taken of the opportunity to obtain an independent road, a direct road, and an independent road, a direct road, and low freight rates. I say it will be a shame if that trade is not diverted to the Coast and that we should get the fullest possible benefit of all that money by keeping it in our own province and amongst our own business men. I want to draw your attention to the fact that the Province of Manitoba has never had, except in a most exceptional year, an export of grain to a value of more than fifteen millionns of dollars, and yet at the end of this year we will be producing at the rate of at least $21,500,000 in ore alone. Yet the Province of Manitoba has done enormous things in the building up of the commercial and manufacturing centres of Eastern Canada by creating a market for their goods. And further let me tell you what the output will be in three years' time if you give to the interior of Southern British Columbia the necessary competitive railways connected with the Coast cities of this province. I say that in three years' time after the completion of the projected railways if they are built as competitive lines, Southeast Kootenay will produce 4,000,000 tons of coal per year, of the value of $8,000,000, and $4,000,000 in gold, and silver, and copper, and lead, or a total of twelve millions of dollars. Nelson, Slocan and the Lardeau will be producing at least six millions, the Trail Creek Mining Division at least eight millions, the Grand Forks Mining Division eight millions, the Kettle River Mining Division eight millions, and the Main Kettle River and its West Fork and westward to Okanagan Lake at least two millions, the Keremeos country, in copper and gold, and silver, lead, iron and coal at least five millions of dollars, making a grand total of fifty million dollars output per annum. Give us a competitive system of railways and I venture to say that

within ten years' time from now the mineral output will not be less for all that region than one hundred millions of dollars, Remember, too, that it is only a comparatively small proportion of these moneys that will be paid out in dividends, the rest going for wages, for mining, for smelting and for transportation right within the borders of our own province. It is because I have this conception of what can be done, and of the great resources of the province, that I prefer to warn the Government of the fate that will overtake them and overtake the country and its trade, if we allow the whole of the southern portion of British Columbia to get into the absolute control of the C. P. R.; I speak in the hope that I can show them what is right and can brace them up to strike out now for a competitive railway system." (Applause.)

HISTORICAL.

LEGISLATION OF 1897.

In the year 1897 the Government inaugurated a comprehensive railway policy, under which it was intended to grant aid to a number of railways which were projected throughout the province. This policy was based upon the following propositions:—

(1.) The rapid development of the mineral districts of British Columbia and the outlook for a much more rapid development of the placer districts of the northern parts of the province, and in the Northwest Territories of Canada, necessitated the early construction of a large number of railways;

(2.) While the construction of these railways was necessary to the proper opening up of the mineral districts of British Columbia, they would require to be built over very difficult and mountainous regions, and could not in the ordinary course of things be constructed without liberal donations from the public funds;

(3.) The grant of the aid required in order to ensure the building of those roads within a sufficiently short time to assist the early development of the country would be too great a strain upon the financial resources of the province;

(4.) While the opening up of these districts would contribute largely to the material advancement of the province, the trade to be thereby developed was also a matter of great importance to the Dominion as a whole;

(5.) The Province of British Columbia was contributing yearly very large sums to the Dominion revenue, and prior to the date in question had received comparatively small sums in aid of public works in the province;

(6). Therefore, the Government decided to grant aid to railways of this description, provided that the Dominion would also give assistance bearing some proportion to the excess of revenue contributed by the Province to the Dominion over the amount paid back by way of financial assistance to public works in British Columbia.

This policy of the Government was enunciated in an Act passed in the year 1897, chapter 24, and cited as the "British Columbia Public Works Loan Act, 1897."

The preamble of this Act is couched in the following language:—

"Whereas, the existence of extraordinary mineral wealth has been substantiated in many parts of the province, and there are valid reasons for believing that there are numerous districts in the province as yet unprospected, which will also prove rich in mineral wealth, and that an extensive immigration and increase of population may be anticipated if means of communication are afforded by railways, roads and other works for developing the natural wealth which exists both in minerals, timber and farming land:

"And, whereas, it is expedient that the trade and commerce of British Columbia accompanying such development and increase in population should, as far as possible, be retained in the Dominion of Canada, which will be best effected by the early construction of such railways, roads and public works:

"And, whereas, the addition of every unit of population will give an increase of revenue, both to the Dominion and Provincial Governments, but in a proportion approximately two to one in favor of the Dominion as compared with the Province, while the charges on the province for administration and collection resulting from such increase in population are greater than those upon the Dominion, and the advantages to be reaped from the execution of such works would therefore constitute a strong claim upon the Dominion for assistance therein:

And, whereas, it is expedient that this Legislature should make immediate and adequate provision for subsidizing railways of the class above mentioned, and with that end a loan be authorized."

The Act then proceeds to authorize the Lieutenant-Governor-in-Council to borrow a sum of two and one-half million dollars and provides for the following among other railway subsidies:—

(1.) From Penticton, in the Boundary country, to Midway, a distance of 100 miles, $4,000.00 a mile,

(2.) From English Bluff on the Pacific Coast to Penticton, a distance of 230 miles, $4,000.00 a mile.

The Act further provided that the Lieutenant-Governor-in-Council might enter into all agreements with any person or company undertaking the construction of any railway to which a subsidy was attached by the Act, which might be necessary or convenient for the due construction and operation of such railway; and provided that the agreements should be subject to certain conditions specified in the Act.

In the year in which this Act was passed a railway was incorporated by the same Legislature, called The Vancouver, Victoria & Eastern Railway and Navigation Company. The corporation thus formed was authorized to construct a road from a point on English Bay, near the City of Vancouver, along the Fraser River through the Hope Mountains by the most feasible route, to the Columbia River and the City of Rossland.

This company obtained a Dominion charter in the year 1898, which is still in force.

SESSION OF 1898.

In the year 1898, further legislation along the line indicated by the Loan Act of 1897 was brought in by the Government. They introduced a Bill called the "British Columbia Public Works Loan Act (1897), Amendment Act, 1898," by which they authorized the province to borrow, (instead of the sum of two and one-half millions of dollars mentioned in the Loan Act of 1897), a sum not exceeding five millions of dollars, and provided for the following among other railway subsidies:—

(1.) From Penticton to Boundary Creek District, 100 miles, $4,000.00 a mile;

(2.) From Robson to the boundary, 80 miles, $4,000.00 a mile;

(3.) From English Bluff to Penticton, 230 miles, $4,000.00 a mile;

(4.) And for a line of railway of not more than 400 miles in length from Teslin Lake to a seaport in British Columbia, $4,000.00 a mile;

The Act then repealed the section of the former Act relating to contracts, and substituted the following section:—

"The Lieutenant-Governor-in-Council may enter into all "agreements with any person or company undertaking the "construction of any railway to which a subsidy is hereby "atttached, which may be necessary or convenient for the due "construction and operation of such railway, which agree-"ments shall in every instance, in addition to other matters "therein provided for, contain the following provisions":

These were, among others, as follows:—

That unless the railways from Penticton to Midway and from Robson to the Boundary Creek District were commenced before the 8th day of August, 1898, and unless the railway from English Bluff to Penticton was commenced before the 8th day of May, 1899, the respective subsidies should be forfeited; and, further, that the subsidies should also be forfeited unless the work of construction upon such railways, after commencement, was duly and diligently prosecuted to the satisfaction of the Lieutenant-Governor-in-Council.

CONTRACTS WITH MACKENZIE & MANN.

In pursuance of the powers conferred by the statute the Government agreed with Mackenzie & Mann for the construction of the railways from English Bay to Penticton, and from Penticton to Midway.

The contracts in question provided that the contractors should be bound in the terms of the security given, and this security provided that they should not be compelled to proceed with the work if they could not obtain a bonus from the Dominion Parliament.

At the time of the execution of the contracts the contractors pointed out to the Government that no survey had as yet been made of the railways in question, and that no construction could be satisfactorily commenced until the survey was completed, and also that the expenditure of a large sum of money upon construction itself, prior to the application to the Dominion for a subsidy, would be unwise, and also that survey work had always been held to be *bona fide* and continuous construction, within the meaning of similar subsidy Acts.

In consideration of these matters, the Finance Minister and the Attorney-General, who were authorized by Order-in-Council to represent the Government in this matter, agreed with the contractors that if they proceeded, on or before the day mentioned in the Act for commencement, to place an ordinary survey party on the proposed lines of railway, and to put a construction force at work near Penticton, such work would be considered by the Government as a diligent prosecution of the construction of the railway within the meaning of the contract.

Immediately after the execution of the contract, Mackenzie & Mann proceeded with their survey and other work on the line from Penticton to Midway, and continued the same without any interruption up to the time of the repeal of the Loan Act, hereinafter referred to. Their cash expenditure from the 15th of June to the 31st of October, 1898, in connection with the work amounted to $12,807.68, and between that date and the repeal of the Loan Act Mackenzie & Mann also expended the further sum of about $7,000.00.

REPUDIATION.

During the summer of 1898 a provincial general election occurred, with the result that the former Government were dismissed from office, the Finance Minister of the new Government being the Hon. F. Carter-Cotton, and the Attorney-General the Hon. Joseph Martin.

The events which followed the accession to office of that Government demonstrated conclusively that it had been determined to cancel the Mackenzie & Mann contracts at all hazards.

After many interviews between the contractors and the Government, in which most untenable grounds were taken by the administration, the following letter was written by the then Minister of Finance:—

Finance Department,
Victoria, B. C.,
31st December, 1898.

Messrs. Davis, Marshall & Macnell, Vancouver, B. C.

Gentlemen,—In reply to your letter of the 29th instant in reference to Messrs. Mackenzie, Mann & Co.'s letter of the 30th ultimo, I regret if your clients have been put to inconvenience by any delay in replying to the same. As, however, circumstances made it impossible to bring the matter before the Council any earlier, the delay was unavoidable.

I have the honor to inform you that after careful consideration of all the facts set out in the said letter of Messrs. Mackenzie, Mann & Co., this Government does not consider that the contract executed by the late Finance Minister and the late Attorney-General, on behalf of the Government, with that firm comes within the scope or intent of the Act passed by the Legislature to authorize aid being given for the construction of a railway between Penticton and Boundary Creek.

Although, until the interview last month with the representative of Messrs. Mackenzie, Mann & Co., this Government was unaware of the fact, asserted by Mr. Lukes, that members of the late Government had assured Messrs. Mackenzie, Mann & Co. that surveying the route of the railway would be considered as complying with the provisions of the Act requiring work to be commenced on the line before August 8th last, this Government is unable to concur in the view that such a course is in consonance with the intentions of the Legislature.

This Government is not able, therefore, to admit that the arangement entered into by the late Government with your clients is a valid one, or that if it were that the latter have "duly and diligently prosecuted the work" to the satisfaction of the Lieutenant-Governor-in-Council.

I have the honor to be, Gentlemen,
Your obedient servant,
F. Carter-Cotton,
Minister of Finance.

In the above letter it is stated that the Government have determined to cancel the contract for the following reasons:—

(1.) On the ground that it is not drawn in the form authorized by the statute; and

(2.) On the ground that the work has not been diligently prosecuted.

Although it is stated in Mr. Cotton's letter that the Government, up to the date of the interview of the 22nd of November, had no knowledge of the arrangement between the late Premier and Attorney-General, and although no suggestion of bad faith is imputed to either the contractors or the late administration, yet the Govenment assumed to cancel the contract on the ground that construction had not been diligently carried on without allowing the contractors any time within which they could perform such further work as the Government considered necessary in order to comply with the provisions requiring diligent prosecution of the work.

As to the other ground stated in the letter that the contracts are invalid by reason of not being drawn in accordance with the statute, it is not denied that contracts were executed; it is not questioned that they were signed by he proper officers, but the ground put forward is, that inasmuch as they did not bind the contractors to build the road unless a Dominion subsidy was obtained, they were *ultra vires* of the Government.

It will be noticed in this connection that the Loan Act permits the Government to enter into "all agreements with "any person or company undertaking the construction of any "railway to which a subsidy is hereby attached, which may "be *necessary or convenient* for the due construction and oper-"ation of such railway."

Under this section the decision as to what form of contract was necessary or convenient was left to the Lieutenant-Governor-in-Council, and when he had once bona-fide exercised his discretion that the contracts with Mackenzie & Mann were necessary or convenient contracts for the purpose it would not be open to anyone to contend that the act of the Lieutenant-Governor in signing the document in question was *ultra vires*; yet, unless the Government had exceeded the powers conferred upon them by the Act the contract is valid and subsisting and could not be cancelled by any subsequent letter written by or on behalf of the Government.

This argument is altogether separate from the other contention which seems to be perfectly sound, viz.:—that in making the contracts which they did, the late Government were acting strictly in accordance with the policy of the statute as outlined in the preamble and in the enacting parts.

In any event it would seem only right that before a Government should attempt to cancel any contract in circumstances such as those above mentioned, the matter should be referred to some court of competent jurisdiction in the province, to decide whether as a matter of law the contract was binding on the Government or otherwise.

In this connection it should be noted that it is perfectly clear that the contract for the work from the Coast to Penticton could not be put an end to on the suggestion that the work had not been prosecuted diligently, since the time for its commencement did not begin until the 8th of May, 1899, whereas the repudiation on the part of the Government took place on the 31st of December, 1898.

SESSION OF 1899.

The Provincial House assembled on the 5th January, 1899. On the 23rd of February a bill was passed which had been introduced by Attorney-General Martin, which repealed the Subsidy Act in so far as it related to the Coast-Kootenay Railway.

In the debate on the second reading of that bill Mr. Turner, who was one of the ministers who signed the contract with Mackenzie & Mann, and who is now Finance Minister in the Dunsmuir Government, is reported as follows, in the press of the day:—

MR. TURNER said he would like to ask the Attorney-General if he was to understand that the present Bill will be amended so that it will not affect the grant to the British Columbia Southern or Crow's Nest line or the Robson to Boundary or Robson to Penticton lines.

HON. MR. MARTIN said that with the exception of the British Columbia Southern that was so expressed in the Bill.

