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PACIFIC JUNCTION RAILWAY.

For the control of this line, which lies between Gravenhurst and Callender, a struggle is now going on. Over the line, a number of roads are secured running powers by act of Parliament. The Dominion Government has granted in aid of its construction a bonus of \$12,000 a mile. Whoever builds the road, the right of running powers over it must be respected, when it goes into operation. The Northwestern claims a right to share, equally with the Northern, the construction and control under the charter, of this road. The Northern objects to give so much, but it is believed would admit the partnership of the North-western to the extent of a one third interest. The management of the road, into whose hands soever it may fall, will be largely in the nature of the administration of a public trust; they must allow to the other roads their right of running powers. The Grand Trunk, it appears, demands something more than this. At least, the Midland, a part of its system, wishes the right to pick up local freight on a road which is not its own, and over which it has only running powers. Would that road reciprocate the right to pick up local freight on its line? Assuredly it would not.

The Pacific Junction occupies a little different position. It has received a larger subsidy. But the subsidy will not build and equip the road; and somebody must be responsible for its management. Whoever supplements the Government subsidy sufficiently to complete and equip the line, is surely entitled to the local traffic. It is very likely that several companies would be willing each to find the additional capital required over and above the subsidy, on condition of having control and the local traffic; but they cannot all do this; the work must fall to the lot of some one. What is essential is that the secured right of running powers should be carefully guarded from the possibility of infringement; and not only so, but that no favoritism or preference should be shown to any; that the common right should be fully enjoyed without discrimination or infringement. This secured, all that is possible will be attained and the public interest protected.

There would be much force in the argument that an independent company could best perform the public duty of managing the neutral line, if there were any assurance that a separate company could be kept independent. But on this point there is great reason for doubt. A weak company

would be liable to succumb to a strong one; and then the control would be in danger of being exercised in its own favor, and, in some degree, to the detriment of others. This is the danger to be feared, whatever company may get the control. For this reason, it would, perhaps, have been better if the Government had undertaken to construct and work the neutral line, or lease it on conditions which would have secured fair-play to all. The government is pledged to do one of two things: either to secure equal privileges to all the roads having the right of way over the neutral line or to build the road itself. To the fulfilment of that pledge it will be strictly held.

"BETTER TERMS" AND LEGISLATIVE JURISDICTION.

The Legislature of Manitoba, following that of Quebec, has raised the question of a re-arrangement of subsidies. Mr. Norquay, the local premier, consenting to act the part of Oliver Twist, holds out his dish for more. He is quite sure that if Ontario and the other Provinces contributed as much *per capita* to the Dominion revenue, in form of customs and excise duties, as Manitoba contributes, the revenue would be about seventy millions of dollars; to be exact, Mr. Norquay puts it at \$69,735,510, a very nice little sum. But he forgets to say that the customs and excise duties are large in Manitoba, chiefly because the Government expenditure in the North-West, on public works, is disproportionately large compared with what it is in the old Provinces.

These demands for better terms, put forth with a persistency that would be commendable in a just cause, are practically aimed at Ontario. The Province of Ontario has nothing to gain and much to lose by a perpetual compliance with demands for better terms. There was some reason for granting better terms to Manitoba once. The population there is rapidly increasing and a decade is a long time to wait for readjustment. But the readjustment already made was intended, by the Dominion Government, to last till 1891.

If the question of subsidies is to be reopened, the policy of subsidies may be fairly challenged. While the Provinces that would gain by an increase may advocate what would serve themselves, those who would lose by compliance must be at liberty to oppose subsidies altogether. Let Manitoba beware how she endangers all subsidies. It is, perhaps, a misfortune, that any subsidies were ever granted. The more there is given the more is asked; and the cry is still, "give." If these demands were always to be complied with, the time would come when the revenue of the Dominion would not suffice for its needs. A mistake of another kind was made when the Dominion assumed the debts of Ontario and Quebec. This was an act of doubtful expediency, resorted to because Quebec was dissatisfied with the award of the arbitrators who settled the proportions of the debt due by the two Provinces. The other Provinces were awarded an equivalent; and the assumption of the local debts can now form no ground for a new attack by Provinces on the Dominion Treasury.

In this matter, the interests of the Dominion are identical with those of Ontario; and the real interest of all is to put a stop, once for all, to marauding demands for better terms. Mr. Norquay is afraid to let the demand for better terms stand on its own merits. He wants a convention of provincial delegates, to be composed of the local executive councils, to consider the working of the British North America Act, as it affects the Province. He is correct in saying that a well-defined limit of jurisdiction is desirable; but a provincial convention could not give us such a limitation. It could only be expected to exalt the local authority at the expense of the central; and the effect might be to create a collision along the whole line.

LAND TRANSFER AND THE RATE OF LOANS.

Between land titles easily understood and low rates of interest for money loaned on land, a clear historical connection is traceable. And the reverse of this, where titles are difficult, has been equally proved. Assuming that the transfer of land can be made as simple as the transfer of a ship, the result would be a general fall in the rate of interest on money loaned on mortgage. Since the Torrens system went into operation in Australia, the rate of interest there, on such loans, has fallen two or three per cent. The direct cause of the decline was competition among lenders. New loan companies, originating in England, sprang up in rapid succession, and the rate of interest underwent a very great decline. That this is the result of the creation of an indefeasible title may be taken for granted. And wherever this system is introduced, the same result may be expected. Canada, as a debtor country, has an interest in being able to borrow on the best terms. The owners of land form an important class of borrowers, and where the working of the Torrens system is possible, it is likely to be for their interest to incur the cost of that feature of the scheme which takes the form of mutual insurance. A reduction of two per cent. in the general rate of interest, on mortgage, in the North-West, would perhaps be the greatest boon that could be conferred upon the farmer; and it can only be brought about by the operation of a natural law, such as the law of competition. At present, interest rules high there, as it is liable to do in all new countries. The existence of indefeasible titles to land would tempt much private capital to emigrate from England to the North-West; and rates are not infrequently brought down by private capital competing with corporate capital. Besides, what has happened in Australia would be certain to happen there. New British loan companies would be formed to operate in the new and promising field. The predominant interest of the North-West may therefore be expected to bring into existence a form of land title which is indefeasible. There, where everything is new, where the titles are just coming from the Crown, there can be no difficulty in adopting the principle of the Torrens Act.

We have seen how the rate of interest on mortgage loans has declined in Australia, &