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gross earnings. If the road earns \$100 the province will get \$4, no matter how much it costs to operate the line. It is thus very clear, that, as the charge for interest and sinking fund on the subsidy is 4 per cent. when the earnings of the road reach \$4,000 a mile, that is the gross earnings, remember, without taking into account the operating expenses or any charges which the company may be at for interest, the subsidy will cease to be a charge upon the province. If the gross earnings exceed \$4,000 a mile the provincial interest in the railway will be a source of revenue to the province. Four thousand dollars a mile is by no means a large amount to put down for the earnings of a railway through such a country and leading to a region of such inestimable wealth as the Yukon. so we are not surprised that the intending contractors have stipulated that they shall be at liberty at any time to pay off the subsidy so as to relieve the road from this 4 per cent. charge. This arrangement is a distinct advance upon all previous plans made in Canada for subsidizing railways and we are sure will commend itself to public opinion not only within but outside of the province. The other details of the agreement are important, such as the immediate construction of the wagon road, the immediate beginning of work on both sections, the government control of freight rates and the selection of the ocean terminus by the government. Taken all in all, we think the most captious critics must admit that the interests of the province have been closely safeguarded in the contract which the government proposes to make with Messrs. Mackenzie, Mann & Co.

STRONG MEN.

The construction of this railway to the North will be in the hands of men who are strong financially and whose experience in railway work has been extensive. Messrs. Mackenzie, Mann & Co. are among the ablest railway constructors in America. They have a reputation for energy and business integrity which renders their undertaking to do a given piece of work a guarantee that it will be done in the time and manner specified; but in this instance they offer a direct pledge of good faith in the shape of a deposit of \$75,000 for each section of the railway, or \$150,000 in all. It is, of course, their interest to push the contract to completion at the earliest possible day. The sooner the work is done, the sooner it will earn money, and so likewise the sooner it will begin to repay the subsidy, which is in point of fact more in the nature of an advance than a gift, as is usually

the case with government contributions to railway undertakings.

THE FINANCIAL RESULTS.

Mr. Turner in his speech estimated that the returns from the 4 per cent. would amount to \$50,000 a year. What the revenue would be from the taxes on the road is easily calculated. The value per mile for assessment purposes is fixed at \$2,000 per mile, instead of \$3,000 as is the case with broad gauge roads. The mileage is 400 miles, which gives \$800,000 of taxable property. This at three-fifths of one per cent., the rate applying to the railway, will yield \$4,800 a year. This brings the estimated receipts from the railway up to within \$10,000 of what will be needed to meet the interest and sinking fund. To this must be added the personal tax of \$3 per capita, which each employee of the road must pay, which, with the other taxes derivable from the employees of the road, will reduce the estimated cost of this subsidy to the province to about \$8,000 a year from the outset and this will be liable to reduction yearly thereafter, until, as has been said above, the charge will be extinguished and the railway be a source of clear gain to the province, unless the company owning it shall repay the subsidy. Is there any reason to doubt such a result? We do not believe there is. No one can undertake to say what the resources of the Yukon and Northern British Columbia are, but there is sufficient evidence to warrant legislation in aid of railway construction in the manner contemplated. We know that more than a quarter of a million square miles of territory in Canada and a large area in interior Alaska will be tributary to this railway, no matter how many other lines may in the future be built to tap these great interior gold fields. This railway, coming to the Coast in a more southerly latitude than any other possible route, following a course to the north behind the Coast range, where the snow fall is comparatively light, intersecting a region of great promise, affording access to a vast territory to the East and Northeast and reaching the head waters of the finest of the Yukon tributaries, will be exceptionally well situated to compete for traffic when competition becomes possible. That the northern gold fields will be permanent is no longer a matter of doubt. For these reasons we claim that the proposed subsidy may properly be regarded as an advance to the company constructing the line of an amount not much more than sufficient to pay the freight charges on provisions and material used in construction, from Victoria or Vancouver to the