MR. TURNER: "I am glad to hear it." He looked upon the Bill as a measure of repudiation—nothing more and nothing less. The Attorney-General had strayed far from his text and had made a purely political speech, neglecting the subject matter of the Bill almost entirely. In this course he (Mr. Turner) did not propose to follow. The Attorney-General had said that the late Government had made certain contracts that were not contracts at all; in the next breath he had pronounced the agreement between the railway men and the Government a contract with certain conditions or restrictions. As to the Victoria, Vancouver and Eastern Railway, anyone familiar with the nature and conditions of the country to be traversed would know well that the building of the road could not be a possibility without a substantial subsidy being granted. The history of the promotion of that line was well known too. It was a line which if constructed would prove of the greatest advantage to the province, bringing the Coast and the Kootenays into touch, and conferring prosperity upon the lower Fraser, Vancouver City, Victoria City, and Vancouver Island generally. *There had never been, nor could there be, any chance of getting such a road built for such a subsidy as British Columbia alone could give, this being clearly evidenced by the history of the Crow's Nest road, which evidenced that no matter how rich the country traversed might be, the road could not be constructed without the Dominion supplementing the assistance of the Province.* There had been every reason to believe when this bargain was made with the Victoria, Vancouver and Eastern people that the Dominion would meet the Province in its efforts to secure the construction of the line, and that the road by this time would be well along in construction. The Dominion Government had the matter still under its consideration, however, and there was every reason to believe that the negotiations would yet have a satisfactory conclusion if the grant were permitted to remain on the statute book. That was if the Province of British Columbia did not adopt the policy of repudiating the contract to which the Attorney-General had referred would become perfectly good and valid as soon as the Dominion gave its supplementing assistance. The subject was of the greatest interest to all the people of British Columbia, and all would hail with gladness the construction of the road. The position of affairs with regard to the northern line to Teslin Lake was very similar. The assurance had been given by a Dominion Minister that if the Province gave this assistance the Dominion would contribute yet more liberally.

HON. MR. SEMLIN—"Which Minister?"

MR. TURNER did not answer, whereupon

MR. MARTIN said—"Has the honorable gentleman any objection to saying which Minister?"

MR. TURNER said he did not think it was necessary and he thought Mr. Martin would believe him in the matter.

MR. MARTIN—"I don't know anything about it; it is the first I have heard of it."

MR. TURNER, continuing, said that as to the other lines interested in the subsidies that it was proposed to repeal —their promoters had been put to considerable expense and were yet persevering in their endeavors to put their projects through. If their subsidies were revoked the chances of the province gaining these useful roads would be killed. One of these roads he might specially refer to—the Ashcroft & Cariboo—on which he knew the promoters were working at the present time. Should this Bill pass their project would undoubtedly be killed. The passage of this Bill would go far toward preventing the development of British Columbia by railway construction, and taking all these matters into consideration he could not give his vote for the second reading of this measure, which could not but be accepted as a measure of repudiation on the part of the Province of British Columbia.

MR. EBERTS, who also signed the contract, on behalf of the Crown and who is now Attorney-General in the Dunsmuir Ministry, took part in the debate and is reported as follows:—

MR. EBERTS thought this Bill of which the Attorney-General had moved the second reading the most wonderful piece of legislation that had ever been brought before the Legislature of any province by its Attorney-General. The very first section proposed to take away the grant that a company had actually earned by constructing the road through the Crow's Nest Pass in accordance with a contract made with the Government—a contract carried out in perfect faith. That such repudiation was even contemplated was calculated

to disturb the confidence of capitalists in British Columbia to a most prejudicial extent. And now the Attorney-General came forward blandly and once more said it was simply a mistake. Such very important mistakes appeared to be occurring in all that honorable gentleman's legislation. There had been such a mistake in the Provincial Elections Bill. There had been such mistakes in one or two other measures since. As soon as it was apparent that the Government was going beyond the limits of what the people would put up with, the most objectionable feature was quietly withdrawn. It was merely a mistake. On the present occasion he felt bound to agree with the Attorney-General—the whole Bill was a mistake. Had it been a mistake he would ask, on the part of the late Government to recognize the unbounded richness of the province whose destinies had been entrusted to their care, and its great mineral richness, and to inaugurate a policy having as its keynote the development of these vast resources? Had it been good policy to open up the Kootenay and the Slocan? Had it been good policy to develop a revenue of $25,000 up to $350,000, and that in a very short period indeed? Could this be said to be bad policy? The Attorney-General had said that the railway legislation which it was here proposed to repudiate had been devised with the object of catching votes at the late general election. How could this be when the Acts referred to had been put upon the statute books eighteen months before an election was so much as thought of?

Hon. Mr. Martin (interrupting) observed that it was not the statute books he had referred to, but the announcement of contracts.

Mr. Eberts continued that he would be able to show that the words of the Attorney-General here too were unjustifiable. Referring to the Boundary Creek and Penticton road, it had been thought well in the last year of the Legislature to accentuate the fact that the late Government had laid down in railway promotion—that not a dollar should be paid until the road had been built and completed to the satisfaction of the Lieutenant-Governor-in-Council.

The money and the land of the people had ever been so safeguarded. *No one could say that broad-guage railways in a mountain country like British Columbia could be built for anything like $4,000 per mile, and one only had to read the preamble of the general Act to see how distinctly in the very first section it was intimated that Dominion assistance was contemplated and expected.* The proportionately greater advantage accruing to the Dominion was fully emphasized, and it was with a view to holding up to the Dominion Government the fact that British Columbia was desirous of opening up her mining areas, while recognizing that it was the duty of the Dominion to come to her assistance in so doing, that the Act of 1898 was passed, eccentuating the Act of 1897, and saying to the people of the Dominion and to the world that we are so desirous to hasten the construction of such lines as are required for the opening of our mines that if the Dominion will assist us in our policy we will give an additional $4,000 per mile for such roads as we find necessary. In such a country as British Columbia bold legislation alone could be effectual; the Cheap John method would kill the country. The late Government had had confidence in the country and had done all that was possible to induce capital to come in and roads to be built—as evidence the road now in construction from Robson to Midway, opening up the great resources of the Boundary Creek country. *As to the conditional contracts referred to by the Attorney-General, he* (Mr. Eberts) *firmly believed in them, and further, that the bargain made therein would yet be carried out, unless, as was now proposed to be done, repudiated by the Province. If contracts were entered into, be they provisional or otherwise, the honor of the Province demanded that they be adhered to.* In connection with all these roads that were referred to in the Bill before the House, work had been done—perhaps not actual railway building, for surveys had necessarily to go before—and to repudiate the promises on which the expenditures in question had been made would be to work grave injustice upon the railway people interested. The late Premier had been perfectly sincere in his statements that the roads referred to by him would be built in accordance with the statute, and it was going too far to be justified by political antagonism or unfriendship to cut off as was proposed the opportunity of the railway people interested to complete their contracts with the people. In regard to the position taken by the Attorney-General, that it would be the proper way for the people of British Columbia to build, own and operate their own railways——

Hon. Mr. Martin—I did not say that.

Mr. Eberts proceeded to quote the honorable Attorney-General's words.

Hon. Mr. Martin—Well, if I did say that, I did not mean it. I had no intention of expressing myself on the question of state-owned roads.

Mr. Eberts was quite prepared to admit this as yet another of Hon. Mr. Martin's curious remarks. Yet when the opportunity offered it would be found that the Government would be qiute prepared to go in for this state ownership of railways. He for his part was quite agreed that the people get all they could for the money or land put in railways, but state railways could never be made to pay in British Columbia, and in this connection he took the opportunity of quoting the opinion of so eminent a writer—himself an advocate of state-owned roads—as Mr. Willison, editor of the Toronto Globe, who, after most careful research, had arrived at the conclusion that railway nationalization was quite impossible in British Columbia, if not in Canada. British Columbia could not go into the money markets of the world and borrow fifty or sixty mililons to build railways that at best were speculations. The Province of British Columbia was in an essentially different position from any other of the provinces and the Western States, and he only hoped that the Government would adopt this fad of nationalization of railways before the next general election, so that they might learn the feeling of the people in the matter. *He was sorry, however to see a Bill of the character of the present one brought into the House. Allowing the Acts affected to remain on the statute book could do no harm, for unless the railways referred to were built, not a dollar would be expended of the public money. Two roads were now coming into operation, and others would unquestionably be built, carried out as contemplated, unless this new Government persisted in its determination to cut the ground from under the feet of those who were desirous of giviug British Columbia railway communication—in which event British Columbia would certainly be retrograding rather than progressing. There could be no possible harm in keeping the rights on the statute book that now existed, and as he did not believe in the doctrine of repudiation he should certainly not vote for the second reading of the Bill.*

Mr. McBride, who is now Minister of Mines in the Dunsmuir Government, also spoke. The following is a report of his remarks upon this point:—

MR. M'BRIDE thought it his duty to condemn this legislation, which was for the purpose of impairing the commercial development of British Columbia. It was a Bill apparently that was purely and entirely the work of the introducer, and had for its purpose the tearing down of all that had been done in years for the development of this country by men of long experience in the province, and who had given their best thought as to the methods to be pursued in the promotion of its true interests. He denied that the members for Chilliwack, Westminster City and Lower Vancouver could justify to their constituents a vote for this Bill, which he regarded as a monstrous one. He objected, too, that the

legislation here presented had not been foreshadowed in the Speech from the Throne, and passed in turn upon the curious "mistakes" of the Attorney-General in so many of his important acts—evidence either that he exhibited grossest carelessness in the preparation of these measures or that there was something worse behind. The fact that the Government proposed no policy of development in substitution for these railways that they proposed to make an end of; the value of the railway promoter to the country; the silence of the Government members, and in the unquestionable repudiation here involved. The action of the Government in going back upon the legislation of the past years and condemning the policy that had been proved for the advantage and the upbuilding of British Columbia would, he believed, be taken as the beginning of the end—the downfall of this present Government who would enunciate such a doctrine.

Mr. Dunsmuir, who is now the Premier of the Province, was also at the time these speeches were made a member of the House and of the party which was led by Mr. Turner.

THE ADVENT OF DUNSMUIR.

The early part of the year 1900 witnessed a political revolution in British Columbia. The details of these events are not intimately associated with the present subject. It should, however, be stated that the repudiation of the Mackenzie & Mann contracts was one of the principal issues of the campaign in the general election which followed the dismissal of the Semlin Ministry. Mr. Turner, Mr. Eberts, Mr. McBride and other members of the new House, who were opposed to Mr. Martin, constantly referred to this subject in their speeches. They denounced the previous legislation in unmeasured terms, and promised their constituents that, if elected, one of their first public acts would be to restore the status which had been disturbed by the policy introduced by Mr. Martin. The result was, that the Martin Party was overwhelmingly defeated at the polls. A new Government was formed under the leadership of Mr. Dunsmuir, and it was proclaimed with great eclat as the "business men's Government."

A general feeling of relief followed the inauguration of Mr. Dunsmuir's administration; capitalists were encouraged, investors felt more secure, the business outlook of the country was improved, everyone hoped,—as it was thought with good reason,—that the age of charlatanism in British Columbia politics had passed. The events which followed show how rudely these expectations have been destroyed, and what a peculiar view of their duty has been taken by the men upon whom the country relied for the inauguration of a safe and comprehensive policy for the development of the material interests of the Province.

SESSION OF 1901.

At the opening of the Provincial Parliament on February 21st, 1901, the following statement was contained in the Speech from the Throne:—

"A measure will be introduced with the view of aiding in the construction of a railway from the Boundary Creek District to the Coast; of a railway to the northern end of Vancouver Island; and a railway in Canadian territory from the Coast to the northern boundary of the Province."

In the debate on the King's Speech Attorney-General Eberts said that it was the intention of the Dunsmuir Government to subsidize the three lines of railway named in the Speech.

PUBLIC SENTIMENT.

In the meantime, the charter of the Vancouver, Victoria and Eastern Railway Company had passed into the hands of the Great Northern Railway Company and Mackenzie and Mann. It was known that the V., V. & E. would apply for the subsidy announced by the Government, and that the granting of aid to that company would not only secure the early commencement and completion of the Coast-Kootenay road, but that in these conditions the road would also be operated by a powerful corporation which would compete with the Canadian Pacific Railway.

It also became apparent that the Canadian Pacific Company were determined, if possible, to prevent this event taking place. A glance at the map will show the reason for their position. The construction of the Coast-Kootenay line by the Canadian Pacific will enable them to surround with their own system and control the transportation in one of the largest and richest districts of the province. As soon as it became known that the influence of the Canadian Pacific was being exerted in the direction indicated, a very strong public feeling was manifest, and was almost universally expressed throughout all that portion of the Province which would be affected by the railway construction in contemplation.

A public meeting was held at the City of Vancouver and a delegation appointed to wait upon the Government. These persons met the Executive and urged upon them the necessity of granting the bonus to a competitive line of road.

On the 19th of March, a public meeting was called by the Mayor of the City of Victoria, which was held in the Victoria Theatre and was very largely attended. At that meeting the following resolution was unanimously passed:

"Whereas railway competition in the matter of rates and service is absolutely necessary for the proper development of the great mineral resources of British Columbia, and for the advancement of the business interests of the country, and of the city of Victoria in particular.

"And whereas, it has been announced that a measure providing public aid for the construction of a railway from the Coast to the Boundary District would be introduced as part of the Government policy at the present session of the Legislative Assembly.

"And whereas, the Vancouver, Victoria & Eastern Railway and Navigation Company is a corporation duly authorized and prepared to construct such a railway and thereby provide direct communication between the City of Victoria and interior points on the Mainland:

"And whereas, it appears to this meeting that if the said undertaking is carried to completion over the route contemplated, it will afford the shortest and best means of communication between the Coast and the Boundary District, and will be calculated to materially assist in developing the resources of that part of the Province which is as yet unprovided with adequate railway communication:

"And whereas this meeting is also of the opinion that the said railway if constructed will be operated by an independent company, will have suitable connection with transcontinental shipping routes, and will create a desirable competition in transportation facilities:

"Therefore, be it resolved, that in the opinion of this meeting, the Government should appropriate the proposed aid, with proper conditions and limitations, to the undertaking of the Vancouver, Victoria and Eastern Railway and Navigation Company, and that the members of the House

representing the City of Victoria should use their best efforts to accomplish that result:

"And be it further resolved, that a deputation be now appointed to wait upon the Government for the purpose of expressing the views of this meeting to the Executive."

In pursuance of the resolution a very large and influential delegation of the citizens of Victoria waited upon the Government, and expressed the views of the meeting which had appointed them.

About the same time, another delegation, composed of prominent residents of the electoral districts of East and West Yale and West Kootenay, also met the Government, and both verbally and in writing expressed the views of their section of the country to be, that the interests of the Province imperatively demanded that the Coast-Kootenay line should be constructed by a company independent of the Canadian Pacific, and that in their opinion it would be more advantageous to the Province to grant the proposed bonus to an independent line than to allow the Canadian Pacific to construct the railway without any public aid whatever.

