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THE FAVORITE.....	2.00 "
THE CANADIAN PATENT OFFICE RECORD AND MECHANICS' MAGAZINE	1.50 "
L'OPINION PUBLIQUE.....	3.00 "

THE DESBARATS LITHOGRAPHIC AND PUBLISHING COMPANY;  
Montreal; Publishers.

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In this issue we continue Victor Hugo's new novel,

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## Canadian Illustrated News.

MONTREAL, SATURDAY, JUNE 6, 1874.

### THE CANADIAN PACIFIC RAILWAY.

The revenue of the Dominion of Canada has risen from thirteen millions six hundred thousand dollars in 1867-8 to twenty millions eight hundred thousand dollars in 1872-3, an increase of over seven million dollars in five years. In the interval between these dates the two smaller provinces of Manitoba and British Columbia were added to the Confederation, and for purposes of comparison, their revenues would have to be deducted from the last named amount; but these sums do not greatly change the proportion, the total receipts from customs and excise for these two provinces together for 1872-3 having been under three hundred and thirty thousand dollars. The accounts of Prince Edward Island had not begun to appear in the returns of the latest statement. We think we are safe in saying that the figures we quote exhibit a degree of progress and expansion which will not readily be surpassed in any other portion of the globe, however favoured, our revenue having increased fifty per cent. in the five years under review, corresponding with an increase of population of say seven or eight per cent. That we have spent all the money, and borrowed more, may be perfectly true, but our spending has been largely on capital account for permanent improvements, and we have substantial public structures to show for all the increased expenditure beyond that necessitated by the advance in population and by the organization of a new Dominion.

The first impression these figures will convey to the mind will be a most favourable and hopeful one. We naturally begin to ask if the rate of progress in our affairs is to continue as in the past lustre, what may not be expected of a nation doubling its revenue in ten years or less, while the population was presumably increasing at only one sixth of the rate, the datum of increase having accrued under an almost uniform taxation, and being supported by the remarkable advance in the foreign trade and increase in banking capital and deposits? To the statistics of the latter we must refer our readers, our present object being principally with the revenue results. And if a population of equally valuable elements in a monetary view, that is of faithful and energetic people, with the usual sprinkling of capital, could be introduced into the Dominion during the next decade, so as to bring up the increase of numbers to a much higher rate, what even greater financial results might not be hoped for? In putting this enquiry we have no wish to be over-sanguine, but such are the materials upon which a judgment will have to be formed.

In the treatment of the Pacific Railway question, it will

be observed that our Parliament at Ottawa have in the past session been cautious and unwilling to risk anything through taking too sanguine a view of the Dominion affairs. There has been much in the political circumstances of the time, no doubt, to induce caution. A slight failure of the revenue to meet the charges of the year has also led to the imposition of some new and probably fruitful taxes. These are the incidents of the hour, but in regarding a national or Imperial undertaking such as the Pacific Railway, that has to be carried over a considerable period before it can be brought to completion, we shall do wisely to dwell upon the terms of the general rate of progress, so far as these can be established, rather than upon the circumstances of the passing time. Nothing is more certain than that an improved annual balance—for which we shall doubtless not have long to wait—will give rise to greater hopefulness in the public mind as to expenditures for new work. We are also soon to get the construction of the Intercolonial off our hands, though the Canadian people certainly have no intention to part with—that is to alienate—the public property created by that expenditure.

A great charge has in addition come upon the country for the deepening and widening of the St. Lawrence canals, so as to give to the bread-eaters of Europe cheaper supplies from the Western prairies, while we Canadians at the same time obtain for ourselves a fair share of the profits of conveying and dealing in those essential products.

These great national works, indispensable as they are, and by no means promotive of despondency in any fair estimate of their future value, have formed the chief financial hindrance to our present commencement of a work of still greater magnitude—the Canada Pacific Railway.

And as we come to consider the ways and means for this great work, we cannot fail to observe that the increase in our annual receipts of revenue in 1872-3, as compared with 1867-8, amounts to a greater sum than the entire annual interest that we should have need to expend to build and equip the great inter-oceanic road, even were all the capital contracted for at once, which, of course, it would not be. May we not, then, we ask, regard the future from a truly cheerful point of view? We certainly think so. The fact is, our national enterprises have been crowding upon the country all together, have all been claiming our best attention at the same time; and it would be difficult for any nation or dependency to do full justice to everything on the instant. Canada has done very respectably, from a general view, since the new regime of things was inaugurated. The lesson of the hour would seem to be that she may take heart of grace and go forward on her course, trusting in that watchful Providence that has helped her in the past.

