

## THE MONETARY TIMES, AND TRADE REVIEW.

[With which has been incorporated the "Intercolonial Journal of Commerce" of Montreal, the "Trade Review" of the same city (in 1870), and "The Toronto Journal of Commerce."] ]

ISSUED EVERY FRIDAY MORNING.

SUBSCRIPTION PRICE—POSTAGE PREPAID.

Canadian Subscribers.....\$2 a year.  
British ".....10s. sterling a year.  
American ".....\$2.50 U.S. Currency

BOOK AND JOB PRINTING A SPECIALTY

Office—No. 64 & 66 Church St. Toronto, Ontario.

EDWD. TROUT, Manager.

TORONTO, CAN., FRIDAY, JUNE 27, 1879

### RAILWAY AMALGAMATION.

Public attention is likely to be forcibly directed, in the near future, to the question of railway amalgamation. The construction of unnecessary railways, the existence of which implies violent competition, is the sure parent of amalgamation. Where one road could do the work that two have been created to do, the expense of running them in opposition to one another eats up the profits that one road might have made. Managers then begin to think of minimizing expenses; and they see no means of doing this but in exchanging the rivalry to which the competing lines owe their existence for some form of union. Modern ingenuity has invented a variety of means for carrying this object into effect. Besides the old and discredited form of direct amalgamation, there is the choice of leasing a rival line or pooling receipts.

At present, railway amalgamation, open or covert, is the order of the day. As between the Grand Trunk and the Great Western it has been mooted; the Northern and the Hamilton and North Western have a pooling arrangement nearly completed, and the Midland and the Whitby and Port Perry and Lindsay lines are moving in the same direction. The purpose for which the Northern and the Great Western are trying to coerce the Credit Valley, in the matter of a right of entrance to the city of Toronto, probably contemplates its extinction as an independent line. The avowed object of the promoters of some of these lines, in asking aid in their construction was the creation of wholesome competition. The public has a very special interest in maintaining the independence of some of these lines. There is not one of them that has been built without municipal or government aid; and subscribers to the stock of some of them never expected any direct return for their investment. The case of these railways is very different from that in which all the capital

is furnished by the companies; and an additional duty is laid upon the legislative authority to see that the public does not suffer by the action of the uniting railway organizations.

Some of the companies have repaid part of the money advanced to them by the government; but in no case has it all been recovered. The first intention was that the advance should be secured by a first lien, and that it should be repaid when the company became prosperous. In respect to several lines, that expectation was never realized. In some instances the chances of profit were destroyed by aid given to competing lines; and when this was done, the claim of the government for repayment was greatly weakened, in a moral point of view, and the legal right was generally considered valueless. When the government, by sanctioning the chartering and granting aid to competing lines, destroyed the chances of the capital it had previously advanced becoming remunerative, it in effect annihilated that capital, and to ask a return of it would have been to ask to be put in possession of what had, by its own act, ceased to exist. When money could be begged, or government could be coaxed or bullied into giving it, for the purpose of building railways, a peculiar class of promoters was sure to come into existence; a class who could make brass do the duty of gold; who having nothing at stake themselves and everything to gain by handling other people's money, worked frantically for government and municipal bonuses; who bribed presses, bullied governments and "bulldozed" legislatures. Railway promotion became a trade, and a very disreputable trade it was; many of those most actively engaged in it being men whose word no one would be safe in relying on in a matter of the smallest concern. Yet these men found themselves in a position to control the expenditure of millions.

Under these circumstances, it was certain that railways would be built for which there was no necessity; and the only certain effect of the existence of which was to make sterile the capital expended on them as well as on the construction of pre-existing lines. In such a process, the natural, the inevitable second step is one looking towards amalgamation, in some form or other. That step is now about to be taken simultaneously by several companies. And it is obvious that, unless the brakes be put on by the legislative power, this will be found to be only the starting of the train. Every case must of course be dealt with on its merits. It would be as unreasonable to say that there should be no amalgamation, in any form, as that all railway companies

should be at liberty to form one giant monopoly. As regard to the original intentions of those who found the money to build competing roads is the first thing to be considered; and care should be taken to ascertain whether the attainment of the object at which they aimed is possible. In many instances, it will probably be found to be quite impossible, because the whole scheme was based on a delusion. Where there are exceptions, due weight ought to be given to the wishes of those who furnished the means of construction. No magic can recall into existence capital that has been wantonly destroyed. Direct returns, where receipts cover working expenses, are no test of the success of a line; because direct pecuniary results were not calculated on. In fact the whole theory of the bonus system is that the money advanced for construction comes back in an indirect way—in the shape of reduced freights, which mean increased prices for farm produce; and not unfrequently that theory may prove correct. Where receipts do not cover working expenses, necessity may compel some form of union; because the choice between an union of two rival lines and the closing of one of them, may present itself as a stern and unpleasant reality.

The whole subject of railway amalgamation, avowed or covert, calls for careful legislative supervision. While amalgamation is itself the second step in a certain line of action, it sometimes tends to complete the vicious circle by leading to the construction of new lines as a means of fighting monopoly; and this often implies a new destruction of capital; for whenever new railways are created to do the work which pre-existing roads could do, the capital so expended is thrown away,—taken from the world's effective stock. But this sacrifice is the price paid to conquer monopoly; and in this view it has its uses, which are not dissimilar to those of money spent on a justifiable war. It is the duty of the legislative authority to see that the necessity for such wasteful expenditure on railways does not arise.

### THE FLOUR AND GRAIN TRADE OF CANADA.

The trade of the Dominion in flour, wheat and coarse grains has been of a valuable character, and the effects of recent legislation upon it will be watched with much interest. Heretofore, breadstuffs and most of the natural products of the soil have been admitted duty free, and, consequently, quite a large quantity of United States' produce was handled by dealers in Canada, who acted as middlemen