The answer of the Executive to the Victoria delegation not being deemed satisfactory, another public meeting was called and was held in the City Hall at Victoria on the 29th of March, at which the following resolutions were passed without a dissenting vote:

"Whereas, the answer of the Government to the deputation of the citizens of Victoria respecting the Coast-Boundary Railway was indefinite:

Be it resolved, that this meeting of the citizens of Victoria records its convictioin that it is essential in the interests of the city that the said railway should be constructed and operated by a company which is independent of the Canadian Pacific Railway Company."

"Be it resolved, that the representatives of Victoria in the Legislative Assembly be and are hereby instructed that the essential interests of the city demand that the said representatives give their unqualified protest against the granting of any charter authorizing the construction of the Coast-Boundary Railway by any company controlled by, or connected with the Canadian Pacific Railway Company, and that they shall insist upon the granting during the present session of the Legislative Assembly of the necessary subsidies to enable a railway line to be constructed by a company which shall be independent of the Canadian Pacific Railway, and which shall afford a competing transportation line from the Coast to the Boundary, the Kootenays and Eastern points; and be it resolved that unless the said representatives give their unqualified pledges that they will act in accordance with the terms of this resolution, they resign their seats in the Legisltive Assembly."

Another meeting was held at Vancouver on the 4th of April, at which a resolution similar to the first one passed at the meeting at Victoria on the 29th of March was carried by a large majority.

Public meetings were also held and similar resolutions passed at Metchosin, in Esquimalt Electoral District, Vancouver Island; at Saanichton, in the North Victoria Electoral District, Vancouver Island, and at the following places on the Mainland:—

ASHCROFT,
NICOLA LAKE,
COUTLEES,
PRINCETON,
KEREMEOS,
FAIRVIEW,
CAMP McKINNEY,
KAMLOOPS.
VERNON,
ARMSTRONG,
ROSSLAND,

On Friday, April the 12th, a meeting of the British Columbia Board of Trade was held at Victoria, and the following resolution was adopted:—

"Whereas, the Provincial Government has intimated its intention to grant a subsidy in aid of the construction of a railway from the Coast to Kootenay to such company as they may deem will benefit the country most:

"Be it resolved, that in the opinion of this Board unless the said subsidy is granted to some company entirely independent of and uncontrolled by the C. P. R. Company, and which will form a competitive transportation line from the Coast to Kootenay and Eastern points, the business interests of the city will be most seriously and prejudicially affected. And this Board views with alarm the possibility of the present session of the Legislature coming to a close before definite action has been taken on the matter, and would therefore respectfully press upon the Government the urgent necessity for acceding to the almost unanimous demand of the people of the Province for a competitive line and so prevent the feeling of unrest and disturbance which must obtain in business circles unless the question of a competitive line is definitely settled."

THE C. P. R. POSITION.

In this connection it should be pointed out that it is not the policy of the Canadian Pacific Railway to build the line as a direct road through the Hope Mountains at any time, but if driven to that position in order to control the business of the country, they do not desire to commence or complete the construction for some time to come. Their object is, to keep the field unoccupied until it suits their purposes to build, and then if possible to construct a line which will connect with their main line at Spence's Bridge, and another commencing at the Coast and connecting with their branch at Mission, on the south side of the Fraser River.

It is plain, therefore, that a Government Bill which would either give the bonus directly to the Canadian Pacific, at the same time allowing a considerable period to elapse before construction need be commenced, or which would attach to the proposed subsidy conditions too onerous to be complied with by any responsible company, would serve the purposes of the Canadian Pacific Railway Company.

After the strong expression of opinion which had resulted from the meetings held and the resolutions passed throughout the country, it was plain that a Bill appropriating the bonus directly to the Canadian Pacific would not, in all probability, be passed by the House.

The sequel shows that a Government measure has been brought down and has passed the Legislature, which, while ostensibly providing a bonus for the construction of the

Coast-Kootenay road, has surrounded it with conditions so onerous that it is not likely that any company of financial standing will accept it.

Moreover, the Bill is so framed that the V., V. & E., which is the only known applicant for the bonus, except the Canadian Pacific Company, cannot sign the contract demanded by the Government without violating the provisions of the Dominion Railway Act, which apply to the V., V. & E. by reason of its re-incorporation by the Dominion Parliament.

ADVERTISEMENT FOR TENDERS.

During the period in which public sentiment was being expressed by the meetings above referred to, the Government published an advertisement in these words:—

"The Government of the Province of British Columbia is prepared to consider proposals for the construction of a Coast-Boundary Railway, such proposals to be addressed and handed to the Hon. W. C. Wells, 'Chief Commissioner of Lands and Works, at his office up until noon of the 15th day of April next. The parties submitting such proposals to state the security they will be prepared to give to ensure the commencement and completion of the undertaking. The applicants must furnish with their proposals the course of the proposed line of railway and plans approximately defining the same. The terms and conditions to be had on application to the Hon. the Chief Commissioner of Lands and Works.

"J. D. PRENTICE,
"Provincial Secretary."

The following are the conditions referred to in the advertisement.

The Lieutenant-Governor-in-Council may enter into all agreements with any person or company undertaking the construction of any railway upon the following conditions:—

That the subsidy shall not be payable until the railway is completed and in running order to the satisfaction of the Lieutenant-Governor-inCouncil, and security to the like satisfaction has been given for the continuous maintenance and operation of the railway;

That four per cent. per annum of the gross earnings of the railway shall be paid to the Province, and such sum of four per cent. shall be a first charge upon the earnings;

That the railway obtaining the benefit of any such subsidy shall be constructed wholly and as a continuous line within the Province;

That the Lieutenant-Governor-in-Council shall have absolute control of the freight and passenger rates to be charged by the railway;

That in the event of a charter being granted by the Dominion Government for a line of railway over or parallel to the route proposed by this Act, the foregoing conditions of this section shall be assumed and carried out by the company so incorporated, as a contract and obligation of the said company prior to any other charge thereon;

That a suitable steam ferry for the transportation of cars for freight and passengers shall be operated daily between the Mainland and Vancouver Island at the most convenient point to connect with the City of Victoria; and that a proper railway connection shall be made with the Cities of Vancouver and New Westminster;

That the plans, specifications, and conditions of any proposed contract for the construction of the railway shall be subject to the approval of the Lieutenant-Governor-in-Council; and that the contracts shall be submitted to public tender and competition, under such conditions as the Lieutenant-Governor-in-Council shall approve; and no contract shall be awarded, or work or materials thereunder accepted, without the like approval;

That no Chinese or Japanese shall be employed during the construction of the railway;

That no aliens shall be employed on the railway during construction, unless it is demonstrated to the satisfaction of the Lieutenant-Governor-in-Council that the work cannot be proceeded with without the employment of such aliens.

PROPOSALS RECEIVED.

The following correspondence took place between the Government and the various applicants for the bonus. The first letter from the V., V. & E. was written before the publication of the advertisement; the remainder of the correspondence took place after the return day mentioned in the Government advertisement.

Victoria, B.C., March 15th, 1901.

Sir,—On behalf of the Vancouver, Victoria and Eastern Railway and Navigation Company, we have the honor to request that you will lay before the Government a formal application on behalf of that company that the aid for a Coast-Kootenay railway, which it has been announced the Government intend to provide during the present session of the Legislature should be appropriated to that company.

You are probably aware that our company have been re-incorporated under a Dominion Act, and have fully complied with the provisions of their charter. The plans of their road have been completed and accepted by the Dominion Government and have been filed in the proper offices in that behalf at Ottawa and in the province. The company are now prepared to carry on to completion the construction of their undertaking if suitable government aid is appropriated to their work.

We are also instructed to say that if the Government feel it necessary to exact as a condition of the bonus some concession in the way of a return upon the gross profits of the undertaking the company are prepared to discuss that question with the Executive, and have hopes of arriving at an arrangement which will be acceptable to the Government in that regard.

We have the honor to be, Sir,
Your obedient servants,
BODWELL & DUFF,
Solicitors for the Vancouver, Victoria and Eastern Railway Co.

To the Honorable
The Provincial Secretary,
Victoria. B. C.

Victoria, April 15th, 1901.

Re COAST TO KOOTENAY RAILWAY.

Sir,—Our clients have not submitted a tender in response to the public advertisement issued by the Government in this matter. The reason is, that the conditions under which the tender was required were, in the opinion of our clients, of a nature such as to preclude them from accepting the bonus, if the terms mentioned in the specifications were to be adhered to by the Government. We, however, wish you to understand that we are still prepared to discuss the question with the Government, and, as we stated in our letter to the Provincial Secretary, dated the 15th day of March, 1901, hope that we may be able to arrive at an understanding and agree upon conditions which, while they would not be oppressive to our company, are sufficient to protect the public interests.

As there has been some public comment respecting the constitution of the Vancouver, Victoria and Eastern Railway and Navigation Company, we beg to inform you, authorita-

tively, that that company is now organized permanently, that the plans of the road have been accepted and filed in the Railway Department at Ottawa, under the charter which we now have from the Dominion Parliament, and have also been filed in the proper Land Registry Offices in the Province; that a million dollars of the capital stock of the company have been issued, and that it is all held by Mackenzie & Mann and the Great Northern Railway Company, and that the latter company—by virtue of their interest in the road—have the contral of the stock and a majority of the permanent directors; that the railway will be financed by the Great Northern Company, and will, when constructed, be operated as a part of their transcontinental system.

We are further prepared to give any reasonable assurance which the Government may require that the undertaking will always be conducted as a competing line with the Canadian Pacific system.

We have, etc.,
(Signed) BODWELL & DUFF,
Solicitors for the Victoria, Vancouver
Eastern Railway and Navigation Company.

To the Honorable
The Chief Commissioner of Lands and Works,
Victoria, B.C.

Victoria, B.C., April 20th, 1901.

Re COAST-KOOTENAY RAILWAY.

Sir,—We have not yet received any answer to our letter to you of the 15th instant. We have, however, been in communication with our clients, and in order to facilitate negotiations we have the honor to inform you that, if the subsidy of $4,000 a mile is appropriated to our company we are prepared to commence construction on both ends of the railway this present year, and to push forward the completion as rapidly as circumstances will permit. We are also authorized to submit for your consideration the following:—

1. The subsidy to be payable in instalments as each twenty-mile section of the road is completed;
2. The company to return to the Government two per cent. of the gross earnings of the road for a period to be named, or until a proportion of the cash bonus (to be agreed upon) is by that means returned to the country: Provided that the charge upon the undertaking to secure this repayment shall not take precedence of such mortgage bonds as are necessary to cover the fair cost of construction: and provided, also, that if the two per cent. is returned, the company shall be exempt from taxation, municipal and otherwise, for a limited number of years, to be agreed upon.

We shall be glad to hear from you at your earliest convenience.

(Signed) BODWELL & DUFF,
Solicitors for the Vancouver, Victoria and
Eastern Railway and Navigation Company.

To the Honorable
The Chief Commissioner of Lands and Works,
Victoria, B.C.

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2 Broughton Street,
Victoria, B.C., April 30th, 1901.

Re COAST-KOOTENAY ROAD.

Sir,—Referring to our former letter to you of the 20th of April, we have the honor to inform you that Mr. Sutherland has just arrived in Victoria, after conferring with Mr. J. J. Hill at St. Paul, and with Messrs. Mackenzie & Mann at Toronto, and we are accordingly authorized to state that if the Provincial subsidy is appropriated to our undertaking, and the contract settled immediately, we are prepared to commence the work at once, and to complete at least thirty miles on the western end and a similar mileage on the eastern end of the road during the present season, whether the Dominion subsidy is granted to us or not. This is probably as large a mileage as could be conveniently arranged for during the present year, even if both subsidies were now in hand, and the fact that we are ready to begin work at both ends and prosecute a substantial amount of construction immediately should be sufficient to convince you that, if the requisite amount of public aid is granted, our company are prepared to push the whole line through at the earliest possible moment.

The reason why we are able to make this offer at present is that, in the first place, the money for construction is already provided for our company, and no time will be lost in making financial arrangements; secondly, our line is definitely located at the eastern end, and our surveyors are ready to do the same in the Fraser River Valley; our contractors and sub-contractors are now ready to take up the work, and we could at once put them in operation. If, however, the consideration of this question is delayed, matters will assume a different shape. There are very large undertakings in Maintoba and other places which will probably be carried on during the present year under the direction of Messrs. Mackenzie & Mann. The season for that kind of work is just beginning, and if we are not able to arrange with your government for immediate construction in British Columbia, all the construction force and the labor which would be employed here will be engaged upon other works in more distant parts and we will be unable to accomplish any substantial amount of construction work on the V., V. & E. this season, even if the bonus should be awarded to us at a later date.

Our representatives are now on the spot; we are ready to do business with the Government immediately, and with deference we submit that our proposition for construction of the road should be either accepted or rejected prior to the close of the present session of the Legislature.

We have, etc.,
(Signed) BODWELL & DUFF,
Solicitors for the Vancouver, Victoria and
Eastern Railway and Navigation Company.

To the Honorable
The Chief Commissioner of Lands and Works,
Victoria, B. C.

The following letter is signed on behalf of the Coast-Kootenay Railway Company. This company was incorporated during the session of 1901, and it is a well known fact that, *although ostensibly an independent company, it was promoted by the C. P. R.*

Victoria, April 15th, 1901.

To the Honorable
The Chief Commissioner of Lands and Works,
Victoria, B.C.:

Sir,—We have the honor to submit for your consideration a proposal in pursuance of the invitation on that behalf appearing in the Official Gazette, *re* the construction of a railway from the Coast to the Kootenay.

Our clients have applied to this Legislature for a charter over the route in question, under the name of The Coast-Kootenay Railway, and the company will be prepared, upon incorporation, to assume the terms of the proposal outlined in this letter. The proposed Company will undertake the con-

struction of the line in question over the route appearing in the tracing herewith enclosed, upon the conditions on file in your office, and advertised in the local press over the name of The Hon. The Provincial Secretary. Of course, this upon the assumption that the Dominion Government attaches its proposed bonus of $8,000 per mile to this company, without a further requirement of any additional percentage out of earnings of the company, or other terms too onerous for the company to assume. We understand that the 4% will be in lieu of all taxes, charges, or other imposts by the Government of British Columbia upon the company. The company would also expect that the Government would assent to a term that the total amount to be paid to the Government in any one year should not exceed a sum equal to 4% upon the aggregate of money actually advanced by the Government to the company by way of bonus, and that the company should be at liberty at any time to pay the total amount advanced by the Government, and thereafter be absolved from further payment to the Government.