But there is an important element in the financial views which we have yet to consider, and that is, that the expenditures of the sums borrowed for the Pacific Railway and the other great works will of themselves contribute largely to the receipts of revenue both by the extensive purchases of foreign commodities they will inevitably give rise to, and by the new population which must be attracted to the country by the mere fact of their progress in construction. We have to consider the vast and fine territory to be developed, that we are offering farms to all who can cultivate them, and assisted or free passages to all suitable persons who need such help. We have a right to assume that a great increase of population will arise from all these causes combined, showing even a more rapid ratio of advance than in the past. So that at least one point will very soon be made evident, and that is that whenever we commence borrowing for the purpose of the great inter-oceanic railway—which we are not about to suppose that Mr. Mackenzie intends withdrawing from—however soon, we say, we may commence borrowing and paying interest. If the works are wisely set about, the actual public revenue arising out of the expenditure in the country of the money borrowed will at once exceed the entire amount of interest we shall have to pay to secure the use of that capital. This is but the law of all well-organized national works in new and prosperous countries. We shall be expending in the country for great permanent works capital borrowed upon the good security of our public affairs, and if necessary upon the security of the works themselves, as collateral, while we shall be paying out of the country only interest, liquidation of capital being of course deferred, as only governments can safely defer it. During the whole period of construction, therefore, we may take it as proved that the revenue results of that public expenditure and introduction of new population will considerably exceed the interest we shall be called upon to pay. As only one item of home industry, we may name the production of a large portion of our railway iron and steel within our own borders. The general process will not deserve the name of inflation if it is not carried on too rapidly.

When the railway construction shall be completed there will undoubtedly arise a somewhat different condition of affairs for the State to deal with; but how vastly different should be our circumstances, as a people, by that time! Who can measure the rate of our progress, if we act with common sense and honour, and keep moving? Mr. Mackenzie has been cautious and watchful, and we cannot altogether blame him. But he will doubtless be as ready as some of us who have smaller responsibilities to go with the stream of prosperity we reasonably anticipate, as well as to preserve to the people the fruits of their own labour and self-denial in the creation of great public highways, a work of protection in which we confidently expect they will be glad to assist him.

The question of the remunerativeness of this really imperial transcontinental line, after construction shall be completed, is one that will not arise as a financial issue—will not become a practical question in the case of the several sections, until such sections are finished and in working order. The Revenue cannot suffer from this cause before those dates arrive. Our forecast will be simplified by considering each completed section on its own merits. Judging by what we behold of the progress of affairs in our north-west Province—and we have a perfect right to take credit for the general progress and expansion, or traffic creating power, belonging to the years of construction in the case of every section—judging, we say, by the existing rate of progress, and the promises we have from so many quarters for the early future, the section from Lake Superior and Fort Garry and Prairie Lands, through Canadian territory, ought to be able to pay working expenses almost as soon as opened, the interest on constructive capital being actually provided by the general progress of the Dominion we have referred to, so that, without increased taxation there would appear no reason why this section should not be pressed forward with as little delay as circumstances may warrant. The gradients are said on authority to be not of great difficulty. Mr. Sandford Fleming's Report has set that question at rest. We shall need to preserve the unity of the Dominion, both in our colonizing operations and our trade with Manitoba, when the engineers are ready with their surveys, that is, with the actual alignment, we can see no reason whatever for delaying this Superior and Manitoba section of the line for a single day. The prospecting for routes we know has greatly advanced, but the surveys are nowhere completed. Even the route across the Rocky Mountains and Cascade Range into British Columbia is not yet determined upon. The western sections cannot be begun until this great question is settled; and, speaking generally, it would be folly to begin the work on any section until the surveys are satisfactory.

When the several sections are completed the line will belong to the Dominion, to be maintained as a national property. As companies would have no right to a property for which the State found all the means, so also a little analysis will show that companies could not safely undertake works of this nature: they would be leaning upon early profits, while the State would not. It will make a vast difference to the young generation we behold growing up around us whether the weekly proceeds of a grand transcontinental road and highway to China and Japan, India and Australia, shall be regularly sent out of the country to banks in Europe, or concentrated in the hands of a few enormously powerful individuals here, as lords of our Canadian soil, or whether, on the other hand, they shall flow from week to week into the public treasury, promoting all valuable expenditures and diminishing taxation. It will easily be perceived that railways constructed by municipalities, either singly or in union of two or three, stand in an altogether different category from private railway and land companies. Some of the municipal undertakings for railway building already afoot could, we submit, safely be assisted by the Federal Government in the way of a guarantee of bonds, for the substantial reason that municipalities of a certain standing have not only a local habitation but a name—have a financial report to maintain—are not mere trading speculators but aggregations of all classes of the people, and do not dare from their position, to dictate to the Government of the land. If a single municipality should fail in its obligations foreclosure is always possible in the circumstances, if that has been duly provided for in the original arrangements, and if the conduct of the general Government is not characterized by mere weakness. But a little reflection will show how all these conditions are changed in the case of a great company of private stockholders simply bent upon making money out of the concern; having domiciles scattered over the world, with that power of transfer of interest which it is really impossible to control; supposing such private company should come into possession of a great trunk railway running through an entirely new country. It is impossible to set limits to the political power of such a corporation, whether pro-