

An End to Railway Bonuses

**MONEY AND LAND NO LONGER VOTED TO
GREAT CORPORATIONS**

A Decided Improvement Upon the Old System

**The Canadian Northern Guarantee a Good
Bargain for the Province**

**A CLEAR STATEMENT OF A STRAIGHT
BUSINESS TRANSACTION**

The only assistance given to railway companies in Old Ontario by the Whitney Government is the guarantee of the bonds of the Canadian Northern to the amount of \$2,500,000, the security taken being the Toronto terminals, the terminals at Key Harbor, and the branch lines.

This assistance costs the province nothing. It is simply an endorsement of the note of the company for the amount named. Should the company fail to pay the money the province can take the line of railway and own it for the amount of the bonds, in which case it will have a bargain.

Better Than the Old Plan

This costless aid is better than the old plan which it supersedes. That plan which was commenced by the former Government consisted at first of giving \$3,000 a mile for every mile of railway built. Under this system more than \$10,000,000 of the public money was pledged to railway companies.

The amount given was so large that the province could not pay it. A scheme of deferred payments was therefore devised. Instead of giving cash the old Government gave certificates entitling the company to collect the bonus in half-yearly instalments with interest. The instalments covered forty years. At the end of forty years the province, under this plan has paid, not \$3,000 a mile, but owing to the addition of interest, \$5,600 a mile.

It soon became apparent to the old Government that it could not pay the instalments regularly. To meet this situation, power was taken to sell annuities, the proceeds to be used in meeting the instalments. The annuities were floated, and as they bore interest, they raised the cost of the \$3,000 bonus granted to the railway from \$5,600 to \$10,000 per mile. That is to say, while the railway was voted \$3,000 a mile, it cost the province \$10,000 to pay it.