We may add that our clients are willing to enter into any reasonable agreement with the company now having subsidy from the City of Victoria, for the construction and operation of a railway ferry, whereby such proposed ferry system could be utilized in connection with the railway.

An arrangement of the nature last mentioned would save the company considerable expense, thereby enabling it to assume conditions more favorable to the Government.

The company would be prepared to give guarantees, satisfactory to the Lieutenant-Governor-in-Council, to carry out any obligations assumed by it, in the event of the Government entering into an agreement with the company.

We have, etc.

(Signed) HUNTER & OLIVER.

Victoria, B.C., 16th April, 1901.

To the Honorable
The Chief Commissioner of Lands and Works,
Victoria, B. C.:

Sir,—In the matter of the proposed more direct line from the Coast to Kootenay, I am authorized to advise you that the Canadian Pacific Railway will undertake and will construct a line from Chilliwack to Abbottsford, or from some point in that vicinity, this year, and will continue westward as soon as the proposed railway bridge at New Westminster is constructed.

This portion of the line to be entirely without subsidy. The construction of the line westward from Okanagan to a connection with the through line will also be proceeded with, with all reasonable dispatch and as circumstances may admit. This company would ask a subsidy, only, for what may be termed the mountainous sections of the proposed line, say Penticton, or some point in that neighborhood and the eastern terminus of the western sections above referred to, and this not until the entire line has been completed and in operation. Pending its completion the company would be pleased to confer with a representative of the Government upon the question of rates, with a view of minimizing the disadvantage, if any, under which the Coast cities may now be placed by reason of the longer distance, *via* the company's main line, as compared with the distance *via* the proposed Kootenay line to and from points that would be served by the latter line.

I have, etc.,

(Signed) GEO. McL. BROWN,
Executive Agent, Can. Pac. R'y.

The following memorandum was also submitted showing the legal status of the V., V. & E. under their Dominion charter, some question having been raised in the House on that point.

Re VANCOUVER, VICTORIA AND EASTERN RAILWAY AND NAVIGATION COMPANY.

Some legal questions having arisen as to the status of the Company's charter, it may be useful to submit the following:

1. The V., V. & E. Company was incorporated, in the first place, by a local Act, Chapter 75 of the Statutes of 1897. That Act created the incorporators into a body politic and corporate; it fixed no time as the limit of the life of the corporation. The work of building the railway under the Act was divided into four sections, and the time for completing the work was apportioned among the different sections in the following order:—

The first section, to be completed within two years; the second, within three years; and the third and fourth sections, within four years.

The Act was assented to on the 8th day of May, 1897, so that as to the building of the third and fourth sections the time does not expire until the 8th of May, 1901.

The situation, however, would be this: Supposing the time for the completion of the railway to have expired, the corporation would not necessarily be dissolved; it would still exist as a person, but its power to build the railway would be gone if it had nothing to depend upon except the local statute. While, however, it was in existence, and with none of its powers impaired, an Act of the Dominion Parliament was passed, being Chapter 69 of the Dominion Acts of 1898. By section 1 of that Act the works which the company, by the local Act was empowered to operate, were declared to be a work for the general advantage of Canada, and by section 4 the company was given the right to begin the railway within two years, and to complete it within five years, from the date of the passing of the Act, which is the 13th of June, 1898, and the company was brought under the provisions of the Dominion Railway Act.

There can be no doubt that the Parliament of Canada had jurisdiction to declare this work one for the general advantage of Canada, and there can also be no doubt of the proposition that, having declared it to be a work for the general advantage of Canada, the company which was authorized to construct the work came under the provisions of the Dominion Railway Act, and became thereby a Dominion company; so that Parliament could, beyond all question, extend the time or do any other act which was necessary for the proper completion of the work in accordance with the general policy of the Dominion. To argue any other proposition would be to curtail and diminish the powers which the British North America Act has given to the Dominion over works declared to be for the general advantage of Canada.

The Dominion Government have acted in accordance with the statute. The work was begun within the two years mentioned in the statute, and surveys and works of construction have been carried on which have been accepted by the Department of Railways in Ottawa as a compliance with the Act. The same Department has accepted and approved of the plans which the company has prepared, and they are now officially certified and filed at Ottawa, and in the proper Land Registry Offices in the Province.

Supposing the local House should wish to keep the local charter alive, they could beyond all question, now pass an Act extending the time. This has been done in the Columbia & Western charter, and in several other charters which were Dominion roads. The Columbia & Western Railway Company, which is a company now operating in British Columbia, was, by Chapter 61 of the Dominion Statutes of 1898, re-incorporated *in exactly the same words* as the V., V. & E. Company, yet no one doubts that it is a properly organized corporation, and is carrying on its works lawfully

in the Province. During the present session of the House an Act has been passed extending the time for that company to complete a portion of its works.

It is also suggested that the local House cannot prevent the amalgamation of the V., V. & E. with the Canadian Pacific. The promoters have offered to permit the insertion of a clause preventing such amalgamation in any subsidy Act which may be passed.

Apart altogether from the wording of the different Acts, it is perfectly clear that if such a provision were inserted in the Subsidy Act, and the company were to accept the subsidy the Courts would have power to prevent an amalgamation with the C. P. R.

It would not, however, be necessary to resort to the Courts. The amalgamation section in the V., V. & E. Act provides that the company may lease or sell its works or any part thereof to the Canadian Pacific Railway Company, on such terms and conditions and for such period as is agreed upon between the directors of such companies, provided that the lease or sale be sanctioned by the consent in writing of every shareholder of the company, and by *the Governor-in-Council*, or, failing such consent, by a two-thirds of the votes of the shareholders at a special meeting called for that purpose, and *by the approval ofthe Governor-in-Council.*

If the V., V. & E. Company should accept the bonus from the Province on the condition that they were not to amalgamate, or lease, or sell to the C. P. R., and in violation of that agreement should make a sale or lease, or enter into an amalgamation with the Canadian Pacific, then it would only be necessary to represent such fact to the Governor-in-Council to prevent his approval, and without such approval the lease or sale, or attempted amalgamation, would be absolutely void.

THE LOAN BILL.

Afterwards, and very nearly at the end of the session, the the Government introduced the following Bill:—

Hon. Minister of Finance.

BILL.

No. 84.] [1901.

An Act to Authorize a Loan of Five Million Dollars for the Purpose of Aiding the Construction of Railways and Other Public Works.

WHEREAS the existence of extraordinary mineral wealth has been substantiated in many parts of the Province, and there are valid reasons for believing that there are numerous districts in the Province as yet unprospected which will also prove rich in mineral wealth, and that an extensive immigration and increase of population may be anticipated if means of communication are afforded by railways, roads, and other works for developing the natural wealth which exists, both in minerals, timber and farming lands:

And whereas it is expedient that the trade and commerce of British Columbia accompanying such development and increase in population should, as far as possible, be retained in the Dominion of Canada, which will be best effected by the early construction of railways, roads and public works:

And whereas it is expedient that a bridge for railway, vehicular, and passenger traffic should be built across the Fraser River at New Westminster, in order to give the railway systems now terminating at a point opposite New Westminster access into the Cities of New Westminster and Vancouver, and the farmers a more feasible opportunity of marketing their commodities in the said cities than now exists:

And whereas the addition of every unit of population will give an increase of revenue, both to the Dominion and Provincial Governments, but in proportion of approximately two to one in favor of the Dominion as compared with the Province, while the charges on the Province for administration and collection resulting from such increase in population are greater than those upon the Dominion, *and the advantages to be reaped from the execution of such works would therefore constitute a strong claim upon the Dominion for assistance therein:*

And whereas it is expedient that this Legislature should make immediate and adequate provision for subsidizing railways of the class above mentioined, and with that end a loan be authorized:

Therefore, His Majesty, by and with the advice and consent of The Legislative Assembly of the Province of British Columbia, enacts as follows:—

1. This Act may be cited as the "British Columbia Public Works Loan Act, 1901."

Loan.

2. The Lieutenant-Governor-in-Council may (in addition to all other moneys authorized to be raised or borrowed by any other Act of the Province) borrow or raise from time to time, in such amounts, in such manner, and at such times as may be deemed expedient, any sum of money not exceeding five million dollars by the sale of debentures, or by the issue and sale of "British Columbia Stock" under the provisions of the "Inscribed Stock Act, 1891," or partly in one way or partly in another, or otherwise: Provided, however, that no moneys shall be borrowed under this Act for railway subsidies before the first day of July, 1903.

3. All moneys borrowed or raised pursuant to this Act shall bear interest at the rate not exceeding three and a half per cent. per annum, to be fixed at the time of sale and to be paid half-yearly, and shall be repayable at a date to be fixed at the time of sale, not being less than twenty-five nor more than fifty years after the time of sale. Both principal and interest shall be payable in London England.

4. It shall be lawful for the Lieutenant-Governor-in-Council to appoint the Minister of Finance, or other person or persons from time to time, the agent of the Government for the purpose of negotiating any such loan, and the Minister or other duly appointed agent may arrange all details, and do, transact, and execute all such deeds, matters, and things as may be requisite during the conduct of negotiations or for the purpose of placing the loan.

5. The Minister of Finance shall, and is hereby required to, in each and every half-year, from the first raising of any sums of money under authority hereof until the whole amount so raised, and all interest thereon, shall have been duly paid, set apart out of the Consolidated Revenue of the Province such sum as shall suffice to pay the interest upon all moneys which shall then bear interest, and shall apply such sum in payment of such interest aforesaid.

6. The Lieutenant-Governor-in-Council may from time to time, by Order-in-Council, to be made before the raising of any sum of money under authority hereof, which may be named in any such Order-in-Council, provide for the repayment of such moneys by authorizing and directing the Minister of Finance to appropriate yearly such sums of money out of the general revenue of the Province as may be named in any such Order-in-Council, and as may be deemed by the Lieutenant-Governor-in-Council to be necessary for the creation and maintenance of a sinking fund for the final payment of such stock, and may, by the same Order-in-Council, make such provisions as may be deemed requisite for the investment from time to time of the amount of any sinking fund.

and the accumulation thereof, and for the release of any surplus over and above what may be necessary, with accumulations to repay any loan at maturity.

7. All moneys raised under this Act shall be paid in such manner as the Lieutenant-Governor-in-Council shall prescribe to the Minister of Finance, and shall by him be placed to the credit of an account called the "British Columbia Public Works Loan Act, 1901; Account," to be applied, first in payment of discount, commission, brokerage, and other expenses of the loan, and the balance to be applied to the purposes and in the manner hereinafter provided, and all moneys to be raised under this Act shall be accounted for in the same manner as if they formed part of the current revenue of the Province.

Railway Subsidies.

8. It shall be lawful for the Lieutenant-Governor-in-Council to grant for and in aid of the construction of the following railways and to be paid out of the moneys raised under this Act, a sum not exceeding four thousand dollars for each mile of railway, of the uniform gauge of four feet eight and one-half inches, viz:—

(*a*) For a railway from the Coast in the neighborhood of English Bluff, near Point Roberts, via Chilliwack and Hope to Midway, Boundary Creek District, approximately three hundred and thirty miles:

(*b*) For a railway from the present terminus of the Esquimalt and Nanaimo Railway to the northern end of Vancouver Island, approximately two hundred and forty miles:

(*c*) For a railway from Rock Creek to Vernon to connect with the Shuswap and Okanagan Railway, approximately one hundred and twenty-five miles:

(*d*) For a railway from the Coast, at Kitimaat, to Hazelton, approximately one hundred miles:

(*e*) For a railway from Fort Steele to Golden, approximately one hundred and fifty miles.

9. It shall be lawful for the Lieutenant-Governor-in-Council to issue and hand over to any person, firm or company who shall become entitled to a subsidy for building any of the foregoing lines, in lieu of cash, "British Columbia Stock," issued under the provisions of the "Inscribed Stock Act," 1891," or debentures, which stock or debentures shall bear interest at a rate not exceeding three and one-half per cent. per annum, to be fixed at the time of delivery, and to be paid half yearly, and which shall be repayable at a date to be fixed at the time of delivery, not being less than twenty-five years nor more than fifty years after the time of sale. Both principal and interest may be payable in London, England, or Victoria, British Columbia.

Conditions.

10. The Lieutenant-Governor-in-Council may enter into all agreements with any person or company undertaking the construction of any railway, to which a sunbsidy is hereby attached, which may be necessary or convenient for the due construction and operation of such railway, which agreements shall, in every instance, in addition to other matters therein provided for, contain the following provisions, viz:—

(*a*) That unless work is commenced on the railway mentioned in (*a*), (*b*), (*c*), (*d*) and (*e*) of section 8 hereof, on or before the first day of July, 1902, and is duly and diligently prosecuted to the satisfaction of the Lieutenant-Governor-in-Council, all right and claim to the aforesaid subsidy granted by this Act shall be cancelled and forfeited:

(*b*) That the aforesaid subsidy shall not be payable until the railway is completed and in running order, to the satisfaction of the Lieutenant-Governor-in-Council, until security or guarantees, satisfactory to the Lieutenant-Governor-in-Council, is or are given for the continuous maintenance and operation of the railway, and no subsidy shall be payable or paid until after such completion and the giving of such security of guarantees:

(*c*) That four per cent. per annum of the gross earnings of the railway shall be paid to the Province, and such sums of four per cent. shall be a first charge upon such gross earnings:

(*d*) That the railway obtaining the benefit of any such subsidy shall be constructed wholly and as a continuous line within the Province:

(*e*) That the Lieutenant-Governor-in-Council shall have absolute control of the freight and passenger rates to be charged by the railway and that, notwithstanding and in the event of the railway being or becoming subject to the jurisdiction of the Dominion Government, the same shall be deemed a contract between the Province and the company:

(*f*) That the railway may be acquired at any time by the Province at a valuation to be determined by arbitration under the provisions of the "Arbitration Act." Provided, however, that in considerating the valuation no sum shall be entertained by the arbitrators for the franchise belonging to the company:

(*g*) That the conditions of this section may be varied at any time, and so from time to time and as often as the Lieutenant-Governor-in-Council may deem advisable; always provided, that control of the subject-matters referred to in this section by the Government of British Columbia be not abrogated:

(*h*) That in the event of a charter being granted by the Dominion Government for a line of railway over or parallel to the route proposed in this Act, that the foregoing conditions shall be assumed and carried out by the company so incorporated as a contract and obligation of said company prior to any other charge thereon:

(*i*) That such terms and conditions for the proper carrying out of all the clauses of any such agreements and penalties and forfeitures to arise upon failure of the railway in respect thereof, shall be imposed as the Lieutenant-Governor-in-Council may deem advisable:

(*j*) That such other terms and conditions may be imposed as the Lieutenant-Governor-in-Council may deem advisable.

