

over the Grand Trunk to Montreal and thus established a through route from Halifax and Saint John to Montreal. The Prince Edward Island Railway was built by the Provincial Government between 1871 and 1873 and became the property of the Dominion Government when the Island entered Confederation on July 1, 1875. It was thenceforward operated as part of the Intercolonial Railway.

The Intercolonial Railway was not built primarily as a commercial venture but rather to serve the political and economic needs of the country. It was built at high cost for the purpose of handling, speedily and efficiently, the traffic between the Maritimes and Quebec. Though it was never a financial success, its construction did much to strengthen the bonds of Confederation and also served a most useful purpose in developing the country.

The Grand Trunk Railway, meanwhile, had completed the Montreal-Portland section of its line in 1853, and by 1860 was complete from Montreal to Sarnia. In 1860, also, the Chicago, Detroit, and Canada Grand Trunk Junction Railway, extending from Sarnia to Detroit, was acquired by the Grand Trunk on perpetual lease. In 1880, through acquisition of certain lines and construction of connecting sections, the Grand Trunk had succeeded in acquiring its own line to Chicago, giving it, at last, a through route from Portland, Maine.

In the eight years immediately following the completion of the Portland-Chicago route, the Grand Trunk, by pursuing a policy of purchasing practically all competing railroads, developed a network of lines covering Ontario. These lines were sufficient to form a compact railway empire and to promise lucrative earnings until early in the twentieth century, when the great stream of migration began to flow into the prairie regions west of the Great Lakes. Traffic, both passenger and freight, began in large volume and the Grand Trunk Railway, by reason of the restricted area in which it was operating, found itself virtually shut out from all this remunerative long-haul traffic. Inevitably, the directors reached the conclusion that a line should be built through Western Canada. The route proposed to the Government extended westward from North Bay, north of Lake Superior to a system of branch lines on the prairies, with an extension to the Pacific Coast. The Government, however, maintained that if such a line were constructed, the Grand Trunk would divert the through traffic to Portland, Maine, instead of to the Canadian ports of Halifax and Saint John.

An agreement was eventually negotiated by which the Grand Trunk undertook to organize the Grand Trunk Pacific Railway Company—capital stock of which would be completely owned by the Grand Trunk Railway Company—which would build and maintain a main line of railway extending from Winnipeg to the Pacific Coast with a system of branch lines throughout the Prairie Provinces. The Dominion Government agreed to build a railway to be called the National Transcontinental Railway to extend from Moncton, N.B., to Winnipeg, Man., which, upon completion, would be leased to the Grand Trunk Pacific Railway for a number of years at an agreed percentage of the cost of construction. It was also agreed that the Grand Trunk Pacific would construct a branch line from Lake Superior, at or near Fort