

its object by what it is likely to accomplish. If it is such a policy as really will assist railway construction, the public are justified in thinking that he intended it for that purpose. If it will not have this effect, it may be fairly argued that it was not intended to have such an effect, in other words, that it is a political gold brick.

Mr. Dunsmuir proposes to "assist" railways by lending them an amount not to exceed \$4,000 a mile. He is going to pay this amount when the railways are finished, and any man who knows anything about the Province will say that it will be at least three years after the railways have been begun before they will get a dollar of this money. He also reserves the right to give the companies Provincial stock, or bonds, instead of cash, and there is not a line in the Loan Act authorizing him to hand over this stock, or bonds, for less than their face value, and so the companies must take them at par, if Mr. Dunsmuir elects to give them these securities instead of cash. The companies are to pay the Government two per cent. on this \$4,000 for the first five years and three per cent. for ever after, which makes this to all intents and purposes a three per cent. loan, the brief period of lower interest being insignificant. The present value of our inscribed stock is 92. What it will be three or four years from now is purely guesswork. Now does Mr. Dunsmuir know how much money he could get advanced by any bank or monetary institution on the prospect of receiving the Government \$4,000 of inscribed stock three years from now? He is a rich man and perhaps he will say how much he would advance on such security himself. If there were any guarantee that our stock would remain at 92 for three years, then, deducting brokers' commissions, the stock would be worth now 90 per cent. of its par value less three years' interest at the current value of money. Ninety per cent. of \$4,000 is \$3,600, and this is the outside figure that could possibly be secured on such stock if issued now. But it is not to be issued for three years, or until the railways are completed, and so we must deduct from this three years' interest, in order to find out how much at the outside the banks would advance on a contract to deliver the stock under such conditions. This brings the outside cash value of this alleged assistance of \$4,000 a mile, payable in three years in inscribed stock, down to \$2,952. The companies receiving this are to pay three per cent. on \$4,000, which is \$120 a year, which is over four per cent. upon \$2,952, the cash value of the loan. This loan is secured by a first mortgage on the line. All other moneys raised must be second mortgage securities. Now what we would like Mr. Dunsmuir, as a business man, to say is, whether in his opinion any set of capitalists in the world would agree to place a first mortgage on a railway for \$2,952 with interest at four per cent. He must surely know that his alleged assistance to railways is without the slightest value from a financial point of view.

But more remains to be told, because in consideration of this extraordinary first mortgage the Government asks the companies to surrender to it absolute control of all contracts and freight rates. We put this question to him as a business man: Will any railway company in the world create a first mortgage on its line for \$4,000 a mile with interest payable at three per cent., for the sake of receiving what is not worth more than \$2,952 per mile, and surrender to the lender of this latter amount control of the contracts and rates? As a business man, Mr. Dunsmuir must answer, No.

Having placed a first mortgage on the railways for \$4,000 a mile in consideration of "assistance" not worth in cash more than \$2,952, having assumed the absolute right to control rates, and the supervision of contracts, Mr. Dunsmuir sends the companies out to finance the remainder of the cost of the undertakings. His "assistance" is equal to about one-tenth of the cost of the railways, which will average at least \$30,000 a mile, and so there remain nine-tenths to be financed otherwise. The Dominion will not give a dollar without control of rates, but the companies cannot give this because they

have already contracted it away. The nine-tenths must be raised by stocks and bonds. As a business man Mr. Dunsmuir must know that they could not raise a single dollar in the money market on second mortgage bonds. He ought to know that they could raise nothing, except at a ruinous discount which would enormously increase the capitalization of the roads, on first mortgage bonds for so large a sum, unless the persons financing the proposition had the letting of the contracts without Government interference, but as first mortgage bonds could not be issued under the contract with the Government prescribed by the Loan Act, it is only a waste of time to talk about them.

The conclusion from the foregoing is that Mr. Dunsmuir has handed the Province a gold brick. We may admit that he did not intend to do so, although this involves the loss of his reputation as a business man in politics. He may himself have been "bucooned" by interested parties and have handed out the brick to the public in good faith. His colleagues made no attempt to defend the financial features of the Bill. But why should they? Mr. Turner is to retire to London with ten thousand a year, and Mr. Eberts was careful to avoid committing himself to the financial impossibilities involved in the measure. Some people think that Slippery Joseph did the trick, but he says no. But still people think.—Vancouver World.

THE NO-RAILWAY POLICY.

If Mr. Dunsmuir had wished to see a railway built from the Coast to Kootenay at once he would have accepted the offer made to the Government by the V., V. & E. Company. He was the only obstacle to its acceptance, for every one knows that all he had to say was that this company ought to have the contract to have commanded the support of his whole cabinet. Mr. Turner would not have dared to say no, for he wants to go to England too badly, and as a matter of fact he has a sneaking fondness for this company, which was the child of his Administration strangled in its infancy by Mr. Martin. Mr. Eberts is committed to the Canadian Pacific, but Messrs. Prentice and Wells were, if Dame Rumor tells the truth, quite ready to accept the offer, and no one takes Mr. McBride so seriously as to suppose that he would resign for conscience sake, or anything else except the stress of dire necessity. There have been more brilliant Premiers in British Columbia than Mr. Dunsmuir, but none that ever had a "string" on his colleagues as he has. If he had said "V., V. & E.," his colleagues would have tumbled over each other to see who could say it next. For some reason, which he has not yet condescended to explain to the public, he refused to accept the offer. There was a good deal of talk in the House about the Coast-Kootenay road, but if it had not been for Mr. McPhillips the public would never have known that the Government had received an offer from the V., V. & E. to build the line under the terms of the Loan Act, provided something was inserted in it that would prevent the company from "queering" itself in its application to Ottawa for a subsidy. Why was not this offer accepted? Its rejection was due, we understand, wholly and solely to the opposition of Mr. Dunsmuir.

The offer of the V., V. & E. and the letter of Messrs. Bodwell and Duff, which accompanied it, have been printed in The World. Is it not an astonishing thing that the Government should have had these documents in its possession for several days and yet have gone on with the discussion of the railway question without submitting them to the House? Was this honest? Is this the way that a straightforward Government would deal with a Legislature? When Mr. Eberts was forced to do it, he read the contract to the House, but said he knew nothing about the letter. This is no way to carry on public business. The building of some 300 miles