11. No person, firm, or company, shall be entitled to a subsidy for the construction of a line between vicinity of English Bluff, aforesaid, and Midway, except on condition that the company applying for same shall enter into an agreement with proper assurances, satisfactory to the Lieutenant-Governor-in-Council, to construct and to operate daily between the Mainland and Vancouver Island, at the most convenient point, to connect with the City of Victoria, a suitable steam ferry for the transportation of cars, freight and passengers.

12. The plans, specifications and conditions of any proposed contract for the construction of the railway shall be subject to the approval of the Lieutenant-Governor-in-Council, and the contracts shall be submitted to public tender and competition, under such conditions as the Lieutenant-Governor-in-Council shall approve, and no contract shall be awarded, to work or materials thereunder accepted without the like approval.

13. No subsidy shall be granted to the railway mentioned in sub-section (*c*) of section 8 of this Act unless proper connection is made with the cities of Vancouver and New Westminster.

14. The terms of the "British Columbia Railway Act" and amending Acts, except as modified by the Provincial

charter of the Company and this Act, shall apply to all railways subsidized under this Act.

15. Any person or company receiving the benefit of the provisions of this Act as to any of the said proposed railways, and duly executing all agreements in that behalf, shall be and become thereby entitled and authorized to construct, maintain and operate a line or lines of railway with all usual and incidental powers in that behalf, between any of the points mentioned in this Act to be more particularly defined in any agreements made hereunder, and subject to the provisions of the "British Columbia Railway Act," except as modified hereby.

16. It shall be lawful for the Lieutenant-Governor-in-Council to cause to be built a bridge across the Fraser River in the neighborhood of New Westminster at a cost not exceeding five hundred thousand dollars, for the purposes of railway, vehicular and passenger traffic, and for the purposes aforesaid to enter into contracts for the construction of said bridge as may be deemed expedient, subject to submitting same to public competition, and after construction to enter into any agreements that the Lieutenant-Governor-in-Council may deem expedient in connection with the user of said bridge by any railways or other companies, persons or firms, with power to fix a tariff of tolls.

17. It shall be lawful for the Chief Commissioner of Lands and Works to expropriate any lands, tenements or hereditaments necessary for the approaches to said bridge, subject to the provisions of the "Land Clauses Consolidation Act" as to compensation.

18. No subsidy shall be paid before the first day of January, 1904.

Public Works.

19. Any balance of the moneys raised hereunder not required for the payment of the railway subsidies and building of the bridge authorized thereby, shall be appropriated in such amounts and in such manner as the Legislature may from time to time authorize and direct, towards the construction of roads and public means of communication and transport and of other public works.

GOVERNMENT AMENDMENTS.

When moving the second reading the Finance Minister (Mr. Turner) said that the Government would propose the following amendments in Committee of the Whole:—

In section 2: The amount of $500,000 may be borrowed at the rate of 4½ per cent. The balance of the loan of $5,000,000 to be made January, 1902, instead of 1903.

Sub-section (*c*) of section 10 to provide that four per cent. of the gross earnings shall be paid to the Province and such sum shall be a first charge upon such gross earnings, provided the amount shall not exceed two per cent. on the amount of the subsidy in any one year.

Sub-section (*e*) to read as follows: (*e*) That the Lieutenant-Governor-in-Council shall have absolute control of the freight and passenger rates to be charged by the railway and, that, notwithstanding and in the event of the railway being or becoming subject to the jurisdiction of the Dominion Government, the same shall be assumed by the company and shall be deemed a contract between the Province and the company.

Sub-section (*f*) to read: (*f*) That the railway may be acquired at any time after twenty years from the date the subsidy is paid, by the Province at a valuation to be determined by arbitration under the provisions of the Arbitration Act: Provided, however, that in considering the valuation no sum shall be entertained by the arbitrators for the franchise belonging to the company.

Sub-section (*g*) to be struck out and the following substituted: (*g*) The company may at any time repay the amount advanced and thus be absolved from further payment without prejudice in the meantime to rights of the Lieutenant-Governor-in-Council.

Sub-section (*j*) to be struck out.

Section 10 to be amended to read: 10. No person, firm or company, shall be entitled to a subsidy for the construction of a line between vicinity of English Bluff, aforesaid, and Midway, except on condition that the company applying for same shall enter into an agreement with proper assurances, satisfatcory to the Lieutenant-Governor-in-Council to construct and to operate daily between the Mainland and Vancouver Island, at Sidney, Swartz Bay or at the most convenient point, to connect with the City of Victoria, a suitable steam ferry for the transportation of cars, freight and passengers.

Section 17 to read: No subsidy shall be paid before the first day of January, 1903.

ALL FOR THE C. P. R.

On the second reading the Bill was, contrary to general expectation, supported by Mr. Martin, the leader of the Opposition.

In the course of his speech, which was taken by a special reporter employed by and reproduced in full in the Colonist newspaper (the Government organ) Mr. Martin made the following statements:—

"I do not intend taking up much time, Mr. Speaker, discussing the affairs of this company. I consider this debate a debate,—and this measure to be a measure,—through which we will endeavor to make the best bargain we can with *the only possible company we can contract with* to bring about the purpose of lower freight rates to the Kootenay,—the only possible raiway we can cantract with, namely, the *Canadian Pacific.*"

Again:—

"We are perfectly in the hands of the *C. P. R.* in this connection, on account of the original clause in the contract."

In connection with the early construction of the road he stated:—

"I think, however, the people of this Province would like to see the Coast-Kootenay road commenced this year. I have no doubt about the urgency of this road. It is urgently necessary that in the shortest time possible we must have that road built. I think that the *C. P. R.* should understand this urgency clearly. If they cannot meet these conditions, they will find considerable opposition from the people of this Province. . . . I say that the *only possible* result of all this will be *a contract with the C. P. R.*, and therefore propose to criticize this Bill, and believe there is no escape from this."

These statements were not contradicted by any member of the Government.

Mr. Martin also stated:—

"I see no reason why sub-section (*c*) should not be altered so that they should not pay more than two per cent. on the loan."

It will be noticed that this change took place.

No member of the Government replied to Mr Martin.

At the close of the debate, however, the Hon. Richard McBride, Minister of Mines, made a short speech, which contained the following statement:—

"He ventured to say, with all its faults, the C. P. R. was a better company to deal with than a foreign company, whose interests lay beyond the jurisdiction of the Province or of the Dominion and whose guarantee was not to be compared with that which the C. P. R. could furnish. For himself he was proud to call himself a Canadian and he believed in favoring our own great national highway instead of adding to the wealth of a foreign monopoly."

It is therefore conclusively established that Mr. Martin's speech is a correct exposition of the policy of the Government.

THE EXECUTIVE AND THE V., V. & E.

During an adjournment of the debate on the second reading of the Loan Bill, an interview took place between the Government and the representatives of the V., V. & E. Company. As a result, the following letter was wirtten by the solicitors for the Company to the Chief Commissioner:—

Victoria, B. C., May 4th, 1901.

Sir,—Adverting to the interview which Mr. Sutherland and the writer had with the Executive this morning, and to the suggestion that the views which we then verbally expressed should be reduced to writing, we have the honor to present the following for your consideration, and to suggest that certain changes should be made in the Subsidy Bill before it reaches its final stage in the House.

First, the amendment proposed to sub-section (*c*) has not gone far enough to remove certain legal impediments which would be in the way of a company chartered by the Dominion, if such company enters into a contract with the local Government under the Act in question.

Before proceeding to discuss that point, we venture to suggest that as long as the four per cent. is paid the company should be free from any other form of taxation.

The principal objection to the section as it stands is, that the percentage is made a first charge on the gross earnings of the road. A reference to the Dominion Act shows that it is impossible for a company incorporated by the Federal authority to create such a charge by contract. The interpretation clause of the Dominion Railway Act defines "working expenditure" in the following words:

"The expression 'working expenditure' means and includes 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 movable plant used in the working thereof, and also all such tolls, rents or annual sums as are paid in respect of property leased to or held by the company, apart from the rent of any leased line, or in respect of the hire of engines, carriages, or wagons 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 or 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 person 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; and generally all such charges, if any, not above otherwise specified, as in cases of English railway companies are usually carried to the debit of the revenue as distinguished from capital account."

Section 94 of the same Act provides that the company may secure bonds authorized by the special Act by an encumbrance upon all its property, but that such security shall be subject, first, to the payment of penalties prescribed under the act, and second, to the working expenditure of the railway as previously defined.

Section 95 then provides that, with these exceptions, "the bonds, debentures or other securities hereby authorized to be issued shall be taken and considered to be a first preferential claim and charge upon the company and the franchise, undertaking, tolls and income, rents and revenues, and real and personal property thereof at any time required."

It needs no argument to show that with these statutory provisions governing its undertaking, a Dominion company cannot enter into a contract with a local authority that the four per cent. referred to shall be a first charge upon the gross earnings of the company. We suggest that in order to render the plan feasible at all, the clause should be amended so that the amount referred to should be a first charge upon the earnings only after providing for working expenditure and fixed charges.

Apart from this consideration altogether the section is unworkable. You must be aware that it is practically impossible to sell anything but first mortgage bonds on a railway. If the charge is retained as at present in the Act, bonds could not be listed as first mortgage securities, and are therefore unsaleable.

Sub-section (*e*): The subject of local control of rates on a Dominion railway has been very fully discussed in the arguments before the Railway Committee at Ottawa upon the Bill to ratify the bargain made by the Manitoba Government. The opinion of the very best legal authority in Canada has been obtained, and it is without question that under our constitution a local Government cannot in any way acquire absolute control of freight and passenger rates on a Dominion railway. If, therefore, our company should enter into the contract referred to in the Act, and should then apply to the Dominion for a subsidy, the Federal authority would find themselves unable to assist us on the ground that we had contracted ourselves away from their control. If, notwithstanding this, the Dominion Government should grant us the subsidy, we would then by the operation of law come under their control as to freight and passenger rates, while the local Government could refuse the subsidy on the ground that we had broken our contract with the Provincial Executive.

If it is thought advisable to have some provision respecting rates in the Act, the only way in which it could constitutionally be inserted, we submit, is to amend the section and provide that the company may from time to time enter into a contract with the Government as to passenger and freight charges in British Columbia, but that such contract should not be binding upon the company until it is approved by the Dominion.

Sub-section (*f*): We call your attention also to the fact that this provision cannot be assented to by a Dominion company. Having a charter from the Federal authority they could not agree to sell their undertaking without the consent of the Dominion Parliament.

Section 12.—We venture to suggest that the provision for submitting contracts to the approval of the Lieutenant-Governor-in-Council is unworkable. The object, we presume, is to prevent the railway from being over-capitalized. This cannot obtain in the case of the V., V. & E. Its bonding privileges are already limited to $35,000 a mile. Having regard to the price which will be obtained for securities of this nature, it is reasonably clear that the road cannot be built under a bonding privilege of a smaller amount.

Moreover, persons carrying on a work of this kind, would be very reluctant to expose their domestic arrangements under such a clause. The provision is unnecessary, as the result to be attained is already accomplished by the limitations on the bonding powers to which we have previously referred.

The section as drawn compels the company to do their work by contract and tender. The conflicts with section 34 of the Dominion Railway Act, which, while providing for public advertisement and tender in case a contract is let for construction, nevertheless allows the company, if it is more profitable for them, to build their railway by day's work, the peovision being that "the company shall not be compelled to accept any such tender."

With regard to plans and specifications, the Dominion Railway Act requires that they should be filed and approved. We will, in any event, be compelled to build according to Dominion specifications. If the present clause is insisted upon, it is possible to conceive of a case in which there might be a difference of opinion between the two Governments, in which event the company would be unable to proceed. They would be compelled to obey the Dominion authority, but in doing so they would commit a breach of their contract with the Provincial Government, and could only finish their road at the peril of losing their subsidy in the Province, since it would be impossible for them to open their undertaking for traffic until the plans and specifications had been approved and the road inspected and passed by the Dominion officials

Clause 13. We submit that this clause also should be considered. It applies the provisions of the British Columbia Railway Act to all roads subsidized. Any railway, however, which is incorporated by the Dominion necessarily comes under the provisions of the Dominion Railway Act. An exception should be made as to roads which have been, or shall be declared works for the general advantage of Canada.

With reference to sub-section (*b*) of secion 10, and section 18, we suggest that an alternative scheme might be arranged as an amendment to section 9. We understand that the Government wishes to avoid the necessity of floating a loan prior to the date mentioned in section 18. It is, however, a matter of considerable importance that assistance should be given to the financial operations of the company undertaking the construction of the road as the work progresses.

Section 9 might be amended so as to provide that, if the company elect to take inscribed stock or debentures instead of cash, these securities may be issued from time to time as twenty-mile sections are completed, and delivered to the company at the then current price, on condition that such securities shall not be offered for sale to the public until the period mentioned in section 18. If at that time the market price be such that on sale they would not net a sum equal to $4,000 a mile for the constructed road, then the Government should make up the difference. By this means the object of the Government would be attained, and the company would be materially assisted in their enterprise. Although they could not sell the bonds, they might still use them as collateral security, and thus obtain advances which would materially assist in financing the project.

We have stated in a previous communication that the financial arrangements of our company are so far complete that we would begin construction without the delay which ordinarily occurs in making preliminary financial arrangements. This is correct, but you will understand that the statement is based upon the idea that the subsidy would be paid as stated in our letter of the 20th of April and our plans contemplate that we should obtain assistance from time to time by some form of hypothecation of Government securities.

Section 8, sub-section (*a*) should also be amended in order to allow the V., V. & E. to apply for the bonus. The section as drawn is, no doubt, copied from the Act of 1897, which contemplated a junction of the Coast road and the Columbia & Western at Midway. The situation is now different. Our connection will be with the Great Northern system at Cascade, and there should be power to appropriate the subsidy to a road with that point as its eastern terminus.

The western terminus also should be described as commencing at a point on the Coast between the International Boundary and the Fraser River. This would enable the company receiving the bonus to use the ferry system of the Victoria Terminal Company, which is, no doubt, the intention of the Government, since they have already proposed that section 11 should be amended so as to make the Island connection with the ferry at Sidney, which is the present terminus of the Victoria & Sidney Railway, and the point of connection for the ferry service of the Terminal Company.

