

The Commercial

WINNIPEG, AUGUST 6, 1894.

THE MANITOBA SOUTHEASTERN RAILWAY.

The government of Manitoba has decided adversely in the matter of granting aid to the Manitoba and Southeastern Railway. The matter has been brought before the government a number of times, by the promoters of the road as well as by citizens who were of the belief that the enterprise was one worthy of assistance and encouragement. Last week the government was interviewed upon the question, and a final answer was promised at an early date. This has now been given. In a long letter received by the promoters of the road from Hon. Thos. Greenway, provincial railway commissioner, the reasons are given why the government declines to support the proposed road.

The last proposal submitted by the promoters of the road, asked the government to guarantee the interest at $\frac{1}{2}$ per cent for twenty-five years, on the second mortgage bonds of the company, to the amount of \$5,500 per mile, and in addition to this to give a cash bonus of \$1,500 per mile. Assuming the proposed road to be 100 miles long the government figure out that this would amount to \$150,000 for the bonus and \$386,500 for the interest guarantee, or a grand total of \$536,500. This of course assumes that the government would be called upon to pay the interest upon the guarantee in full each year. This is no doubt the proper way to look at the matter. While the government might not be called upon to pay this interest, the province would be liable for the amount if the guarantee were made, hence it is only figuring on the safe side to take it for granted that the guarantee would ultimately have to be met by the government. The government would hold the land grant of the company (6,400 acres per mile) as security for the payment of interest, but apparently little value is attached to this security by the government.

The total amount of assistance asked by the company, assuming that the government would have to pay the amount of the interest as well as the cash bonus, the commissioner of railways thinks is too great to be entertained. The amount he says is almost the same as the amount paid by the province to secure the entrance of the Northern Pacific, including 263 miles of railway, workshops, etc. The complaint is also made that the fixed charges of the province are already heavy in proportion to revenue, and the revenue can only be considerably increased by direct taxation. With the increasing demand for expenditures and the limited revenue of the province, the minister estimates that the closest scrutiny must be made of any proposal to incur additional liability. The amount of aid asked, the minister says, is greater than has been granted to any other road, the largest grant made being \$1,760 per mile cash bonus.

Regarding the estimated earnings of the

railway, the minister intimates that this can only be shown by actual experience, and it is therefore not safe to accept any such estimates in advance. He reasons in the same way regarding the estimated quantities of wood, ties, etc., which the proposed railway would carry, concluding that "there would be no reasonable grounds for taking for granted that the net revenue of the road would meet any substantial part of the annual interest which the government would be called upon to pay."

As to the value of the land grant security, he instances the case of the Manitoba Northwestern railway. The government holds certain lands of this road as security, but obtains very little revenue therefrom.

The guarantee as to freight rates the minister thinks is of no value, as in case the road could not be made to pay the owners would simply close it down. A guarantee as to rates "made with a small company, whose capital for construction purposes consists entirely of aid furnished by the public," the letter says "is of little value."

Regarding the reduction in the price of lumber which the promoters of the road guarantee to bring about, by the construction of the road, the minister thinks is not now of so much importance, as the price of lumber has recently been considerably reduced, and "prices have not yet found their permanent level." The amount of liability which would be placed upon the province, he further continues, is out of proportion to the benefit to be derived from having some of the mills transferred from the Lake of the Woods to Winnipeg.

The minister takes objection to the wording in the charter of the company, by casting a doubt upon the right of the company to build to the international boundary. Another objection advanced is to the effect that much of the lands claimed to compose the company's grant are really the property of the province, under the terms of the swamp lands act.

In conclusion, the minister dwelt upon the importance of a through line to Lake Superior, pointing out that there is nothing in the proposed arrangement with the Southeastern to give any guarantee, or even hope of a through route. The government would secure no guarantee of rates beyond the Lake of the Woods, and the company is not in a position to give any guarantee beyond this point. Even if the proposed road should eventually become a link in a through road to Lake Superior, the company could not control rates beyond its own portion of the route.

The adverse decision of the government regarding aid to the Manitoba Southeastern, will be received with regret by many, as the proposed road is deservedly a popular enterprise. As a local railway enterprise, it is perhaps the most valuable and important one ever brought forward in Manitoba. The advantages to be derived from the construction of the road would certainly be very great. It would certainly result in reducing the price of lumber throughout Manitoba, by providing a cheaper means of transportation from the lumber districts of the Lake of the Woods. The manufacturing interests of Winnipeg would also certainly receive a great advance from the building of the road.

There is also the strong probability that the road would ultimately become a link in another through line from Winnipeg to Lake Superior. While the latter result would seem probable, there is, as the government points out, no guarantee that such will be the case; and even if the line did ultimately become part of a through route, the province would have no control of through rates over the line.

Besides the direct advantages named, there would be the opening up of a good section of country now without railway communication. The province has invested a good deal of capital in aids to railways, but not a cent of this expenditure has been for roads east of the Red river. This large section of the province has been altogether neglected. We do not believe that it is advisable at the present time to spend provincial funds to aid colonization roads. There is plenty of land already available, and funds can be spent to better advantage in carrying out improvements needed in districts now open to settlement. Besides, immigration prospects do not warrant large expenditures for colonization roads. It is more desirable at present to look to the interests of the settlers now in the country. As a colonization road, however, the Southeastern is as much worthy of assistance as any other enterprise which has been under consideration of recent years.

The financial question is certainly the most important one. In the first place, is the province in a position to assume the liability? and if so, is the return likely to warrant the assumption of the liability? These are the two important points. We have been rather too free in the past here in the West to assume liabilities on the spur of the moment as it were. The province is certainly limited in its revenue resources, and as in all young countries there are many desiderata which call for expenditure in advance of the ability of the province to pay. The remarks of the minister regarding revenue and expenditure require calm and careful consideration, free from prejudice of any kind. Transportation, especially through transportation, is the great problem of the West, and it may yet be necessary to tax the resources of the country to their utmost limit to grapple with this question. The financial consideration is therefore the point which should be considered calmly, earnestly and deeply in this matter.

TEACHING FARMING.

We are told in a cable from England the other day, that Sir Charles Tupper presided recently at the exercises of the colonial college. It appears that this institution is operated for the purpose of training students for farming in Canada. The real object of the concern no doubt is to make money, like other business concerns, and this is the chief reason for the existence of the concern. We are told that Sir Charles praised Canada in the highest terms, as a field for immigration. This is part of his business in England and is all right, so long as he gives truthful advice and does not exceed the limits of wisdom in extolling the advantages of his country. He should, however, have gone a little further and pointed out the absurdity of learning in England how