

transferred to the Government, as well as their unsold stock and their land grant, as security for this loan.

In consideration of this loan, the company agreed to complete the trans-continental line by 1st May, 1886, five years in advance of the time fixed by the contract.

Railway construction at the rate of nearly five hundred miles per annum rapidly exhausted the loan, and the first lien of the Government over all their property effectually barred the sale of their stock. They found it necessary, therefore, in 1885, to ask that the \$35,000,000 of unsold stock in the hands of the Government be cancelled, and an equal amount of 5 per cent, first mortgage bonds, be issued and held by the Government as security for the loan, the mortgage to cover the same security as the loan. The thirty million loan was payable 1st May, 1891, with 4 per cent interest. The Government agreed to accept \$20,000,000 of the first mortgage bonds as security for so much of this debt, and the security of the whole unsold lands of the company (over 20,000,000 acres), for the balance of \$9,980,000. Of the \$15,000,000 bonds remaining, the company deposited with the Government \$8,000,000 as security for a temporary loan of \$5,000,000, and negotiated the remainder, paying back the temporary loan within a few months, and thus releasing \$8,000,000 of bonds.

Events took a turn favourable to the company, at last, in 1885. The road had been so far completed, that early in that year, and while navigation was closed on the great lakes, a military expedition was sent around the north shore of Lake Superior, where there never had been a trail before, to put down rebellion in the North-west Territories. In November of that year the last spike was driven in British Columbia on a track laid from ocean to ocean. Moreover, the opposition of stock jobbers and rivals subsided, when it was seen that the Government of Canada was determined to sustain the railway at all hazards. Politically, the existence of the Government depended upon its completion, but the higher consideration was, that the expenditure was so vast and ramified, and the liabilities incurred so great, that suspension would have produced a financial crisis such as Canada had never seen, and one which it was the duty of any government, if possible, to avert.

In March, 1886, the company proposed to pay off their indebtedness to the Government, returning all the cash advanced upon the \$20,000,000 bonds, and surrendering 6,793,014 acres of land at \$1.50 per acre, for the balance. The Government accepted this, and being satisfied that no security was required for continuous operation, surrendered the \$5,000,000 land grant bonds held as security for that purpose, but retained \$1,000,000 of these to enforce a change of route at Mount Stephen, in the Rockies, where a temporary line of nine miles was adopted to save time and money in opening the road, and upon which there is a grade of $4\frac{1}{2}$ per cent, or double that permitted by the contract.

The year 1887 saw the company freed from its indebtedness to the Government, and in uncontrolled possession of its property. For the first time since incorporation no legislation for its benefit was required; but in the year 1888 the Government found it necessary to obtain the surrender of the company's monopoly as to charters west of Lake Superior, the object of which was to protect their line north of that lake. To effect this, the Government guaranteed to pay interest for fifty years on an issue of \$15,000,000