

Government, which desired to establish competition with the Canadian Pacific railway, the Canadian Northern next secured the Manitoba lines of the Northern Pacific, and in 1902 completed its line from Winnipeg to Port Arthur. By securing guarantees of bonds from the Dominion and Provincial Governments it was enabled to complete the great scheme of a transcontinental road, opening up in Ontario and in the West large undeveloped areas which are now in process of settlement.

The Third Transcontinental—the Grand Trunk Pacific.—Before the continental ambitions of the Canadian Northern were generally understood, the question came up of building an additional transcontinental line. About the end of the century, the Grand Trunk began to look with envy at the large and increasing revenues drawn by the Canadian Pacific Railway from the great Northwest. In 1902, the Grand Trunk submitted to the Dominion Government a proposition to construct a line from North Bay to the Pacific coast, provided that a grant of \$6,400 and 5,000 acres of land per mile should be made. The Government, in 1903, submitted a counter-proposition that the line, instead of terminating at North Bay, should be continued east to Moncton, New Brunswick, the easterly section from Moncton to Winnipeg to be constructed by the Government and leased to the Grand Trunk for a 50-year period, the railway paying no rent for the first seven years and 3 p.c. on the cost of the railway for the remaining 43 years. The western half of the railway from Winnipeg to Prince Rupert was to be built by the Grand Trunk, the Government guaranteeing interest on bonds to 75 p.c. of the cost of construction, not exceeding \$13,000 per mile on the prairie section and \$30,000 per mile on the mountain section. This proposition was accepted and construction commenced on the National Transcontinental and the Grand Trunk Pacific.

Effect of the War on the Railways. The Drayton-Acworth Report.—With two new transcontinental main lines, besides branches, under construction, Canadian railway mileage was doubled between 1900 and 1915, increasing from 17,657 miles in the former year to 34,882 miles in the latter. The builders of the new lines, as well as the Canadian Government and people, had expected that immigration of capital and labour from Europe would rapidly settle the areas tributary to the new railroads and give them abundant and lucrative traffic, as had been the case with the C.P.R. Instead the war came, and European labour and capital were conscripted for the struggle; immigration fell off, while cost of operation increased, owing to the scarcity of labour and material in Canada. The interest on the bonds had to be met, and in 1915 the Government felt it necessary to give assistance to the railways. In 1916, after having again made loans to the Grand Trunk Pacific Railway and the Canadian Northern Railway Co., a Royal Commission was appointed by Order in Council of July 13, 1916, to investigate:—(1) the general problem of transportation, (2) the status of each of the three transcontinental systems, (3) the reorganization of any of the said systems, or their acquisition by the State, and (4) other matters considered by the commission to be relevant to the general scope of the inquiry. Alfred Holland Smith of New York, Sir Henry Drayton of Ottawa and Sir George Paish of London, England, were originally appointed to the Commission. On the resignation of the latter, William M. Acworth, a distinguished English authority on railways, was appointed to take his place. The majority report of the Commission, signed by Sir Henry Drayton and Mr. Acworth, has formed the basis of the subsequent railway policy of Canada. Their recommendation was that the public should take control of the Canadian Northern, of the Grand Trunk Pacific and of the Grand Trunk proper, and that they should be administered on purely business principles by a board of trustees,