2. Free import of all steel rails and fastenings, fence and bridge materials in wood or iron for original construction, and telegraph wire and instruments for first equipment.

3. The government sections under contract — about seven hundred miles—to be completed, with stations and water service, but without rolling stock, and handed over to the company on the completion of their contract as a free gift. (The cost of these has exceeded $30,000,000.)

4. Perpetual exemption from taxation by the Federal Government or by any province to be created by it, as well as by any municipal corporation of the latter, on all property used for the construction and working of the railway and upon their capital stock. Also similar exemption for the company's land grant for a period of twenty years, unless sold or occupied.

5. No line to be chartered south of the railway for a period of twenty years, either by the Dominion or by any province to be created by it, except for a direction south-west or west of south-west.

The company contracted to build about 2,000 miles of railway and to work the transcontinental line for ten years after completion—the standard to be that of the Union Pacific Railway as it was in 1873. Liberal as the terms agreed upon appear, the sequel proved that they were none too much so. The capital stock was fixed at $100,000,000, and it was expected that land sales, or the security of the land grant, would make up any additional amount required and enable the company to complete the road without mortgaging it. The lands could not be sold while Government lands alongside them were being given away; and land grant bonds, although received at 110 for company's lands, could not for the same reason be negotiated to any considerable extent. In the autumn of 1883, $65,000,000 of the capital stock had been sold, and nearly all the proceeds expended in construction. The road was assailed at home and abroad by opponents of the Government and by rival interests, and such distrust created that the remainder of the stock could not be sold to realize the amount necessary to complete the work in hand. The company then decided to support their stock by purchasing from the Dominion Government a guarantee of 3 per cent per annum for ten years, for the $65,000,000 of stock already sold, making similar provision for the $35,000,000 unsold. The cost of this terminable annuity was $16,091,152, calculated at 4 per cent to meet twenty semi-annual payments of 1½ per cent each. Of this amount $8,710,240 was paid in cash and security was given for the early payment of the remainder, but the success of this bold financial policy was defeated by the effect on the money market at this time of the crisis which occurred in the affairs of the Northern Pacific Railway. The stock, with the Government guarantee for so short a term of years, could not be sold at an adequate price, and the company, early in 1884, was obliged to apply to the Dominion Government for a loan of $22,500,000. This amount, added to the balance due upon the annuity purchase, made a total loan of $29,880,000, to secure which the Government took a lien upon the entire property of the company.

In order to obtain feeders and distributors for the transcontinental line, the company had commenced the construction and acquisition of a railway system in Ontario and Quebec, and branch lines in Manitoba, with a total mileage as great as their contract line, their entire interest in which was