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TORONTO.**The Journal of Commerce**

FINANCE AND INSURANCE REVIEW.

MONTREAL, OCTOBER 1, 1880.

THE PACIFIC RAILWAY.

The Pacific Railway scheme does not meet with much favor from the English press, probably from misapprehension as to the intentions of the syndicate. It seems to be imagined that the capitalists who have contracted with the Canadian Government for the construction, and working of the line contemplate offering the stock to the public in the London money market. We are of course still very much in the dark as to the nature of the contract, but we think it improbable that any such offer will be made. The *London Economist* considers that the subsidy is much too small, and contrasts it with that given by the United States to the Union Pacific, which latter, it states, received about £14,000,000 sterling, or seventy millions of dollars. Our impression is, that the United States merely lent the Railway a large sum of money to be repaid when the earnings were adequate for the purpose. A writer in the *Times*, over the signature of "Senex," has done his best to create distrust, and has not failed to refer to the 630 miles north of Lake Superior as a dead weight upon the other sections. We are led to believe that provision has been made in the contract for the completion *pari passu* of that section of the road. There was truth in the remark of the *Times* that "the warmest advocates of the undertaking do not venture to say so much for the 630 miles between Lake Nipissing and Thunder Bay; by common consent, this is the pauper that the rest of the family will have to support." Considering the magnitude of the undertaking, it might have been wiser to have

postponed indefinitely that section of the road, and we cannot imagine that there would have been any difficulty with British Columbia as to the delay. The *Times*, writing apparently with authority, says: "The through railway is in the bond; it is an element in the basis of the treaty of political union between British Columbia and Canada. No arrangement would be tolerated by the former which would put off to an indefinite future the completion of this unpromising stage of the journey. Vigor in prosecuting the rest would provoke, instead of assuaging suspicions." The *Times* proceeds to question the expediency of throwing this especial burden on European capitalists, and states that, if they accept it, "they do so solely because they believe the dose to have been sweetened to an extent which will be very costly to Canadian taxpayers."

The time is rapidly approaching, if we may believe reported Ministerial utterances, when Parliament will be summoned to ratify the contract entered into by the Ministers in London. We believe that the *Times*, while entirely correct as to the difficulties in the way of the construction of the section north of Lake Superior, is mistaken as to the binding character of the agreement with British Columbia. That agreement was substantially that the Dominion Government undertake to construct a railway connecting the seaboard of the Pacific "with the railway system of Canada," and it was believed, when the former negotiations were under consideration, that this condition would be fulfilled by a connection with the Canadian system at the Sault St. Marie. Whether we are correct or not in this surmise, there can scarcely be a doubt that British Columbia would not be inclined to interpose any obstacle to such an interpretation of the agreement. It is not fair, therefore, to place the responsibility on that Province for the North Superior Line.

We deem it unnecessary to discuss further the section in British Columbia. There is no use whatever in arguing with avowed advocates of annexation, who would only be too glad to obstruct any measure, the object of which was to unite the British Provinces more firmly together. We have not failed to notice with deep regret that there are politicians who profess to be attached to British connection who are nevertheless of opinion that, be the consequences what they may, the British Columbia section should be postponed. We would fain indulge the hope that the fact of a contract having been entered into with private capitalists

to construct the road will lead to the abandonment of the opposition of last Session. We cannot affirm that we are in the least surprised that the opposition should indulge in songs of triumph over what they term the failure of the Canadian Government in England. It is said that the parties with whom the Government has contracted were quite ready to have accepted equally desirable terms prior to the Ministerial mission. Now on the assumption that all this is true, and it is merely an assumption, surely it must be obvious that, if the Ministers had accepted offers in Canada without bringing the scheme before European capitalists, they would have exposed themselves to charges of the grossest corruption. The result of the mission is, we are inclined to think, highly satisfactory. All possible opportunity has been afforded to European capitalists to undertake the work, and it has been found advisable to make the contract with a syndicate, several members of which are directly interested in the work, and, moreover, familiar with the construction of railways in America. It is said by the *Opposition* that European capitalists insisted on an Imperial guarantee as one of the conditions on which they would undertake the work, and that such might possibly have been given but for the objections entertained to the Canadian tariff. We should be very sorry that the question of an Imperial guarantee for the Pacific Railway should be in any way complicated by the tariff. Whatever may be the merits or the defects of the tariff, the Parliament of Canada must deal with that question on its merits; and it would be an act of degradation to purchase a guarantee by the surrender of the principle to which the people have declared their adhesion. We have, we confess, little hope that any satisfactory arrangement will be concurred in by Parliament. It is already evident from the articles contributed to the Ministerial and *Opposition* journals that the former are prepared to defend the construction of the line between Lake Nipissing and Thunder Bay, while the latter gives the preference to that section over the British Columbia section, by which alone we obtain a terminus on the Pacific ocean, and a shorter route between Japan and Liverpool by about 1,000 miles than the route by San Francisco. We have noticed with much satisfaction the view taken by the "American Railroad Journal" of our great national undertaking. The preliminary matters of the railway are said to "have been planned and executed with consummate skill and ability." The line throughout its whole extent "will compare favorably in all im-