In conclusion, we have the honor to point out that our company are ready to accept the bonus on the terms offered, in so far as they can be matter of agreement. It only remains for the Government to re-arrange the wording of the Act so that we can execute a contract without disregarding the statutory law to which the company is now subject.

We have the honor to be, sir, your obedient servants,

BODWELL & DUFF,
Solicitors for the Vancouver, Victoria and
Eastern Railway and Navigation Company.

To the Honorable
The Chief Commissioner of Lands and Works,
Victoria, B. C.

CONTRACT PROPOSED BY THE V., V. & E.

On the 6th of May, during the debate on the second reading of the Bill, the solicitors for the V., V. & E. Company handed the Chief Commissioner the following, as a draft of the contract which their company would execute:—

This agreement, made the ..... day of .....between His Majesty, the King, represented by....., hereinafter called "the Government," of the first part, and the Vancouver, Victoroia and Eastern Railway and Navigation Company, a corporation, hereinafter called "the Company," of the other part:

Whereas the Government have been empowered by an Act entitled "The British Columbia Public Works Loan Act, 1901, to grant a cash subsidy not exceeding the sum of four thousand dollars ($4,000.00) per mile in aid of the construction of a standard gauge railway from a point on the Coast between the International Boundary line and the Fraser River, by way of Chilliwack and Hope, to Cascade, in the Boundary Creek district;

And whereas it is contemplated in the said Act as shown by the recitals thereof that additional aid should be granted for the construction of the said railway by the Dominion Parliament:

And whereas the Company are now incorporated with power to construct and operate the said railway:

And whereas the Company have agreed with the Government to begin the construction of the said railway with all reasonable dispatch after the execution of these presents, and *to complete at least thirty miles at each end of the said road during*

the year 1901, and if the said Dominion assistance is granted, to completely finish the said railway within the period provided in their act of incorporation, or any amendment which may be made thereto, and in consideration thereof the Government have agreed to grant the said bonus to the said Company upon the terms and conditions hereinafter stated:

Now this agreement witnesseth as follows:

The Company covenant with the Government to lay out, construct, equip and fully complete or cause to be laid out, constructed, equipped and fully completed a line of railway beginning at a point on the Coast between the International Boundary line and the Fraser River and extending in an easterly direction, a distance of at least thirty miles from the Coast line, and also a line of railway beginning at Cascade in the Boundary Creek district and extending in a westerly direction a distance of at least thirty miles, on or before the 1st day of January, 1902; and further, if the Parliament of the Dominion of Canada shall grant to the Company public aid to the extent of not less than six thousand dollars ($6,000.00) per mile for the said road, to construct and operate the said railway between the points last mentioned through the Hope mountains by way of Chilliwack to the Coast, *thereby completing a continuous line of railway in British Columbia from a point on the International Boundary line at Cascade to the Coast,* said railway to be built and equipped within the time, and according to the terms and conditions mentioned in the charter which the said company have obtained from the Parliament of the Dominion of Canada, or within such further time as may be allowed to the Company by reason of any amendment to said charter;

And also to construct, equip, maintain and operate a suitable steam ferry service between a point on the western terminus as aforesaid and a convenient point on Vancouver Island either at Schwartz Bay or Sidney, so as to connect the City of Victoria by a car ferry service with the said railway, and also to construct, as a part of said work, a line which shall connect the City of Vancouver with the main line of said railway, and in case a Government bridge is not constructed to cross the Fraser River at Westminster, to establish a connection between the line to Vancouver and the main line of the railway by a suitable ferry service;

Provided, however, that in so far as the ferry service to Victoria is concerned if the Company shall amalgamate their undertaking with the Victoria Terminal Railway and Ferry Company, or make a traffic arrangement with said company, the said ferry service so established shall be deemed to b a full compliance with this contract so long as the same is operated as a continuous service:

The Company further agree that, after completion, the said railway shall be continuously operated as a going concern:

The Company further agree with the Government as follows:

That after the said work is commenced as aforesaid, and if the said Dominion aid is obtained, then the remainder of construction of the said railway shall be diligently prosecuted to the satisfaction of the Lieutenant-Governor-in-Council, and if the said work is not so prosecuted all right and claim to the subsidy granted by this Act shall be cancelled and forfeited: Provided always that the Lieutenant-Governor-in-Council shall not cancel the said contract without good reason and shall, before exercising such right of cancellation, give the Company due notice of the said causes of dissatisfaction, and allow the Company a reasonable time within which to comply with the requirements of the Lieutenant-Governor-in-Council:

Unless the company elect to accept bonds and securities, instead of cash as hereinafter stated, *the susidy hereinafter referred to shall not be paid or payable until the railway is completed and in running order to the satisfaction of the Lieutenant-Governor-in-Council,* nor until the securities or guarantees satisfactory to the Lieutenant-Governor-in-Council is or are given for the continuous maintenance and operation of the railway.

The Company also agree from time to time to pay to the order of the Finance Minister four per cent. upon the net earnings of the said railway. Provided that such amount shall not in any one year exceed interest after the rate of two per cent. per annum upon the whole amount of subsidy granted to the Company; and provided always that if the earnings of the Company shall not in any one year be sufficient to defray said amount, then the same shall be carried over and be a charge upon the earnings of the Company for the year following, in addition to the sum which would be payable by the Company for that year, and so from year to year, the intention being that the said payments shall be cumulative and a charge upon the earnings of the Company, and that no dividends shall be paid to shareholders until the Government has received in each year during which the railway is in operation a sum which shall be equal to two per cent. per annum upon the amount of subsidy advanced

The Company may, however, at any time upon notice, repay to the Government the full amount advanced by way of subsidy as aforesaid, and then all payments out of earnings from the Company to the Government shall cease: Provided always that while such payments are made from year to year, the Company and its undertaking, property and assets shall not be subject to any other kind of taxation, either Government or Municipal.

The Company shall from time to time, when required so to do, enter into contracts with the Government with reference to freight and passenger rates over the said railway, and shall submit to the control of the Government in that behalf, provided always that before such rates shall be absolutely binding upon the Company, they shall be submitted by the Company to the Dominion Government and shall be approved by them, and if any alteration in such rates is made by the Dominion authorities then the Company shall, so long as said arrangement remains in force, charge such rates as are mentioned in the said contract as amended by the Dominion authorities.

In consideration of the conditions hereinbefore stated the Government shall grant to the Company for each mile of said railway the sum of four thousand dollars ($4,000) in cash, payable when and so soon as the said railway has been completed and in running order, and after the same has been approved and inspected by the proper officials in that behalf; and the bond of the Company, or other security or guarantee satisfactory to the Lieutenant-Governor-in-Council, has been given for the continuous operation and maintenance of said railway.

Provided, however, that if instead of the said cash subsidy the Company shall elect to take inscribed stock or debentures of the Province of Birtish Columbia, then the Lieutenant-Governor-in-Council shall, as each twenty miles of the said railway is constructed and ready for operation to the satisfaction of the Lieutenant-Governor-in-Council, cause to be issued and delivered to the Company inscribed stock or debentures as aforesaid at the election of the Company to an amount equal to four thousand dollars ($4,000.00) per mile of the said railway so constructed at the then current price of said stock or debentures, and so on from time to time as each twenty miles of the said railway is constructed and ready for operation as aforesaid:

If, after the completion of the whole line, the amount of bonds or stock so delivered to the Company shall not be sufficient if sold at the then market price, to net to the Company a sum equal to four thousand dollars ($4,000.00) for the whole line of constructed road, then the Government shall, at the election of the Company, either make an additional issue of said stock or debentures, or shall pay the amount of such difference in cash to the Company: Provided always that the said Company shall not offer said stock or any of the said debentures for sale to the public until after the 1st day of January, 1903:

And provided further, that if the whole of said railway excepting the amount thereof to be constructed within the year 1901, shall not be completed and put in operation by the Company, the stock or debentures which may have been issued as aforesaid by the Government to the Company shall be returned and delivered up to the Government for cancellation.

This agreement shall not be binding upon the Company or the Government until ratified by an Act of the Legislative Assembly of the Province of British Columbia, and if so ratified the special Act shall provide that notwithstanding anything contained in the said Public Works Loan Act, 1901, the terms and conditions herein set forth are, and shall be, deemed and taken to be. a full and complete statement of all conditions binding upon the company for the purpose of appropriating to its undertaking the bonus provided in said Public Works Loan Act, 1901.

A COMPARISON.

If the above contract is compared with the original agreement signed in 1898, and which was repudiated by the Semlin Government, it will be seen how much better is the proposal which the V., V. & E. offered the Dunsmuir Government than the one which they pledged themselves to reinstate.

The following is a copy of the first agreement:—

This agreement, entered into the fifteenth day of June, eighteen hundred and ninety-eight, between Her Majesty the Queen, represented by the Honorable J. H. Turner, Premier and Minister of Finance for the Province of British Columbia, and the Honorable D. M. Eberts, Attorney-General for the said Province, hereinafter called the Government, of the first part, and William Mackenzie, of the City of Toronto, in the Province of Ontario, contractor, and Donald D. Mann, of the City of Montreal, in the Province of Quebec, contractor, hereinafter called the contractors, of the second part.

Whereas the Government has been empowered by an Act entitled the "British Columbia Public Works Loan Act, 1897, Amendment Act, 1898," to grant a cash subsidy not exceeding the sum of four thousand dollars per mile in aid of the construction of a standard-gauge railway from the coast of British Columbia in the neighborhood of English Bluff, near Point Roberts, via Chilliwack, to Penticton, being approximately two hundred and thirty miles in length.

And whereas it is contemplated in the said Act, as shown by the recitals thereof, that said additional aid should be granted for the construction of the said railway by the Dominion Government:

And whereas the contractors have agreed with the Government, in consideration of receiving the said cash subsidy of four thousand dollars per mile, to build the said standard-gauge railway on the terms and conditions, and subject to the provisions hereinafter in this agretment set out:

And now therefore this agreement witnesseth as follows:

1. The contractors covenant with the Government to lay out, construct, equip and fully complete (or cause to be laid out, constructed and fully completed) a line of railway with proper terminal facilities from the coast of British Columbia in the neighborhood of English Bluff, via Chilliwack to Penticton, the said railway when fully completed, to be of standard gauge and of the general standard of railways of like gauge in the same district of the said Province. Provided that the said railway shall be the property of the contractors.

2. The contractors will commence work on the construction of the said railway on or before the eighth day of May, 1899, and will duly and diligently prosecute the same to the satisfaction of the Lieutenant-Governor-in-Council, otherwise no subsidy to be paid.

3. The contractors shall, upon the execution of this contract, give security to the Government for the due performance of the whole work herein provided for in the sum of thirty-seven thousand five hundred (37,500 dollars, as provided in the security of even date herewith, and upon the said railway being completed as herein specified, the said security shall be returned to the contractors or their nominees, and if such security or any part thereof be deposited in cash, interest at the rate of three per cent. per annum shall be paid by the Government to the contractors for the time such cash has been so deposited.

4. In aid of the construction of the said line of railway the Government shall grant to the contractors for each mile of railway of approximately two hundred and thirty miles the sum of four thousand dollars in cash, payable when and so soon as the said railway has been completed and is in running order, to the satisfaction of the Lieutenant-Governor-in-Council, and the bond of the then owners of the said railway, or other security or guarantee satisfactory to the Lieutenant-Governor-in-Council has been given for the maintenance and operation of the said railway.

5. In case the contractors cause the said railway to be built under the charter of any railway company to whom the Government has heretofore granted, or been authorized to grant any land subsidy, then and in that case the subsidy herein authorized shall only be paid to the contractors upon such company giving up its claim to the land grant for the railway herein contracted to be built.

6. The contractors will cause the said line of railway to be built under the charter of the Vancouver, Victoria and Eastern Railway and Navigation Company; provided, always, that the contractors are enabled to obtain control of the said charter under a certain agreement entered into between the contractors and certain promoters and provisional directors of the said company, and dated on or about the 23rd day of September, 1897.

7. Wherever the said line of railway as located runs through waste lands of the Crown, the Government shall reserve for the purposes of the said railway all lands which the Lieutenant-Governor-in-Council shall deem necessary for the right-of-way, station yards and grounds, terminal buildings and other requirements of the railway, and shall upon the completion of the said railway issue Crown grants to the contractors for such lands.

8. The contractors may, with the consent of the Chief Commisisoner of Lands and Works for the said Province, and without compensation therefor, enter and take from any public lands adjacent to or near the line of the said railway lal stone, timber, gravel and other material which may be necessary, fill in and deposit material upon any public lands.

9. If the contractors fail to perform the obligation assumed by them under this contract, they shall be liable only as provided in the security furnished for the performance of this contract.

10. The covenants and provisions herein contained shall respectively extend to and be binding upon the executors, administrators, successors and assigns of the parties hereto.

In witness whereof this agreement has been duly executed the day and year first above mentioned.

Signed, sealed and delivered by the contractors in the presence of

(Sgd) ARTHUR G. SMITH.

(Sgd) WM. MACKENZIE, (Seal)
By his Attorney.
(Sgd) D. D. MANN. (Seal)

Signed and delivered by the HON. J. H. TURNER and the HON. D. M. EBERTS in the presence of

(Sgd) ARTHUR G. SMITH.

(Sgd) J. H. TURNER, (Seal)
(Sgd) D. M. EBERTS. (Seal)

V., V. & E. TURNED DOWN.

Notwithstanding the representations made to, and the proposal which was in their hands, the Government forced the Loan Bill through the House, declining to make the changes which the Company had pointed out as being necessary in order to enable them to legally execute a contract for the subsidy upon the terms which the Government were willing to accept.

The following are the material parts of the Bill as it passed the third reading:—

Railway Subsidies.

8. It shall be lawful for the Lieutenant-Governor-in-Council to grant for and in aid of the construction of the following railways and to be paid out of the moneys raised under this Act, a sum not exceeding four thousand dollars for each mile of railway, of the uniform gauge of four feet eight and one-half inches, viz.:—

(*a*) For a railway from the City of Victoria, from the City of Vancouver and one from some point in the neighborhood of English Bluff, near Point Roberts, via Chilliwack and Hope to Midway, in the Boundary District, approximately three hundred and thirty miles:

[Original section as amended on motion of Mr. Martin.]

(*b*) For a railway from the present terminus of the Esquimalt and Nanaimo Railway to the northern end of Vancouver Island, approximately two hundred and forty miles:

(*c*) For a railway from Midway to Vernon to connect with the Shuswap and Okanagan Railway, approximattely one hundred and twenty-five miles:

(*d*) For a railway from the Coast, at Kitimaat, to Hazelton, approximately one hundred miles:

(*e*) For a railway from Elko or some point on the Crow's Nest Pass Railway south of Fort Steele via Fort Steele to Golden, approximately one hundred and fifty miles:

[Original section as amended on motion of a member of the Opposition.]

