

and Hudson's Bay Railway—at that time, apparently, an ill-advised line—the Manitoba and Southeastern Railway and the Ontario and Rainy River Railway. In 1898 they began construction of the line from Winnipeg to Port Arthur, which was completed, with the assistance of a Manitoba bond guarantee, in 1902. This “Manitoba Agreement” called for reductions amounting to 15% of the existing rates, on articles other than grain, between Manitoba points and Fort William and Port Arthur.

The advent of the Northern Pacific into Manitoba, following the removal, in 1888, of the monopoly privilege of railway building conferred by the Canadian Pacific charter, and the completion by this United States company of some 350 miles of line as an anticipated competitor of the Canadian Pacific, had not had the intended effect of reducing the rates. On the contrary, the two companies simply divided the traffic between them. But by 1901 the Northern Pacific, which was in the receiver's hands, was taken over by the Manitoba government on a 999-year lease, the consideration being the payment of \$300,000 per year. This lease was then transferred to the Mackenzie and Mann interests, or the Canadian Northern Railway Company, as these interests were called after the amalgamation in 1899 of the previously existing Mackenzie and Mann lines with the Winnipeg Great Northern Railway.

In 1902, when the Canadian Northern had reached the Lakes at Fort William, a second outlet had been effected for the increasing volume of the wheat traffic of the west. This company had been pushing its lines westward into Saskatchewan by the aid of provincial bond guarantees, and from 1903 onward it was establishing its lines in the important traffic areas of Saskatchewan and Alberta. In this construction programme it secured assistance from these two provinces in the form of guarantees of its bonds. By 1905 it had reached Edmonton, and soon it constituted a network connecting and radiating from such other large centres as Calgary, Moose Jaw, Regina, Saskatoon, North Battleford and Prince Albert, in addition to the chief places in Manitoba.

Had the Canadian Northern been content to occupy this prairie territory and be one of the great factors in gathering the wheat from this immense area for transportation to Winnipeg and Fort William, it might have become a very conspicuous success in the Canadian railway world. But the company launched out upon a much more ambitious programme, to form a transcontinental railway system, so as to obtain access to tidewater at Vancouver and to the Atlantic traffic at Montreal and Quebec. In 1902 it took over the Great