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THE MONTREAL TRADE REVIEW.

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GOVERNMENT AID TO RAILROADS.

On Tuesday night Attorney-General Macdonald brought down the promised government resolutions in the Legislature of Ontario, in aid of railways. They propose to appropriate a million and a half of dollars, or something less than half the savings of the Government, now at the credit of the consolidated fund, to be set apart as a Railway Fund. Out of this Fund it is proposed to authorize the government to grant aid to railways which go to or in the direction of the Free Grant Territory, or to the inland waters of the province, including the Georgian Bay and the Ottawa river. No railway company will be entitled to any aid if they had entered into construction contracts before the intention was announced in the Governor's speech, at the opening of the Session, that a portion of the surplus would be disposed of in aid of railway undertakings. The maximum amount of aid to be given to any railway company is to be fixed at $4,000 a mile, and the minimum at $2,000. The larger bonus will be granted only in case of a railway running through a sparsely settled country; and the smaller where the country is farther advanced and more thickly settled. This discrimination is based on very substantial reasons. Little municipal aid can be got in new and thinly-settled sections of country; and as the free grant district is approached, the settlements become necessarily thinner and poorer, from their newness and remoteness. No aid is to be granted to any company which does not give reasonable indications of its ability to complete the work it has undertaken, so as to be ready to receive the rolling stock by the time mentioned in the charter.

This is the substance of the resolutions, with the added explanations of the Attorney-General. The object which they propose to accomplish—the opening up of the Government lands, on which free homes are offered to settlers—is one which all experience shows to be worthy the care and patronage of the Government. Other Governments have sometimes aided railways by grants of land; but there were two reasons against pursuing this course in the present instance. Lands to be of value to a railway company must be so situated as to be benefited by the construction of the railway. But this side of the Free Grant district—the point proposed to be reached—there are no continuous blocks of government lands. Besides, the Attorney-General has a very strong prejudice against granting lands to companies, which, by holding them at a high price, would greatly retard their settlement. In the Western States the lands granted to railway companies are held at various prices, up to $50 an acre. By combining railway facilities with free grants—something that has never yet been done in America—the greatest possible impulse to settlement will be given. Grants of lands in aid of railways are not now as much in fashion as they were. Twenty years ago, the statesmen of Canada fancied the Intercolonial Railway ought to be built by means of a grant of some three millions of acres of land and a money contribution, for the share of the two Canadian Provinces, of £20,000 a year. Now a money payment is substituted, and the lands lying along the road will doubtless be disposed of by free grants.

We are glad that the Government have resolved to put the aid to be granted in the form of a bonus. It is twenty-two years since under the old Union, a general scheme of government aid to railroads was devised. It was based on the idea of a loan with security for repayment. The government took a first mortgage on every road to which it advanced money. This was, in fact, a delusion. In the case of the Grand Trunk, the lien was practically given up, though not in terms, within five years of the time when everybody had been led to believe that the advance of £3,000 a mile involved only a nominal responsibility. In case of the Northern, the same thing was done; and the Great Western more recently compounded its debts to the Province, as an insolvent pays a percentage of his debts and gets the balance wiped out. If the proposed government aid had been put in the shape of a loan, it would have been of very little value to any railway company, as it would have curtailed its means of borrowing in other directions.

Under previous acts enabling municipalities to assist railway undertakings, many municipalities became indebted to the Municipal Loan Fund for large amounts. At first the government only undertook to administer this fund; but finally it became responsible for the whole amount borrowed on the credit of it. There is now owing to the government on account of this fund several millions of dollars. The municipalities that borrowed on the credit of this fund, and created debts which they have not discharged, obtained thereby an advantage over the rest of the country. This involves a question of future adjustment; and though it is quite distinct from that of future government aid to railways, we are glad to find that the Attorney-General promised that, on a future occasion, this question shall be dealt with in a large and liberal spirit. It is one of great intricacy, and seems obviously to involve a question of compensation to municipalities that are not defaulting debtors. We need not, therefore, presume that the whole of these debts are to be wiped out; but the time will come when, with justice to other sections of the country, their adjustment cannot be avoided.

It is scarcely possible to treat with seriousness the proposal of Mr. Blake to divide the whole surplus revenue, over three millions of dollars, at once, among the municipalities according to population. It could hardly have been seriously intended, and the House marked their sense of it by rejecting it on a vote of fifty-one against twenty-five. It is a cheap bid for that support which is derivable from the allurement of corrupting baits held out to the constituencies in the most open and undisguised form and manner.

THE MUTUAL INSURANCE BILL.

A very proper and useful effort is being made by the mutual insurance companies to render uniform the acts relating to mutual insurance in Ontario, by securing the passage of a bill embodying the principles recognized in the previous legislation on this subject, under which all the companies could work. The Bill introduced at last session is still before the House of Assembly. It has already provoked a good deal of discussion in committee, and its provisions are likely to be closely canvassed when it comes before the committee of the whole House. It is quite probable that an attempt may be made to get back to first principles respecting the whole system of mutual insurance; and we cannot say that