9. It shall be lawful for the Lieutenant-Governor-in-Council to issue and hand over to any person, firm or company who shall become entitled to a subsidy for building any of the foregoing lines, in lieu of cash, "British Columbia Stock," issued under the provisions of the "Inscribed Stock Act, 1891," or debentures, which stock or debentures shall bear interest at a rate not exceeding three and one-half per cent. per annum, to be fixed at the time of delivery, and to be paid at the time of delivery, not being less than twenty-five years nor more than fifty years after the time of sale. Both principal and interest may be payable in London, England, or Victoria, British Columbia.

10. The Lieutenant-Governor-in-Council may enter into all agreements with any person or company undertaking the construction of any railway, to which a subsidy is hereby attached, which may be necessary or convenient for the due construction and operation of such railway, which agreements, shall, in every instance, in addition to other matters therein provided for, contain the following provisions, viz.:—

(*a*) That unless work is commenced on the railways mentioned in sub-sections (*a*), (*b*), (*c*), (*d*) and (*e*) of section 8 hereof, on or before the first day of July, 1902, and is duly and diligently prosecuted to the satisfaction of the Lieutenant-Governor-in-Council, all right and claim to the aforesaid subsidy granted by this Act shall be cancelled and forfeited:

(*b*) That the aforesaid subsidy shall not be payable until the railway is completed and in running order, to the satisfaction of the Lieutenant-Governor-in-Council, nor until security or guarantees, satisfactory to the Lieutenant-Governor-in-Council, is or are given for for the continuous maintenance and operation of the railway, and no subsidy shall be payable or paid until after such completion and the giving of such security or guarantees:

(*c*) The company shall pay the Province on the amount of the subsidy paid at the rate of two per cent. per annum for five years from payment of said subsidy, and at the rate of three per cent. per annum thereafter, and said interest shall be a first charge upon the gross earnings of the company next to the payment of a working expenditure of the railway:

[Original section as amended on motion of Mr. Gilmour, a member of the Opposition.]

(*d*) That the railway obtaining the benefit of any such subsidy shall be constructed wholly and as a continuous line within the Province:

(*e*) That the Lieutenant-Governor-in-Council shall have absolute control of the freight and passenger rates to be charged by the railway and, that, notwithstanding and in the event of the railway being or becoming subject to the jurisdiction of the Dominion Government, the same shall be assumed by the company and shall be deemed a contract between the Province and the Company:

(*f*) That the railway may be acquired at any time after twenty years after subsidy paid, by the Province at a valuation to be determined by arbitration under the provisions of the "Arbitration Act."

[Original section as amended in committee.]

(*g*) The company may repay at any time the amount of the subsidy advanced, and thereafter be absolved from the obligation to pay the amount under sub-section (*c*); but this clause shall not prejudice the right of the Province under sub-section (*c*) up to the period of such repayment.

(*h*) That in the event of a charter being granted by the Dominion Government for a line of railway over or parallel to the route proposed in this Act, that the foregoing conditions shall be assumed and carried out by the company so incorporated as a contract and obligation of said company prior to any other charge thereon:

(*i*) That no aliens shall be employed on the railway during construction, unless it is demonstrated to the satisfaction of the Lieutenant-Governor-in-Council that the work cannot be proceeded with without the employment of such aliens:

(*j*) All agreements entered into by the Lieutenant-Governor-in-Council under the provisions of this section shall be submitted to and be ratified by the Legislature before taking effect.

11. No person, firm, or company, shall be entitled to a subsidy for the construction of a line between vicinity of English Bluff, aforesaid, and Midway, except on condition that the company applying for same shall enter into an agreement with proper assurances, satisfactory to the Lieutenant-Governor-in-Council, to construct a suitable steam ferry, capable of maintaining a speed of not less than fourteen knots per hour, and to operate a daily round trip service between the Mainland and Vancouver Island, at Sidney, Schwartz Bay or at the most convenient point, to connect with the City of Victoria for the transportation of cars, freight and passengers, such steam ferry service to connect with a direct line of railway to the said City of Victoria.

12. The plans, specifications and conditions of any proposed contract for the construction of the railway shall be subject to the approval of the Lieutenant-Governor-in-Council, and the contracts shall be submitted to public tender and competition, under such conditions as the Lieutenant-Governor-in-Council shall approve, and no contract shall be awarded, or work or materials thereunder accepted without the like approval.

13. No subsidy shall be granted to the railway mentioned in sub-section (*a*) of section 8 of this Act unless proper direct railway connection is made with and in operation to the Cities of Vancouver and New Westminster, and adequate terminal facilities supplied at the City of Vancouver.

14. The terms of the "British Columbia Railway Act" and amending Acts, except as modified by the Provincial charter of the company and this Act, shall apply to all railways subsidized under this Act.

15. Any person or company receiving the benefit of the provisions of this Act as to any of the said proposed railways, and duly executing all agreements in that behalf, shall be and become thereby entitled and authorized to construct, maintain and operate a line or lines of railway with all usual and incidental powers in that behalf, between any of the points mentioned in this Act to be more particularly defined in any agreements made hereunder, subject to the provisions of the "British Columbia Railway Act," except as modified hereby.

16. It shall be lawful for the Lieutenant-Governor-in-Council to cause to be built a bridge across the Fraser River in the neighborhood of New Westminster at a cost not exceeding five hundred thousand dollars, for the purposes of railway, vehicular and passenger traffic, and for the purposes aforesaid to enter into contracts for the construction of said bridge as may be deemed expedient, subject to submitting same to public competition, and after construction to enter into any agreements that the Lieutenant-Governor-in-Council may deem expedient in connection with the user of said bridge by any railway or other companies, persons or firms, with power to fix a tariff of tolls.

17. It shall be lawful for the Chief Commissioner of Lands and Works to expropriate any lands, tenements or hereditaments necessary for the approaches to said bridge, subject to the provision of the "Land Clauses Consolidation Act" as to compensation.

18. No subsidy shall be paid before the first day of January, 1903.

19. Every subsidy granted under this Act shall be subject to the conditions that the workmen, laborers or servants employed in or about the construction and operation of the railway in aid of which such subsidy is granted shall be paid such rate of wages as may be currently payable to workmen, laborers and servants enuaged in similar occupations in the district in which such railway is constructed and operated, and upon breach of such condition by the railway company there may be deducted and retained from any moneys payable in respect of such unearned subsidy, or hereafter granted subsidy, such amount as the Lieutenant-Governor-in-Council may think proper, and in case the subsidy shall have been paid before such breach, such part thereof as may be determined by Order-in-Council may be recovered back from the railway company to which the same was granted, with full costs of action, at the siut of the Attorney-General of the Province in any Court of competent jurisdiction.

[New section inserted on motion from an Opposition member.]

MR. BODWELL INTERVIEWED.

In consequence of certain statements made by the Minister of Mines and the Attorney-General during the debate on the third reading of the Bill the following interview with Mr. Bodwell was published in the press:—

Mr. Bodwell was seen to-day with reference to the statements made in the House that the Premier had offered to give the contract to the V., V. & E. Company, and in reply to questions on that point, said:—

"Yes, I heard that statement made by the Hon. Mr. McBride and the Hon. Mr. Eberts in their speeches in the House last night, but it is not a complete account of what occurred, and is calculated to create a wrong impression. Mr. Sutherland and I had an interview with the executive on Saturday pursuant to appointment. We went there for the purpose of discussing with the Government the conditions mentioned in the Loan Bill. I spent the time which was accorded me in explaining to the Government that the Loan Bill as drawn conflicted with the Dominion Railway Act in such a manner that a company chartered under the Dominion law could not legally execute the contract. I said that we were practically satisfied with the terms proposed by the Government, but that there were legal impediments in the way of the execution of the contract which I pointed out, and which are summarized in a letter which I wrote to the Government after the interview.

"I then stated that if the Act were modified so that we could legally execute it our company were prepared to sign the contract at once; that we would give any security that the Government should name requiring us during this year to complete thirty miles at each end of the railway. If the Dominion subsidy were obtained we would covenant to build the road through as a continuous line. I said that we would not think of beginning operations at the two ends of the road if we were not satisfied that eventually the Dominion would subsidy would be obtained, and that we fully expected to build the road clear through, but in order to satisfy the requirements of the country we were willing to waive the Dominion bonus on the sixty miles and build those portions on the Provincial subsidy alone.

"In reply the Premier stated that the Loan Bill as drawn, with the amendments which Mr. Turner had proposed in his speech on second reading, was the policy of the Government, which would not be departed from, and that no contract would be executed by the Government except upon the conditions mentioned. This, of course, was a direct refusal of our proposition, and from my point of view, would compel us to sign a contract which we could not legally execute. I said that if the Attorney-General could show me that I was wrong in my contentions as to the law, I would be only too glad to waive them. On the other hand, if I was right the contract would be valueless to the Government, as it could not be enforced, but it would have the effect of preventing the Dominion from giving a bonus, or if the Dominion waived their objections, the company signing the contract would not be able to keep its terms, and therefore the Provincial subsidy could be refused after the road was built on the ground of breach of contract. No attempt was made on the part of the Government to reconcile these conflicting views, and the matter ended."—Victoria Times.

PRESS COMMENT.

In order to further demonstrate the state of public opinion on the subject, the following extracts are made from among the many comments published in the press throughout every part of the Province.

The Dunsmuir Government have it in their power to retard the growth of this district for another year, or to make it one of the greatest mining camps in the world. Which shall it be?—Similkameen Star.

When the majority of the inhabitants of the Province decide for a certain railway they will get it sooner or later. But those who aid to make it later will reap the whirlwind in time.—Midway Advance.

It's odd how most of the Kootenay and Yale papers are opposed the C. P. R. on this railway question. Yet it is natural for the C. P. R. to wish to keep a good thing as long as possible. Any business man would do the same.—Phoenix Pioneer.

An object lesson in railway connection is afforded by the shiploads of oranges that are sent all the way from Los Angeles to Seattle in order to reach Chicago by rail. There is no competing line in California, and hence the fruit can be brought north nearly 1,000 miles and then sent by rail to destination cheaper than it can be shipped direct.—Victoria Colonist.

Only those who are blinded by selfish and servile interests oppose the construction of the Coast-Kootenay line by a company independent of the C. P. R. Why should not the great octopus allow into the field of competition an honorable rival in the same way that individual competition in any business sphere is permitted and usually with benefit to all concerned? The people of British Columbia have groaned long enough under the burdens of monopoly and they will not come into possession of all their rights until they throw off the laocoon that binds and grinds so unmercifully the spirit of liberty and enterprise so necessary in the development of this great country. Competition is, indeed, the life of trade; then let it be fostered and encouraged by every legitimate means.—Golden Era.

The issue of the present railway agitation was brought into clear relief at the public meeting held in Victoria Friday a week ago. There was no possibility of mistaking either the resolutions or the temper of the people who proposed them. This meeting defined beyond any possibility of misunderstanding that so far as the people of Victoria were concerned the Canadian Pacific Railway was not to control the avenue to the Coast through the Hope Mountains. The three members of the House from Victoria who were present found themselves in full accord with the meeting. These three gentlemen are pledged to a course of conduct which will be highly satisfactory to their constituents and highly beneficial to the Province.

The staunchest supporters of the Provincial Government will hardly be inclined to view with favor the administration's policy with respect to the construction of the Coast-Kootenay line. There is a growings suspicion that the Government is not inclined to deal fairly in the matter, that it has responded to the beck and call of certain powerful influences, and is endeavoring to defer the construction of the road. This suspicion is strengthened by the circumstance that the Government is calling for tenders for the construction of the road and imposing such conditions as to make it almost a certainty that no responsible company will submit a tender. Should it develop that the Government is in reality aiming at the prevention of the construction of the road, it will be making a fatal blunder. The people of British Columbia are in no mood for trifling and will resent in a very effective fashion any such glaring attempt on the part of the Government to act in opposition to the will of the people upon this important public question.—Nelson Miner.

Meanwhile the summer is slipping away and no decision has been yet reached, or at any rate none has been made public, regarding the Coast-Kootenay Railway. If construction is to be commenced this year it is necessary that some decisive action be taken by the Government without delay. Until the intentions of the Government are definitely known the mining interests in the Boundary and Similkameen district are at a disadvantage. The lack of transportation facilities alone retard the rapid development of the mineral resources of those sections.—Kamloops Sentinel.

Nine-tenths of the people in British Columbia, not only here but on the Coast, believe, and believe firmly, that an understanding does exist between the leaders of the Provincial Government and the great Canadian railway monopoly. They believe, and they have every reason for believing, that the various excuses which have been brought forward to delay the granting of this charter (the Crow's Nest Southern) have been subterfuges of the flimsiest possible character. We are told by the Government that they desire, before taking action to see what the policy of the Dominion Administration is, as if it were necessary for them to await action on the part of the Federal Cabinet before showing that they themselves were determined that the course which they know, and which everyone who has studied the situation in the interior knows, is for the benefit of the great mining district which the railway under discussion is intended to serve should be adopted. Surely it is the Provincial Government which should take the initiative in their own Province and give the cue to the Federal Administration. The excuses and delays are all of the same character. There is no reason in them which will satisfy either the people here or the business residents of the Coast cities, who are looking for the trade which is to be obtained in the Kootenays.—Rossland Miner.

With one unanimous voice the people of this Province have declared for railway competition and freedom. The particular phase of this general question to the people of the interior is the construction of the Crow's Nest Southern and every other road over which there is business to do and which men with money are willing to build. The particular phase of this question to the people of the Coast is the construction of the Coast-Kootenay Railway independently of the Canadian Pacific Railway, that is, by the V., V. & E. Company. There is a unity of sentiment on the question never before seen in the history of British Columbia. The Premier, we are told, has an open mind on the subject. The best thing the Premier can do is to shut his mind and to shut it quick. If he does not wish to do what the Province wishes him to do, let him say so. If he proposes to do it, let him say so. He must know by this time what the Province wishes.—Victoria Post.

THE SITUATION.

