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GOVERNMENT AID TO RAILWAYS.

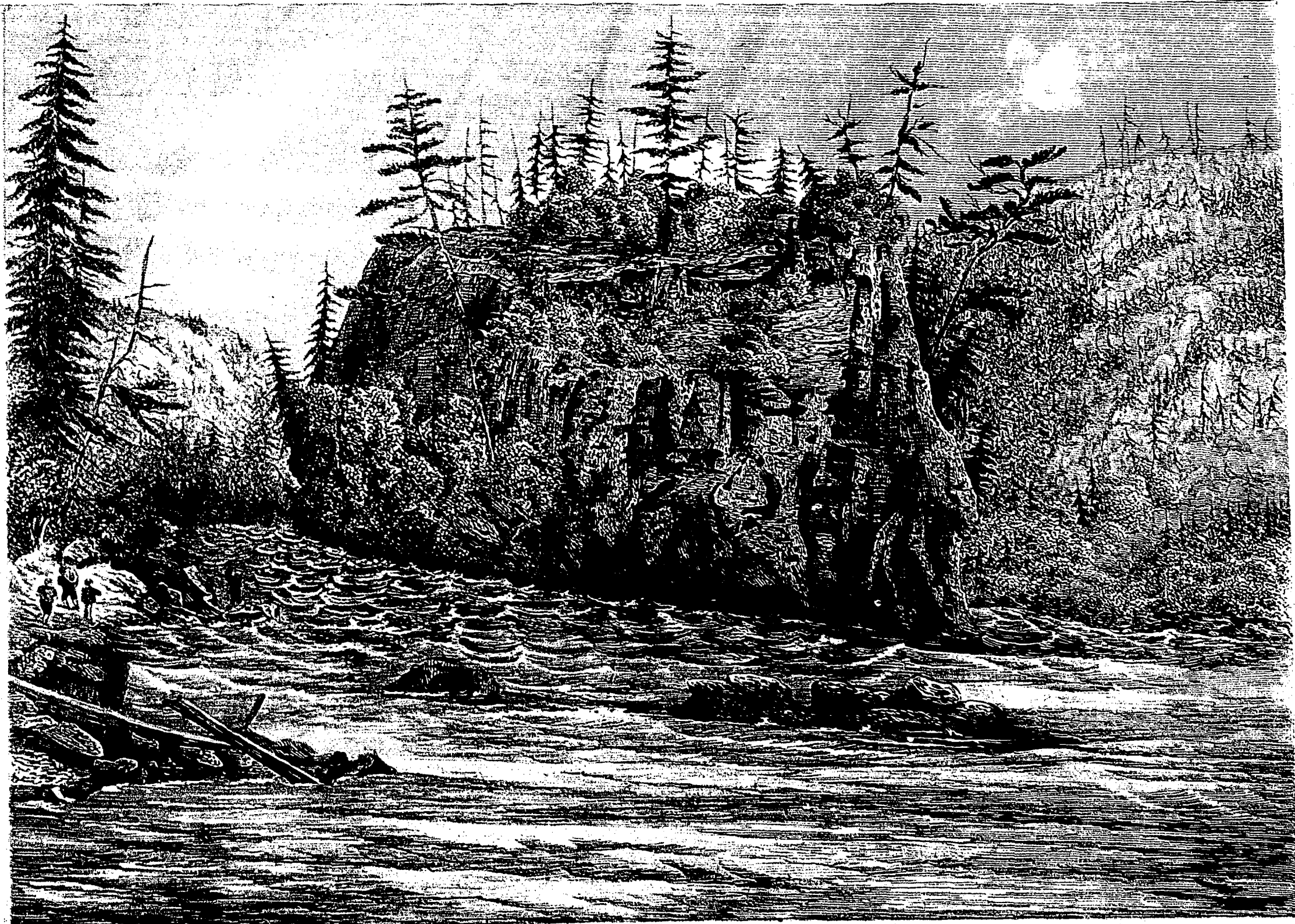
The question of how best to aid in the construction of railways, or, in other words, to get the largest possible share of public benefit for the smallest amount of cost, has certainly not yet been practically solved in Canada. Nearly all the known modes have been tested, but not one of them appears to have been adopted as a settled policy. It is, however, generally conceded that to guarantee the bonds of a company is about the worst course which a government can adopt, for in the end there is great danger of its having to pay them off and convert what was intended as a loan of credit into a loan of cash. Loans of money from the Government are somewhat better, as the transaction is thereby simplified, and all that government requires to do in the matter is to see that the security for repayment is ample. But the latter is the difficulty; government aid, when wanted at all, is wanted to give a substantial beginning to the work, and it turns out that while as a matter of course the government loan is not sufficient to complete it, yet the

fact of government's having the first lien on the company's property is quite sufficient to discredit its bonds in the money market. We have seen cases not unlike this, in which the best thing for the country, and the only thing to save the company, was to surrender the lien or put it behind all other claims, thus virtually making a bonus of what was meant to be a loan.

When the aid is to be in the shape of credit or money, the bonus system is, both for the country and the company, undoubtedly the best. Even a small cash bonus per mile, to be given on the completion of the work, or as it progresses, will do more to establish the credit of the company than a very large guarantee, or a large money loan. There are very few instances in Canada in which, whether the money or the credit was advanced, the obligation did not virtually become a bonus; and these gifts have been very profitable to Canada. For the twenty millions or so which the old Province invested in railways, the public invested about a hundred millions; and while this vast sum has

added to the actual value of the property of the country perhaps more than treble its amount, it has returned to its owners very little in the shape of interest. The country made a good bargain, therefore, though it acted blindly and more from necessity than policy or system.

The experience of the past ought to be sufficient to suggest a more statesmanlike course for the future. It has been placed beyond cavil, that all the public money in aid of railways, in whatever way given, either through the Municipalities or directly by the Government, has brought a handsome return to the country; and as there is still great necessity for increased railway facilities, it is well to consider how they may most economically be procured. We dismiss at once the loan system as calculated to lead or drive the Company into complications with the Government, which would ultimately end with the country's being saddled with the debt. Guarantees, as already remarked, are still more objectionable, in that they start on a pretence of costing the country nothing, and generally end with compelling it to pay its



NEEPIGON, No. 7.—HIGH ROCK PORTAGE. FROM A SKETCH BY W. ARMSTRONG.