The direct line to Kootenay will not be built. The merchants of the Coast and the miners of the interior are not to be permited to become too intimate commercially lest they should wax fat in their business and become puffed up. They must be prevented from becoming too proud of the resources of their country, as we know from experience that pride goeth before a fall. If trade were not well taxed it might declare

abnormal dividends and have a depressing effect upon railway shares. Better for it to take a circuitous route by way of the C. P. R., or be driven to the East to come in over the same road, or to the south, where it will be in the hands of foreigners, than that we should be so unpatriotic as to ask to be delivered from the tender mercies of Canadians of recent date such as Van Horne or Shaughnessy. In the abstract when these men desire to justify themselves in discriminating against Canada they declare that there is no sentiment in business, but when it suits their purpose, as in the present instance, they hoist the old flag over their works and patriotically direct attention to the stars on Jim Hill's hat and the stripes on his trousers.

All the turmoil which has characterized the session which is drawing to a close might have been avoided if the Government had not by its actions and its words given unmistakable evidence that rumor was correct when it whispered that arrangements had been concluded with the Canadian Pacific Railway Company for what purported to be a short line to the Kootenay country. But the Ministers had neither the art to conceal their intentions nor the honesty to avow their purposes. A competing line for the Coast cities means competition in shipping as well as in land lines. Only when the conditions prevail which have built up cities on both sides of the Atlantic Ocean can the ocean ports of British Columbia become prosperous in the real sense of the word. One of the Ministers says that a bridge over the Fraser will enable the Great Northern to get into Vancouver and give all the outside connection that is necessary, as a ferry to Victoria is impracticable. Our sister city's dreams of greatness will never be realized under such circumstances. Instead of being made the terminus of a transcontinental road doing business through the richest part of British Columbia, with all that means, she is to be placed at the end of a switch connecting with Seattle. As the boys say, we are to "get it in the neck" all round. But don't overlook the important fact that the Government controls the rates, nor the no less important fact that the C. P. R. appears to have both the Government and the Opposition in its grip. No matter what happens it holds the key to the situation.—Victoria Times.

The Railway Bill just brought down by the Government is in itself a flat defiance of the people of British Columbia. Instead of offering a subsidy to secure a line from Kootenay to the Coast free and independent of the C. P. R. Co. and to be kept free of that company, the five millions authorized by the Bill will be in the hands of the Governor-in-Council to be offered to any company which he and they may select.

If this Bill is passed the whole business will be in the hands of the Governor-in-Council. Neither the people nor the Legislature will have any voice in the matter, and this Province will be in the strangle hold of that company which is uppermost in the affections of the Dunsmuir Administration to-day.

The stipulations in the bill would be laughable under ordinary circumstances. Some of them are plainly "ultra vires" of the Legislature. All of them are outrageously impossible of acceptance by any business man or company of men. The object of the Bill is to kill the last chance of railway competition between Victoria and the Interior.

It is impossible to believe that this Bill will be passed by a majority of the House, every member of which knows that the fight is between the people and the C. P. R. Co.

It is impossible to believe that men elected to faithfully discharge their duties to the public can be found to vote for a Bill so deadly to the interests of the Province. If they do vote for it, in defiance of the will of the people, so emphatically expressed, in betrayal of the men who elected them, and to the enslavement of themselves and their children, shame and contempt will be their portion during their natural lives and long after they are occupying lots in the cemetery.

There can be no doubt whatever about this attempt of the Government to bulldoze the people of British Columbia in the interests of the C. P. R. Co. There can be no doubt whatever as to the intention and effect of the bill now submitted for the approval of the House. The whole scheme is as plain as noonday, and any man voting for it must know exactly what he is doing.

The flimsy excuse put forth against the V., V. & E. that it is an alien corporation backed by the Hill-Morgan Syndicate is too thin to deceive any man of the most ordinary comprehension. The fact of the Hill-Morgan Syndicate being behind it constitutes the strongest argument in its favor. Any smaller combination might be swallowed up by the Canadian company after it had secured the charter, so that this Province would be like the man mentioned in the scriptures out of whom there were cast seven devils, "its last state would be worse than its first."

Now is the day and now is the hour for every man in this Province to make his influence felt before meals, at meals, and after meals. If the chains of monopoly are forged and rivetted now it will be practically impossible to break them hereafter.

It is a waste of time to discuss the provisions of the Bill in detail. They are all absurd and outrageous. Mr. Dunsmuir's paper has truly said that no Bill like it was ever submitted in any of the other provinces. It is to be hoped that no Bill like it ever will be submitted to the Legislature of any of the other provinces under like circumstances. It is a mixture of government ownership, private ownership, and nobody's ownership. Railroads built under its provisions might be managed by the company and the Government both together, or at any stage they might be taken over by the Government. A company sufficiently crazy to take it seriously and accept its stipulations would be at liberty to build and develop a line, work up business, if possible (subject, of course, to the approval of the Governor-in-Council) and then, after it had commenced to pay, be obliged to hand over the whole outfit at a valuation. The Legislature cuts no figure at all in this extraordinary Bill. As Mr. Toots would say, "It is not of the slightest consequence, thank you." The Bill, like the car of Juggernaut, rides majestically over the acts and powers of both Dominion and Provincial Legislatures without regard or concern as to the hereafter of confusion and disallowance which would inevitably follow its passage, always supposing that such a thing could be found as a bililonaire syndicate of unsound mind to start in building railroads under its provisions.

It will be interesting to see how the members, both Government and Opposition, will vote on this Bill. No crisis of equal importance has ever arisen in the history of the Province.

The issue is between the people and monopoly. If the people are betrayed by their representatives, and the shackles of monopoly rivetted on the necks of themselves and their children, there will be trouble, and lots of it; not in one town only, but all over the country. Let the man who has been "squared" tremble in his shoes if he votes away the rights of his constituents. Yea, let him go out, like Judas, and select his apple tree.—Victoria Outlook.

MR. DUNSMUIR'S GOLD BRICK.

It is claimed of Mr. Dunsmuir that he is a business man. No one ever pretended that he was a politician. In fact he is always prompt to deny any such soft impeachment. He took power so as to give the people a "Business Government." He had no political ambitions. The good fortune of his esteemed father had placed him beyond any sordid desire for office. This being the case, it is right to examine his railway policy from a business standpoint and judge of

its object by what it is likely to accomplish. If it is such a policy as really will assist railway construction, the public are justified in thinking that he intended it for that purpose. If it will not have this effect, it may be fairly argued that it was not intended to have such an effect, in other words, that it is a political gold brick.

Mr. Dunsmuir proposes to "assist" railways by lending them an amount not to exceed $4,000 a mile. He is going to pay this amount when the railways are finished, and any man who knows anything about the Province will say that it will be at least three years after the railways have been begun before they will get a dollar of this money. He also reserves the right to give the companies Provincial stock, or bonds, instead of cash, and there is not a line in the Loan Act authorizing him to hand over this stock, or bonds, for less than their face value, and so the companies must take them at par, if Mr. Dunsmuir elects to give them these securities instead of cash. The companies are to pay the Government two per cent. on this $4,000 for the first five years and three per cent. for ever after, which makes this to all intents and purposes a three per cent. loan, the brief period of lower interest being insignificant. The present value of our inscribed stock is 92. What it will be three or four years from now is purely guesswork. Now does Mr. Dunsmuir know how much money he could get advanced by any bank or monetary institution on the prospect of receiving the Government $4,000 of inscribed stock three years from now? He is a rich man and perhaps he will say how much he would advance on such security himself. If there were any guarantee that our stock would remain at 92 for three years, then, deducting brokers' commissions, the stock would be worth now 90 per cent. of its par value less three years' interest at the current value of money. Ninety per cent. of $4,000 is $3,600, and this is the outside figure that could possibly be secured on such stock if issued now. But it is not to be issued for three years, or until the railways are completed, and so we must deduct from this three years' interest, in order to find out how much at the outside the banks would advance on a contract to deliver the stock under such conditions. This brings the outside cash value of this alleged assistance of $4,000 a mile, payable in threeyears in inscribed stock, down to $2,952. The companies receiving this are to pay three per cent. on $4,000, which is $120 a year, which is over four per cent. upon $2,952, the cash value of the loan. This loan is secured by a first mortgage on the line. All other moneys raised must be second mortgage securities. Now what we would like Mr. Dunsmuir, as a business man, to say is, whether in his opinion any set of capitalists in the world would agree to place a first mortgage on a railway for $2,952 with interest at four per cent. He must surely know that his alleged assistance to railways is without the slightest value from a financial point of view.

But more remains to be told, because in consideration of this extraordinary first mortgage the Government asks the companies to surrender to it absolute control of all contracts and freight rates. We put this question to him as a business man: Will any railway company in the world create a first mortgage on its line for $4,000 a mile with interest payable at three per cent., for the sake of receiving what is not worth more than $2,952 per mile, and surrender to the lender of this latter amount control of the contracts and rates? As a business man, Mr. Dunsmuir must answer, No.

Having placed a first mortgage on the railways for $4,000 a mile in consideration of "assistance" not worth in cash more than $2,952, having assumed the absolute right to control rates, and the supervision of contracts, Mr. Dunsmuir sends the companies out to finance the remainder of the cost of the undertakings. His "assistance" is equal to about one-tenth of the cost of the railways, which will average at least $30,000 a mile, and so there remain nine-tenths to be financed otherwise. The Dominion will not give a dollar without control of rates, but the companies cannot give this because they have already contracted it away. The nine-tenths must be raised by stocks and bonds. As a business man Mr. Dunsmuir must know that they could not raise a single dollar in the money market on second mortgage bonds. He ought to know that they could raise nothing, except at a ruinous discount which would enormously increase the capitalization of the roads, on first mortgage bonds for so large a sum, unless the persons financing the proposition had the letting of the contracts without Government interference, but as first mortgage bonds could not be issued under the contract with the Government prescribed by the Loan Act, it is only a waste of time to talk about them.

The conclusion from the foregoing is that Mr. Dunsmuir has handed the Province a gold brick. We may admit that he did not intend to do so, although this involves the loss of his reputation as a business man in politics. He may himself have been "buncoed" by interested parties and have handed out the brick to the public in good faith. His colleagues made no attempt to defend the financial features of the Bill. But why should they? Mr. Turner is to retire to London with ten thousand a year, and Mr. Eberts was careful to avoid committing himself to the financial impossibilities involved in the measure. Some people think that Slippery Joseph did the trick, but he says no. But still people think.—Vancouver World.

THE NO-RAILWAY POLICY.

If Mr. Dunsmuir had wished to see a railway built from the Coast to Kootenay at once he would have accepted the offer made to the Government by the V., V. & E. Company. He was the only obstacle to its acceptance, for every one knows that all he had to say was that this company ought to have the contract to have commanded the support of his whole cabinet. Mr. Turner would not have dared to say no, for he wants to go to England too badly, and as a matter of fact he has a sneaking fondness for this company, which was the child of his Administration strangled in its infancy by Mr. Martin. Mr. Eberts is committed to the Canadian Pacific, but Messrs. Prentice and Wells were, if Dame Rumor tells the truth, quite ready to accept the offer, and no one takes Mr. McBride so seriously as to suppose that he would resign for conscience sake, or anything else except the stress of dire necessity. There have been more brilliant Premiers in British Columbia than Mr. Dunsmuir, but none that ever had a "string" on his colleagues as he has. If he had said "V., V. & E.," his colleagues would have tumbled over each other to see who could say it next. For some reason, which he has not yet condescended to explain to the public, he refused to accept the offer. There was a good deal of talk in the House about the Coast-Kootenay road, but if it had not been for Mr. McPhillips the public would never have known that the Government had received an offer from the V., V. & E. to build the line under the terms of the Loan Act, provided something was inserted in it that would prevent the company from "queering" itself in its application to Ottawa for a subsidy. Why was not this offer accepted? Its rejection was due, we understand, wholly and solely to the opposition of Mr. Dunsmuir.

The offer of the V., V. & E. and the letter of Messrs. Bodwell and Duff, which accompanied it, have been printed in The World. Is it not an astonishing thing that the Government should have had these documents in its possession for several days and yet have gone on with the discussion of the railway question without submitting them to the House? Was this honest? Is this the way that a straightforward Government would deal with a Legislature? When Mr. Eberts was forced to do it, he read the contract to the House, but said he knew nothing about the letter. This is no way to carry on public business. The building of some 300 miles

of railway is no private affair of the men who for the time being happen to form the Government. It is public business, and the representatives of the people have a right to know what are the facts. The Government tried to suppress the facts, and though compelled to disclose them, the disclosure was at a time and in a manner that left the House very little wiser than it was before. The representatives of the people having had no chance to pronounce upon the offer of the V., V. & E., the people themselves must consider it.

The only criticism which Mr. Eberts ventured to make to the V., V. & E. offer was based upon the fact that it provides for a line that snall begin at Cascade, while the Loan Bill only subsidizes a line as far East as Midway. If Mr. Eberts had read Messrs. Bodwell & Duff's letter to the House, the reason for the request that the subsidy should extend as far as Cascade would have been clear. To carry out the plans of the V., V. & E., it is absolutely necessary to build as far east as Cascade. If the line stops short of this, there will be no Eastern connection, and Vancouver will be deprived of what it needs so much—a line to the East in competition with the Canadian Pacific. If this City is ever to become the great terminal point which its position on the Coast will enable it to become, it must have more than one railway from the East. It must have competition as Seattle has. It is therefore the interest of Vancouver to have the Coast-Kootenay line built to Cascade and not to stop at Midway. Besides all this, the country through which the line from Midway to Cascade will run is a valuable one and needs railway communication. It cannot be served by any existing line, and if the C. P. R. is allowed to build to the Coast, will have to remain without railway connection until it is afforded by a line from the State of Washington. No opportunity was given to any one to lay these facts before the House, which voted on the question absolutely in the dark on these most essential features of it.

Why were this offer and letter kept back until the very last moment and then only brought forward because Mr. Eberts was forced to do so by the rules of the House? The public will not need to be told why. They will conclude that the Government wanted to keep the House in ignorance of the fact that a company stood ready to build the line on the terms, hard as they are, offered by the Government, provided only that provision was made that the contract would not keep them out of the Dominion subsidy.

Many are drawing the conclusion from the above facts that Mr. Dunsmuir, for some reason that he has not seen fit to disclose, has resolved to prevent the building of the V., V. & E. railway or any line whatever from the Coast to Kootenay until it suits the convenience of his very good friends the C. P. R. He repeats over and over and over again that he wants to make the best bargain he can for the Province, but he either wilfully or ignorantly shuts his eyes to the fact that the public regard a competing line to the Interior and the East as the most essential part of any bargain he may make. He had only to have said the word and work would have been even now begun on such a line, but for reasons, as to the nature of which the public are kept wholly in the dark, he has refused to speak it, and the prosperity of the whole country has received a set-back.—Vancouver World.

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